STORE IMAGE AND CUSTOMER SATISFACTION.

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Declaration:
No portion of this work referred to in this thesis has been submitted in support of an application for any other degree or qualification from this or any other University or Institute of learning.

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ABSTRACT

Store image as a concept has been considered as one of the most important variables and determinants in the development of retail strategy and economic success in retailing, while customer satisfaction has been recognised as a major success factor in keeping and augmenting the clientele base. Thus, in mature and highly competitive industries such as retailing, it becomes increasingly important to understand the dynamic structure of store image by studying forces or influences contributing to store image formation so that a more effective image creation and strategy can be articulated. This research was designed to investigate the store image in food retailing based on impression and satisfaction components.

The sector under empirical investigation is the food retail sector in Greece where important structural changes occurred in the 1990's due to the entrance of foreign retailers in the Greek retail market. The study focused on Thessaloniki area where the local retail groups have a dominant position in the market and that makes competition stiffer and distinguishable from other major cities in Greece.

The purpose of this dissertation research was to explore and conceptualize the relationship between store image and consumer satisfaction. The first objective was to identify consumer market segments by using four stage profile cluster analysis, and the second objective is to propose and test a theoretical model of store image formation by employing structural equation modeling. Research methodology integrated qualitative and quantitative research leading to a survey based methodology. The research established dimensions of store image identifying consumer segments link to store image, satisfaction and loyalty.

The findings indicated that were significant differences in consumers' behaviour based on the impression and satisfaction components of store image. The results of testing the model as well as the interpretation of the model in this study support the assertion that store image is created by impression, while satisfaction directly affected by the store image and the likelihood of recommendation of a particular store is determined by satisfaction. The results also provide evidence for the store attributes that significantly influence store image and satisfaction in food retailing.

In summary, this study contributes to the theoretical advancement of store image formation in the field of food retailing. It also contributes to consumer behaviour and marketing by providing a structural model by which a simultaneous empirical treatment of the elements influencing image was investigated. The results of this study provide important implications for retail marketing managers and can aid in designing and retail strategies to improve store image and develop customer satisfaction.

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CHAPTER 1. INTRODUCTION

The scope of this chapter is delineated by presenting the research problem and the purpose of the study along with research questions followed by a discussion of the contribution of the study. In addition, the organisation of the rest of the dissertation is provided.

1.1 Conceptual Framework

The conceptual framework of this study builds upon the works from several disciplines such as retailing, consumer behaviour, marketing, and psychology. The conceptual models found in the literature mainly dealt with the image in consumer/shopping behaviour, store selection, store image formulation and different levels of evaluations embedded in image structure. Berman and Evans (1998) postulate that a store's image is composed of functional and emotional attributes which are organised into perceptual frameworks by shoppers, and these frameworks determine shoppers' expectations about a store's overall policies and strategies.

Many conceptual models of store image have been advanced in the past (Kunkel and Berry, 1968; Doyle and Fenwick, 1974; James *et al.*, 1976, Marks, 1976). 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). Image is expressed as a function of the salient attributes of a particular store that are evaluated and weighted against each other. However, over the years different authors have distinguished different store attributes or characteristics that are part of the overall image towards the store (the so-called retail mix). Lindiquist (1974) combined models from 26 store image studies and set forth nine attributes: merchandise, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional factors, and post transaction satisfaction. Marks (1976) found that store image is composed of responses to: fashionability, salesmanship, outside attractiveness, and advertising. Bearden (1977) suggested the following characteristics: price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. Pessemier (1980) identified that clientele mix, institutional maturity, merchandise offerings, convenience of location, shopping pleasure, transaction convenience, promotional emphasis, and integrity are the elements of store image.

Mazursky and Jakoby (1986) proposed a model of store image formation. Their model described that after consumers evaluate and integrate perceptions of store attributes, they ultimately form an overall store image which is the end product of the image formation process. They suggested that merchandise quality, merchandise pricing, merchandise assortment, convenience of location, salesclerk service, service in general, the store atmosphere, and pleasantness of shopping are the basic store image facets. Keown *et al* (1984) studied American tourists' perceptions of retail stores in twelve selected countries. The correlation between six perceptual/cognitive attributes and overall image suggested that the relationship between store attributes and lower price correlated negatively with the overall impression of a retail store. The authors suggested that this means that American tourists may not be overly price-sensitive and low prices are not as salient a factor in tourists' judgement about retail stores. The authors concluded that overall impression is dependent upon individual attributes as the attributes were highly correlated with the overall impression of the store. More recently, Ghosh (1994) suggested eight elements of the retailing mix: location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs as the components of the store image. In the European context, Burt and Encinas (2000) explored store image in the retail internationalisation process by studying the store image of a particular store of Marks & Spencer in UK and Spain and found that the attributes of "easy return policy" and "cleanness and tidiness" were the two top features in both countries although in reverse order. Also the two attributes with the lowest scores were "competitive prices" and "fashionability of merchandise". The findings suggest that within the countries some similarity in perception of store image is presented, however, in extreme cases. In addition, Mavromatis and Burt (2001), by comparing the image of Dia stores in Athens (Greece) and Barcelona (Spain), found that the attributes "easy to shop", "selection of products", "prices compared to competition" and "parking" were viewed as similar.

Zimmer and Golden (1988), by utilising a content analysis of open-ended image data obtained from a national consumer mail panel, attempted to identify if consumers describe store image in terms of individual store attributes or overall impressions. They demonstrated that consumers' evaluations of store images include both specific attributes and overall evaluation. The findings also indicated that affect and affective evaluations of stores are an integral part of the image formation. The researchers argued that eliciting store image in terms of specific attributes only fails to apprehend the richness of retail store image.

Keaveney and Hunt (1992), based on their literature review of store image have concluded that research into retail store image used multi-attribute models and focused on the attribute component (a subset) of store image. The researchers have proposed that consumer images may also include an affective or emotional component toward the store and that the image construct should be conceptualised and measured as having both cognitive and affective components to "capture the richness of store image". Affective models include the emotional responses of individuals towards a store. On the other hand, cognitive models are differentiated from affective models because they represent a knowledge of environmental features.

Retailers must ensure that they offer those products and services to meet customers' expectations. However, other non-functional elements also have to be in line with the expectation of the customer in order for a customer to become store loyal (Bloemer and DeRuyter, 1998).

In general, store attributes are important to consumers when they make the decision of where to shop. Consumers form impressions about stores and these impressions have a significant impact on store patronage. In general, consumers patronise stores whose image is congruent with their self-perceptions and unconscious needs. Thus, store image and general attitudes toward the store can influence shopping behaviour (Darley and Su-Lim, 1999). Consumers prefer certain attributes to be present in the stores they choose to shop in (Erdem *et al*, 1999). The preferences for certain store attributes are explained by differences in consumer values. Store attributes are presented by retailers according to their specific functional strategies. Store attributes must be offered as are desired by the targeted consumers. The challenge to retailers is to determine which store attributes are relatively more important to the targeted consumer. Providing appropriated store attributes is not enough to satisfy consumers and guarantee store loyalty. Maintaining the quality of their attributes is the hardest and most critical task to survival in the competitive nature of retailing (Ko and Kincade, 1997).

Overall, although store image literature repeatedly appears a mixture of tangible and intangible store attributes such as convenience of location, merchandise, personnel, advertising and services offered as principal influencers of store choice and crucial elements of store image. Davies and Brooks (1989) suggest that the marketing of the retailer's image is better achieved through the use of more tangible elements in the retailing mix such as design, merchandise, price, and customer service with main emphasis on staff, while advertising is less relevant in the promotion of retail image (Davies, 1992; Davies and Liu, 1995).

1.2 Background of the Problem

Food retailing is an important industry. It is the activity involved in the sale of food to ultimate consumers in order to satisfy their physiological needs of hunger and thirst. Most food retailing is conducted in stores such as supermarkets. Retailing provides an important service to consumers, making goods available when and where consumers want to buy them (Jobber, 1995). Day by day retailing becomes an increasingly growing and competitive activity locally and internationally. In order to succeed in today's polemic trade environment, retailers must formulate effective and efficient strategies.

Store image is an important marketing tool for retailers because a better image means greater customer flows, fewer walkouts and thus more customer spending each time they visit (Davies and Brooks, 1989). On the other hand, store image is crucial because consumers' decisions on where to shop depend on their perceptions of the available shopping alternatives (Oppewal and Timmermans, 1997). The importance of store image is quite high in the choice of the store because the shopper seeks the store whose image is most congruent with the image he/she has of him/herself, with his/her vision of the world and lifestyle (Martineau, 1958). Thus, store image becomes a key factor determining a retailer's strategy. Past research on store image has pointed out that numerous environmental variables of a store (e.g colour, layout, etc) affect consumers perception of store image and that specific characteristics tend to be associated with high-image and low-image (Hutcheson and Mutinho, 1998). Baker *et al,* (1994) argued that store environment indirectly influences store image through merchandise and service quality inferences.

Lately, the concept of store image has gained wide acceptance from more retailers as an important variable in the development of an effective retail strategy, which can lead to increased sales and profits. However, the creation of a suitable store image for the potential target markets (customers) is a complex task involving the use of an increasing number of store characteristics and attributes (i.e., size). Thus, the offered store image must be consistent with the needs and motives of the target segments to avoid creating confused images in the minds of consumers. Additionally, Davies (1992) by presenting empirical findings between 1983 and 1990 on multiple food retailers, showed that the determinant store attributes tend to change over time in parallelism with the changing nature of shoppers' needs, wants and motives and hence repeat studies are necessary.

1.3 Research Problem

Greek food retailing does not appear to have undergone numerous changes since the first supermarkets opened. The plethora of small and medium sized outlets, mainly family businesses, is still a reality in Greek trade commerce. The lack of big supermarkets with fresh fruit, vegetable and meat departments was a significant feature in the 1980s and in the early 1990s. However, in recent years dramatic progress has been seen in this sector as a response to the structural changes in the Greek market due to intense competition from the invasion of foreign retailers and the establishment of new retail formats (i.e., hard discount stores). On the other hand, the existence of district food markets ("laikes") historically plays a key role in food retail trade in the Greek society.

The appearance of foreign supermarket chains in Greece brought many changes into the Greek retailing sector. The competition has become harsher. In order to attract more shoppers and be more profitable, retailers must find new strategies to satisfy their existing customers as well as the potential ones. One of these strategies, is to improve the image of their stores. The Greek chains in particular must "invest" in this strategy. In addition, it must be underlined that the purchasing power of the Greek households has been reduced due to chronic austere economical policy of the Greek government. This has consequently driven the shoppers to be careful with their shopping behaviour in terms of price, quality, brand loyalty and store loyalty.

These consumer trends in retailing have intensified competition among supermarket stores/chains, and retailers are increasingly concerned with both increasing market shares and ensuring store loyalty. Various research and many consumer purchase decision models indicate that the consumer's brand loyalty is closely associated with his/her satisfaction with an initial purchase. In this regard it is increasingly important for retailers to identify to what extent their customers or members are satisfied with their shopping in store.

A logical question for marketers and retailing strategists is "How is the consumer's decision to shop in a store linked with the image of the store?" Due to increasing competition, retailers need more accurate information about the diversity of response to image. However, providing the retailers with information and "suitable" techniques for promoting and communicating a positive store image is not a simple task. Part of the problem is that consumer behaviour is a complex phenomenon. Each consumer possesses a unique set of variables that influence his/her way of thinking, evaluating and buying. These include: lifestyle, preferences, income, family size, education, etc (Kamenidou, 1999; Weinstein, 1994). Lysonski *et al*, (1996) point out that differences in demographics and socio-psychological variables might affect decision-making and purchasing preferences. Besides, to understand the decision making process, retailers must be in a position to predict how a given store image will affect their customers' future decision making process.

In the above problem context, this study attempts to investigate how the Greeks perceive the concept of store image and how their buying habits can influence it. Up to now, no such research on store image has been undertaken in, or for Greece. A better understanding of consumer attitudes and preferences with reference to store image could prove valuable to Greek retailers in designing and formulating relevant marketing strategies. This research involves the exploration of a single area (Thessaloniki city), where correspondingly, effects which have been demonstrated elsewhere may not be representative store image experiences for Thessaloniki.

1.4 Thessaloniki as a Case Study

Instead of pursuing a generic approach to the research objectives, Thessaloniki was chosen as a case study to facilitate thorough analysis of store image issues in food retailing. Thessaloniki, a city of 23 centuries of history (founded in 316 BC) with a population of close to one million inhabitants, is the second largest city in Greece. It is an important industrial, commercial, financial and congress center not only in Greece but also in Southeastern Europe. In addition, it is one of the most important ports in the Eastern Mediterranean having a free zone and accounting for some 50% of Greece's total exports. The strategic position of Thessaloniki city is becoming increasingly important in the wake of developments in the neighboring Balkan countries. Also, it constitutes a major transit and trade center in Southeastern Europe (Kalogerou, 2000; Pitelis, 2000).

The International Trade Fair and its 25 sectional exhibitions give the city an international character along with the various International Organizations, which are hosted in the city such as, CEDEFOP, The Black Sea and Trade Development Bank, and The Organization of Balkans Reconstruction. Thessaloniki is also considered the leader in education. Aristotle University with more than 65,000 students, is one of the largest Universities in Europe. Along with University of Macedonia and The

Technological Education Institute of Thessaloniki, a very creative academic and cultural community exists. It is note worthy to mention that about 100,000 students, which is interpreted to 10 percent of the total population, live in the city of Thessaloniki.

The inhabitants of Thessaloniki are considered to be an urban population. In general, the prefecture of Thessaloniki assembles 9.6 percent of the total population of Greece. It has the fourth biggest and inclining rate of natural increase of population afterwards the Dodekanisa, Xanthi and Heraklion. Between the census of 1991 and 2001 Thessaloniki's population was increased by 11 percent, while the average rate in Greece was 6.7 percent. It produces 11.5 percent of the country's GNP, (4% of total agricultural product, 15% of manufacturing and 12% of services). With 4.9 million GRD as GNP per capita, it is classified third in the country. The unemployment in the city of Thessaloniki decreased by 2 percent, reaching 11.4 percent, while the country's unemployment rate was 11.1 percent in 2000 (www.economics.gr). Table 1.1 presents some prosperity indicators of Thessaloniki in comparison with the 52 prefectures of the country.

Table 1.1 Prosperity Indicators of Thessaloniki Area

Indices	**Prefecture of Thessaloniki**	**Country's Average**	**Classification in comparison with the 52 prefectures**
Participation in Greek GNP (1998)	11.5%		2
GNP per capita (2001)	4,89 mln. GRD	4,07	3
Declared income per resident (1999)	1,68 mln. GRD	1,52	2
Natural Increase of Population/1000 residents (1999)	2.96	-0.24	4

Source: www.economics.gr

In recent years, Thessaloniki, through its location as a gateway to the other Balkan and Eastern European Countries, has become the major economic and administrative centre in the area. In addition, the ongoing primacy of Thessaloniki in all service areas (business, banking, telecommunications, transportation, health and education) cannot be underestimated. Also, it must be taken into account that most of the exports are processed via Thessaloniki's port. There are two main reasons for the increasing interest of Athenian food retail groups in developing their business in Thessaloniki: First, *the geographic and strategic position of Thessaloniki*. It provides all the infrastructure standards for a business basis (airports, port, highway links with the major Balkan States). Finally, *the market itself* estimates that Thessaloniki produces a market of 350-400 billion dr. (Tsiganas, 1999).

In Thessaloniki, in the year 2000, 283 supermarkets were in operation, of which 222 belong to 20 supermarket groups and 61 are independents. The majority of supermarkets are located outside the centre of the city because of high rents and the occupation of the centre by banks and headquarters of multinational corporations. In addition, there is a lack of suitable spaces in the commercial streets, which can satisfy the conditions set by the companies and current trade legislation. Until recently, the retail market of Thessaloniki was dominated primarily by big powerful local chains such as Masoutis, Galaxias, Katanalotis, Alfa- Delta and Biskas, and a small share has been left to independent supermarkets and other small shops. The trade scene changed drastically with the entrance of big food retail chains such as Dia, A-B- Vasilopoulos, Atlantic, Carrefour, and Lidl. A faster development of hard discount groups such as Dia and Lidl in Thessaloniki can be observed, with 19 and 4 stores respectively in 2000, while in 1996 they did not have a presence in the retail market of Thessaloniki and in general in Northern Greece, which will make the competition stiffer. Table 1.2 presents the major retailers in Thessaloniki city by store numbers.

Table 1.2 Major Retailers in Greater Thessaloniki by Number of Stores

Retail Group	*1996*	*2000*
MASOUTIS A Thessaloniki based retail group. It is the biggest retailer in Northern Greece. It operates supermarkets and hypermarkets and is also engaged in wholesale activities.	18	24
ALFA- DELTA A Thessaloniki based retail group that operates supermarkets.	17	24
BISKAS A Thessaloniki based retail group that operates supermarkets.	20	23
GALAXIAS A Thessaloniki based retail group that operates supermarkets.	15	22
KATANALOTIS KONSUM- COOP A Thessaloniki based retail group that operates supermarkets with about 20,000 members.	15	20
DIA A foreign hard discounter. It belongs to retail giant CARREFOUR.	-	19
CARREFOUR-MARINOPOULOS A foreign retail group (French) that operates supermarkets and discount stores (DIA).	9	17
ARISTA A Thessaloniki based retail group that operates supermarkets.	-	13
VEROPOULOS An Athens based retail group that operates supermarkets and hypermarkets.	6	10
OTHERS	27	40
TOTAL	**127**	**222**

Source: Panorama of Greek Supermarkets 2001

Further the latest acquisitions of Galaxias by Arvanitides group (a runner up retailing group in Northern Greece) and Arista by Atlantic in 2001, as well as the acquisitions of Biskas, and more recently (April 2002) of Alfa-Delta by Masoutis Group changed drastically the food retailing map in Thessaloniki. Taking into account the financial difficulties of Katanalotis- Konsum Coop, Masoutis group appears to be the dominant key player in Thessaloniki's food retailing market with about 100 stores in the Thessaloniki area out of a total of 151stores in Northern Greece (Karolidou, 2002).

In addition, there are some interesting points that distinguish food retailing and consequently the competition in Thessaloniki in comparison with Athens. More specifically the elements that make the competition harsher in Thessaloniki according to retail experts (interviews with experts) are as follows:

1) Proportionally, there exist more food stores (traditional and supermarkets) per resident in Thessaloniki than in Athens. In the period 1996-2000 the retail groups in Thessaloniki increased their stores by 74.8%, while in Athens in the same period the increase was 46.9% (Panorama of Greek Supermarkets, 2001).
2) In Thessaloniki, the size of the stores (supermarkets) is smaller and the rent is higher on average. Thus, the margin of profit is low and
3) Consumers base their purchase behaviour on their personal relations with store personnel to a greater extent than in Athens.

1.5 Objectives of the Study

The purpose of this study is to empirically investigate and conceptualise the relationship between a store's image and a consumer's buying behaviour in Greek food retailing and particularly in the city of Thessaloniki. This research will focus on the role of store image in food retailing with regard to consumers' impression and satisfaction. More specifically, the current and potential marketing environment of store image which exists in the Greek retailing will be explored, and the problems that the consumers face dealing with store image will be assessed.

The two main research objectives in this study are:

First, to identify typologies of segments of shoppers in food retailing based on the factors of impression and satisfaction and to examine how they differ in their shopping behaviour and sociodemographic characteristics. Identifying basic characteristics of shopping behaviour is central to market segmentation. This identification helps to profile consumer groups based on the importance placed on store related attributes, shopping behaviour, impression, satisfaction and reflects a view of shopping as a complex social and economic phenomenon. Further the identification of groups of shoppers, allows for the evaluation and refinement of a store's marketing strategy.

Second, this study is also aimed at proposing and testing a model of store image formation in food retailing as related mainly to shoppers' impression and satisfaction with the store that they shop at and the likelihood of recommending it. The model of store image formation presented in Figure 1.1, is formulated by logical interpretation from a literature review, and intuition. In the literature review, the major emphasis was on discovering ideas and processes which were integrated by the model.

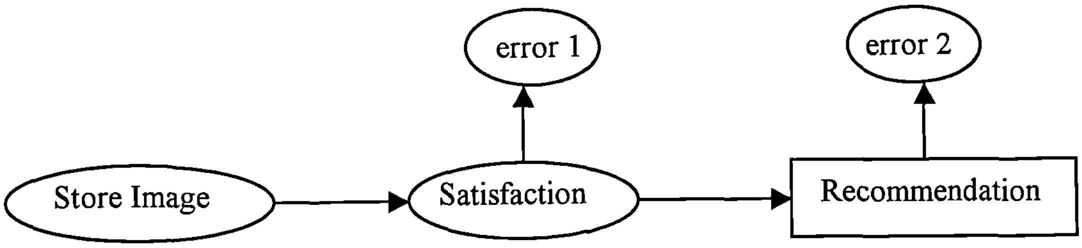

Figure 1.1 Proposed Model of Store Image Formation

The dynamic nature of store image will be studied in a holistic manner by integrating these relationships in a Structural Equation Model (SEM). The model presented in Figure 1 will be tested by SEM techniques. The overall pattern of the model will be scrutinised by examining causal relationships among variables in forming store image in food retailing. According to the model, the ultimate dependent variable is recommendation. This model assumes that store image has an impact on shoppers' satisfaction, and recommendation is directly determined by satisfaction. In this model observed data are depicted in boxes and the underlying constructs (factors) are depicted in ellipses. The variables of impression and satisfaction relate to general attributes of a store.

Further, other research objectives are:

1) To identify components of store image that shoppers may consider important in their store selection process;
2) To recommend appropriate retailing and marketing strategies.

To fulfil the research objectives above, the research questions of this study were the following:

1) What criteria shoppers use in selecting a supermarket store
2) What characteristics (socio-demographics) of consumers could possibly influence store image development
3) What other aspects of consumer choice behaviour might be relevant to store image.
4) What is the contribution of each store image components to customers perceptions and satisfaction

5) What are the possible types of store image
6) What Greek shoppers consider store image to be in food retailing

1.6 Research Propositions

The following propositions were formulated in relation to the results of qualitative research and with the assistance of some relevant papers, reports and various theses.

1) There is a degree of association between the various sociodemographic characteristics and the consumers' perception and store image.
2) There is a degree of association between the shoppers-members (membership) of a particular supermarket and store image.
3) There is a degree of association between supermarket choice and perceived levels of satisfaction.
4) There is a degree of association between food and groceries section and store image.
5) There is a degree of association between food and groceries section and perceived levels of satisfaction.
6) There is a degree of association between satisfaction and the likelihood of recommendation.

1.7 Originality of the Study

The researcher considers that originality of the study is a major consideration in fulfilling the requirements of a Ph.D degree. The researcher considers that originality of the study exists in the following matters:

1) Up to the present time, no such research on store image in food retailing has been undertaken in the area of Thessaloniki.

2) Primary data was used by conducting field research.
3) A major difference with previous studies is that qualitative research is introduced in the research methodology.
4) A methodology of the exploration of clusters' profiles was proposed, which concluded by the analysis, in which for the most part, variables were used that did not participate in the formation of clusters. This provides: a) a better understanding of the structure and the elements that differentiate the clusters, and b) a method of testing the validity of the solution of the cluster analysis.
5) An interpretation model for the store image formation was proposed and tested for the sample of this study.

1.8 Usefulness of the Study

The potential contribution of this study for Greek retailing and retailing in general can be found both in theoretical and practical perspectives:

1) *Theoretical Advancement in Retailing Study.*

This study contributes to the theoretical advancement in the field of retailing and especially in store image studies by proposing and testing an interpretation model of store image formation. Also, it adds to existing knowledge by explaining functions that influence store image in Greek food retailing. Its uniqueness lies in illustrating the dynamic structure of store image formation and simultaneous treatment of the variables contributing to image formation.

2) *Theoretical Advancement in Consumer Behaviour Study.*

This study contributes to the existing consumer behaviour literature by providing a model and empirical research results. Also, it provides empirical support for the relationship between components of store image structure as well as between components of satisfaction structure.

3) *Practical Application for Marketing Plans and Retailing Strategies.*

From a practical perspective, the findings of this study aids the planning of marketing actions and retailing strategies for retailers, and especially supermarkets. Thus, the result of this study aids the design of marketing programs and the improvemnt of store facilities and their services in order to increase their market shares through high sales.

Further, the findings of the research will be very useful for marketing executives and retailing practitioners since they are in the position:

1) To understand the current shopping behaviour based on the perceived store image;
2) To explore the store image shifts and project possible future trends; and
3) To improve their store image and strengthen it towards competition.

1.9 Definitions Relevant to the Study

Atmospherics: all the surroundings in a store, created by retailers to influence consumers' perceptions of the store image.

Attitude: an effective, evaluative or emotional response to an object

Consumer's Expectations: Consumer's ideal standards about how an object performs.

Consumer's Perceived Store Image: The overall cognition of a store and the dynamic formation when consumers are exposed to the construction of a store.

Image: a set of beliefs, feelings and global mental impressions about an object, product, place of store.

Satisfaction: an individual subjective attitude toward product of service based on one's use and experience.

Store Attributes: the set of features, which includes all elements, which are related to a store such as the physical characteristics.

Sociodemograhics: factors which provide an indication of a person's affective social situation.

1.10 Organization of the Study

The study incorporates eight chapters and is divided into two parts. The first part refers to the theoretical background and the second part refers to the research (qualitative and quantitative) and its analysis.

Chapter one is an introductory chapter and provides a background context for the study, a statement of the problem, the objectives, the research questions, the research hypotheses, and usefulness of the study.

Chapter two presents an overview of the most important components of the structure of Greek retailing. This chapter is mainly concerned with current trends, problems and the changes that have been observed in the Greek food retailing.

Chapter three reviews the main elements of the retailing strategy theory including aspects of the consumer behaviour theory. It presents a general overview on market segmentation and customer satisfaction, which are important elements in explaining human behaviour and developing appropriate marketing strategies.

Chapter four deals with the specific literature review on store image. It describes, reviews and summarises the major concepts related to image studies, store image and its measurement, and the previous empirical research findings relevant to the study.

Chapter five describes the qualitative research. The methodology, the focus groups, and its results are presented.

Chapter six identifies the appropriate research methods utilised in this dissertation. It presents the research methodology adopted by this study. The details regarding the field research, the methodology procedure, the research design, data collection, and analysis are identified and elucidated.

Chapter seven illustrates findings from the data analysis, which are reviewed in the context of the study and analysed in terms of their contribution to literature.

Chapter eight summarises the research findings of the dissertation study. It assesses the extent to which the study objectives were achieved and offers suggestions for future research and concluding comments. Finally, the limitations and the contributions of the study have also been explained.

CHAPTER 2. THE STRUCTURE OF FOOD RETAILING IN GREECE

2.1 Introduction

Retailing plays a very important role in the functioning of modern economies and hence in the standard of living of consumers. In Greece, food retailing constitutes a dynamic economic sector and a major pole of the domestic financial activity. Particularly the entrance of foreign retailers such as Promodes, Carrefour and discount stores Dia and Lidl in the Greek market in the 1990's resulted in numerous structural changes in Greek retailing in which the small, mainly family owned, food stores had a dominant position (Bourlakis and Bourlakis, 2001; Nikiforou, 2001; Nikiforou, 2000; Benison and Boutsouki, 1995). These changes have been characterised by the formation of few powerful retail groups via acquisitions, the decreasing number of food stores and the dominance of foreign retailing groups. However, these changes forced the local retailers to adapt to the new market conditions in their attempt to be more competitive. In addition, the growth of retailing and the rapid spread of supermarkets and new retail formats such as hypermarkets throughout Greece has taken place in parallel with the country's economic development. This economic development has been considered successful since January 1, 2001 when Greece became a member of the Economic and Monetary Union (EMU).

The scope of this chapter is to provide a clear picture of the structure of food retailing in Greece by highlighting its most important developments and issues. It provides information on history, advancement, current competition, trade issues and marketing strategies of food retailing in Greece.

2.2 Overview of the Greek Economy

The Greek economy has been performing poorly due to an excessive expansionary stance of macroeconomic policy and the inadequate functioning of markets. Particularly, in the 1980s, as OECD (1990-91) claims, the most damaging factor for the development of the Greek economy in that period was the steep increase in the public sector deficit. Also, some of the Greek government's economic policies and adjustment measures were not very efficient at reducing the inflation, decreasing the budget deficit, boosting the investments, and enhancing the competitiveness of the economy. Thus, the gap between Greece and the rest of the European Union (E.U) widened. Even Spain, and Portugal, E.U members since 1986, and Ireland showed remarkable dynamism, while the Greek economy continued to stagnate.

In the past years, after the deep recession of 1993, Greece has been characterised by significant progress in its effort to satisfy or at least approach the stipulation of the Maastricht Treaty. Both inflation and interest rates showed substantial decline. Particularly, the inflation rate dropped to a single-digit, 9.9 percent in April 1995, a rate not reached since 1973 (Bank of Greece, 1996). Currently, (April 2002), the inflation rate is 3.4 percent, while in 1990 and 1993; it ran at 23 and 14.4 percent respectively.

Furthermore, Greece has seen welcomed structural changes, particularly in the infrastructure due to the Olympic Games in 2004, the evolution of the Athens Exchange Market, and other economical changes. These efforts along with the economic indicators show that the commitments of the economic convergence program have been successful since January 1, 2001 when Greece became a member of the powerful Economic Monetary Union (EMU), the Eurozone. It must be pointed out that major international economic organisations such as OECD, IMF, and EU have already acknowledged these positive signs in the economic picture of Greece.

However, the Greek government must continue its effort for restructuring and modernising the country's economy in the context of a convergence program in order for the Greek economy to be competitive in the global economic arena. Thus, the acceleration of privatisation of state-owned enterprises and organisations, the drastic cuts in public sector expenditures, the boost in investments, especially in the new markets in the Balkans and Black Sea regions, the structural reforms, and the advancement of major infrastructure projects remain the main priorities of the Greek government and industrialists. It is vital for the success of the economic policy that these priorities be realised without any variance. In addition, the Third European Union Support Framework offers Greece enormous prospects and opportunities, since it is expected to provide funds of about 17 trillion dr. for the period 2000-2006 which will be used to aid regional development, strengthen agriculture and fishing, improve education and training, protect the environment and finally produce many benefits to the area of health and social welfare (Tsaoulas, 2000).

2.3 Retailing in Greece: Historical Background and Evolution

The advancement of Greek supermarkets to their current form can be separated into three stages following in essence the hypothesis of the wheel of retailing. The pattern of wheel of retailing is utilised as a framework for examining the changing business environment of retailing. However, the evolution of Greek retailing presents a time delay in comparison with this of other European countries such as Germany, France and UK probably due to economic differences and the lack of close proximity to the rest of the member States of E.U. For example the retail formats of hypermarkets appeared in these countries in the 1960s and 1970s, while in Greece in the 1980's. However, this evolution seems to come in parallel with the growth of the Greek economy. In particular, the three stages are outlined as follows:

The first phase started in the mid 1960's when the first supermarkets were established in the big cities of Athens and Thessaloniki by selling a limited range of merchandising. Actually, the pioneer in retailing was the consumer co-operative Katanalotis-Coop when, in 1964, it opened its first supermarket in Thessaloniki. Subsequently, other supermarket chains appeared in the same cities.

The second stage started in the late 1970's and early 1980's where the supermarkets spread throughout Greece, with the establishment of bigger outlets, with an area of over 2.000 m^2 and more, becoming a reality for Greek retailing. In addition, the first private labels for a small number of products made their appearance.

The third, and last phase, opened when the first Hypermarket of *Continent* (of French Promodes), was established in Athens in 1991. In addition to this fact, the acquisition of 51% of A-B-Vasilopoulos by the Belgian retail group Delhaize caused "panic" in the Greek retailing sector. Some of the small sized supermarkets and food stores were acquired by the bigger ones, while some merged and others closed. In addition, the arrival of companies such as Makro and Carrefour and discount stores such as Dia and Lidl brought a new round of structural changes and the competition became harsher. It was observed that when Hypermarket Continent first entered the Greek market in 1991, the Greek chains were unorganised and unprepared to face such fierce competition, while the discount stores in the mid 1990s and Carrefour in 1999 had to face a more organised market and stronger local retailers (Petkanopoulos, 2001).

It is noteworthy that despite the entry of foreign retailers in the Greek market, the co-operative movement, through its supermarkets and the various local (rural) agricultural unions (co-operatives), remains a very important and dynamic force in Greek retailing, especially in the rural areas. There is usually a number of separate co-operative unions, each of which controls and operates a number of supermarkets (Kamenidis, 2001).

The most known co-operative supermarket chain is Katanalotis-Coop, which controls 20 retail outlets in Thessaloniki, while 90 other such retail outlets exist in the rest of Greece including 13 stores in Athens. In addition, all the consumer co-operatives along with the agricultural ones are linked to various central buying organisations, in a common effort to face the imported competition and offer high quality products at low prices.

The total size of the supermarket sector (including cash and carry supermarkets) in Greece was approximately 2,450 billion dr. in 2000. Total retail sales for the year 2000 increased by 10.8 percent in comparison with 1999 (2,210 billion dr.), while in comparison with 1992 the sales increased by 434.7 percent (563.5 billion dr). Table 2.1 outlines the development of Greek food retailing market.

Table 2.1: Size and Development of the Supermarkets Market

Year	Sales of Supermarkets and Cash and Carry (in '000 GRD)	Change (%)
1992	563,560,000	-
1993	780,042,000	38.41
1994	1,033,098,000	32.44
1995	1,253,582,000	21.34
1996	1,450,217,000	15.69
1997	1,700,000,000	17.22
1998	1,950,000,000	14.71
1999	2,210,000,000	13.33
2000	2,450,000,000	10.86
2001*	2,680,000,000	9.39

Source: ICAP, * estimation

During the period 1995-2000 the number of supermarkets increased by 37.5 percent (Table 2.2), while in the period 1990-2000, according to Nielsen, the number of traditional food stores decreased by 66.6%, from 26,044 stores in 1990 to 17,359 stores in 2000.

Table 2.2: Development of the Greek Supermarket Sector 1995-2000

	1995	1996	1997	1998	1999	2000
Total of the Chains' Supermarkets	999	1,149	1,320	1,496	1,719	1,862
Number of Independents	1,124	789	757	756	1,021	1,057
TOTAL	**2,123**	**1,938**	**2,077**	**2,252**	**2,740**	**2,919**

Source: Panorama of Greek Supermarkets, 2001

In Greece, in 2000, 2919 supermarket stores existed. 1862 of which belonged to supermarket chains, while 1057 were independent. 27.8 percent of all supermarkets were located in Greater Athens where the urbanisation is very intensive since almost half of the Greek population lives in and around Athens. Table 2.3 describes the geographical dispersion of supermarkets in Greece.

Table 2.3: The Supermarkets of Greece in 2000

Region/Area	Supermarkets Chains	Independent	Total
Greater Athens	670	141	811
Rest of Attica	59	36	95
Thessaloniki	246	61	307
East Macedonia & Thrace	66	59	125
Central Macedonia	61	55	116
Western Macedonia	149	75	224
Epirus & Ionian Islands	67	100	167
Thessaly	129	69	198
Central Greece & Evia	77	59	136
Western Central Greece	42	36	78
Peloponesse	171	167	338
Crete	81	54	135
Aegean Islands	44	145	189
TOTAL	**1,862**	**1,057**	**2,919**

Source: Panorama of the Greek Supermarkets, 2000, 2001

The chains with more than three stores increase year by year, although there are some fluctuations, while the big chains with more than twenty stores have presented a significant growth since 1988. Table 2.4 outlines this development.

Table 2.4: Development of Supermarket Chains by groups (1982 – 2000)

Groups of the shops	1982	1988	1997	1998	1999	2000
3 – 5 shops	21	39	40	34	40	35
6 – 10 shops	5	11	25	25	20	19
11 – 15 shops	4	5	9	13	14	14
16 – 20 shops	2	3	6	2	6	4
20 + shops	-	2	14	18	20	23
TOTAL	**32**	**60**	**94**	**92**	**100**	**95**

Source: Panorama of the Greek Supermarket, 2001

There were 23 big supermarket chains with 1336 retail outlets and hypermarkets. Out of these, 876 outlets (65.5%) belonged to 5 supermarket chains. Also, the main characteristic in food retailing is the small market concentration. The top eight retail groups account for 55.6% of total supermarket sales, while the two first groups belong to foreign groups and acquire more than a quarter (26.5%) of the market. The reins among the purely Greek groups are held by Sklavenitis although it does not exceed the borders of Attica (region of Greater Athens).

In essence, the Greek market appears to be moving itself into the steps of other European countries where the share of bigger retail groups oscillates at 90%, while it touches upon the 98% in countries such as UK and Germany (www.statbank). Table 2.5 illustrates the market shares, sales, and retail establishments by the major retail groups in 2000.

Table 2.5: Retail Establishments by Supermarket Groups, Market Shares in 2000

Supermarket Group)	Market Share (%)	Number of Stores	Sales 2000 In Billion GRD.
CARREFOUR-MARINOPOULOS *(CARREFOUR,MARINOPOULOS, DIA)* French retailer that operates hypermarkets, supermarkets and discount stores (DIA).	16.2	329	419.9
A-B VASILOPOULOS *(VASILOPOULOS,TROFO, ENA)* Belongs to Belgian retail Group Delhaize Le Lion and operates hypermarkets and supermarkets.	10.3	110	265.8
SKLAVENITIS Operates hypermarkets and supermarkets.	7.8	34	201.3
VEROPOULOS Group *(VEROPOULOS,,CHALKIADAKIS, PANEMPORIKI)* Operates hypermarkets and supermarkets.	6.7	162	172.6
ATLANTIK *(ATLANTIC, GALENOS-LAOUTARIS)* Operates hypermarkets and supermarkets. Is also engaged in wholesale activities.	4.4	160	112.5
MASOUTIS Group *(MASOUTIS, BISKAS, 2A)* The most powerful food retailer in Northern Greece. It operates supermarkets and hypermarkets and is also engaged in wholesale activities.	3.7	115	96.1
METRO Operates hypermarkets and supermarkets. Is also engaged in wholesale activities.	3.6	52	91.7
PENTE S.A *(PENTE S.A, ARGO)* Operates hypermarkets and supermarkets. Is also engaged in wholesale activities.	2.9	81	74.0

Source: Panorama of the Greek Supermarkets, 2001. Modified and Designed by the present author

2.3.1. Wholesalers

Bennison and Boutsouki (1995) point out that the existence of the large wholesale sector in Greece is under very substantial threat from two directions:

First, the new, large–format retailers and the franchised operations, which take deliveries directly from manufacturers and suppliers; and second, the introduction of large cash and carry operations. A large number of store-owners can shop there with relatively easy qualification criteria. Within two years the two Makro outlets in Athens had over 100,000 card-holders.

Today, there are 888 cash and carries throughout the country. The big operators are Metro, Ena, Emporikos Desmos, Makro, Atlantic, and Masoutis. Further, there are a number of shops that operate as cash and carries in a disguised form, being wholesale self service shops that cannot be classified as cash and carries (Panorama of Greek Supermarkets, 2000).

2.3.2 Manufacturers

The industrial sector of the Greek economy displays similar weaknesses and problems to those of indigenous retailing. However, unlike retailing and distribution, manufacturing industry was the focus of much government attention, especially during the 1960s and 1970s when it was seen as the main vehicle for development of the Greek economy. Almost 40 years ago, Coutsoumaris (1963, in Bennison and Boutsouki, 1995) highlighted the problem of expanding industry without having an efficient system of distribution bringing consumers and manufacturers in close contact with each other (Bennison and Boutsouki, 1995).

The need for large retailers to be supplied with large quantities of goods, of consistent quality, at low cost and with timely delivery, poses opportunities for Greek industry, but also problems if they cannot meet retailers' specifications. On the other hand, the peripheral location of Greece relative to the rest of the EU is an obvious obstacle for local manufacturers in supplying the wider market.

2.4 The Competition Level of Supermarkets

The competition of food retailing in Greece is developed on three levels:

First, the low level of prices with the shrinkage of the percentage of the net profit, which is limited under one percent of their turnover. Traditionally, competition among the big food retail companies has focused on price, in attempt to sustain a cost leadership strategy. Thus, some retailers in order to increase their shares in the Greek food retail market sell below cost or demand from its suppliers increased allowances, as it happens with Carrefour, which demands from their suppliers increased allowances of up to five percent. This consequently has caused a reaction from the other retailers (Self Service Review, 2001a).

Second, the improvement of their organisation and structure, which will allow them to reduce their operational expenses and to be more effective and efficient. The modernisation is essential in all the spectrum of activities such as application of new technologies, modern methods and systems of administration as well as programmes of education and training in all the levels of hierarchy (Kantor, 2000). According to Bourlakis and Bourlakis (2001) a crucial factor in this competitive environment is the well planned and well executed logistics strategy (i.e, fully operational centralised distribution centres). So far the foreign retail groups have a significant advantage due to managerial experience, capabilities and expertise, although the major purely Greek retailers have in place warehouses as well.

Third, the fast expansionist policy of the supermarket chains with the establishment of new stores, bigger in size, which can fulfil all the needs and wants of the contemporary consumers. However, as Kantor (2000) points out the creation of new shops does not lead essentially to increase of sales. The right location and the suitable mix of products and services constitute the main factors of success.

The causes for this strong competition in the Greek retailing sector are as follows:
First, the low margin of net profit of the big supermarket chains is close to one percent. There are significant differences in the net profit margin of Greek supermarkets and their counterparts in other European countries. The majority of big chains in Europe have a net profit margin two to five times higher than the average margin of Greek supermarkets.

Second, the stiff competition among the supermarket chains. The consequences of this competition are: a) more competitive retail pricing. In this case, the suppliers are in a position to offer lower prices to retailers. b) Higher advertising budgets in order to attract more customers. Usually, this type of campaign includes special coupons advertising the food prices and the prices of the various products (Tsoulos, 2001).

Third, the reduction of the purchasing power of the Greek consumers because of the long-term austerity program of the Greek government. The result of this policy is the diffusion of income. In addition, according to retail experts (interviews with experts) the appearance of discount stores and foreign chains consequently drive the consumers to "move" from supermarket to supermarket in order to buy products at lower prices.

Finally, the entrance of cheaper products from different European countries. The free movement of goods in the European Union (E.U) and the very well organised logistics management of the big European retailers with units operating in Greece allow the foreign retailers to transport goods directly from their central hardware stores to their units (S/Ms) in all of Europe, without the assistance of intermediaries. Thus, they manage to acquire large quantities of foods at low prices. The Greek retailers do not have this opportunity as the European retailers do (Kefalakos, 2001).

At the same time, the gap between small and big retailers has widened (ICAP, 1998; Panorama of Greek Supermarkets, 2000). This is evident from their large shares in the food retail market. As Tsoulos (1999) points out that although "big" chains are expanding the question remains whether the Greek or the foreign capital will survive in this sector. The Greek one has the advantage of good acquaintance with the market, while the latter has the advantage of financial strength. As a result of the above, the big food retailers are placing a lot of pressure on their suppliers. This pressure is threefold:

1) Constant price reduction

2) Increasing pressure for paying for shelf space

3) Pressuring for better line of credit

The big retail groups continuously seek and apply new strategies to ensure a competitive advantage in order to consolidate their position in the market and acquire a larger share (ICAP, 1998) and to deal with the foreign competition, which arises from the observed "invasion" in the domestic market in recent years by foreign chains. Such strategies include emphasis on product quality and price, store image, customer service, facilities improvements, investments in new technologies, opening of new stores, electronic trade, the introduction and development of private labels, logistics and new methods of distribution and storing (Food and Beverages, 2000). In addition, the larger chains are going ahead with investments in the form of take-overs, mergers, collaborations and expansion both in the Greek market and abroad (Nikiforou, 2000; Papadosifaki, 2001). For example, the acquisition of Marinopoulos by Carrefour, or Trofo by Alfa-Beta Vasilopoulos came as a result of the new circumstances being established in the market.

Also, another effort that has been taking place slowly refers to all efforts by some Greek retailers regarding their collaboration in various directions, business coalitions and mergers, and founding of co-operatives to handle procurements (Nikiforou, 2000). However, nothing significant has come out of these efforts (Panorama of Greek Supermarkets, 2000). Table 2.6 indicates the sales of the major buying supermarkets groups.

Table 2.6: Sales (in Billion GRD) of Buying Supermarket Groups in 1999 and 2000.

Buying Supermarket Groups	**1999**		**2000**	
	Total Stores (Members)	**Sales**	**Total Stores (Members)**	**Sales**
ELOMAS	395	247	422	308
ASTERAS	270	145	196	122
ELETA	334	128.5	304	135
HELLENIC NUTRITION	897	101,6	1154	147
ASPIDA	231	93	238	104

Source: Panorama of the Greek Supermarkets, 2001

In addition, at the same time supermarket groups are in search of ways to increase their sales and capture bigger market shares. Home delivery, establishment of cash and carry supermarkets, sale of non food products (i.e., electronics) and development of take-out meals departments are considered to be the most important approaches of the differentiation strategy they have undertaken since 1999 and up to now in this direction (Panorama of Greek Supermarkets, 2000). Such approaches are expected to differentiate a retail group and help it to achieve and sustain competitive advantage.

Further, a number of Greek retailers, such as Atlantik, Veropoulos, Sklavenitis, Masoutis are planning to go public (enter the gates of Athens Stock Exchange Market) in order to find new capital to finance their investment plan and growth policy (Stamou, 2001; Nikiforou, 2000; Kantor, 2000). At the same time, the need for expansion beyond the saturated Greek market is driving them to the new markets of Balkan States (i.e Veropoulos in Yugoslavia). In the framework of competition with foreign multinationals and large Greek groups, Greek medium sized supermarket chains are trying to reorganise and modernise themselves, and generally to expand or rally together.

2.4.1 The Role of square meters and the competition

The decision of the Greek government in the beginning of April 1995 on the limitation in the size of supermarkets in small cities had ignited negative reactions by owners of small sized supermarkets and food stores, as they believed that this measure would have adverse effects on them (Rokou, 1995). According to this measure (ICAP, 1998, 1999), a license is necessary when the area of the outlet is:

-More than 600 m^2 in the isles of Chios, Kos, Mytilini, Lefkada, Samos, Limnos, Siros, Zakynthos, and Kefalonia.

-More than 200m^2 on the remaining islands.

-More than $1000m^2$ in cities with less than 30.000 inhabitants.

-More than $2000m^2$ on the islands of Crete, Rhodes, Corfu and cities with 30.000-100.000 inhabitants.

The population limit is established according to the census of 1991. The above limitations applied to Greek as well as foreign supermarket chains that would open in the future, and not for the ones already in operation. Also, this measure did not affect supermarkets in Athens and Thessaloniki, the two biggest cities in Greece. (Niketeas, 1995). The existence of such a measure was necessary to hold back the oligopolistic trends that appear in the market. Even though the big retail groups seemed to be winning and the small ones to be losing ground, this measure could also become a "shield" against the invasion of big chains in Greece. This invasion's major characteristic is the overturning of the traditional trade structure. Also, some professional groups are becoming extinct. It is possible that this will prove to be harmful to consumers in the future, but today this situation is to their advantage (Rokou, 1995).

Of course, there is also the threat of the "big" supermarket chains dropping prices in order to harm the "small" supermarkets, knowing that they would not be able to compete with them. The results could be the increase in prices and later the disappearance of the small supermarkets. On the other hand, others believe that small neighbourhood stores (i.e., groceries, butchers stores, etc) will not disappear because they serve small basic daily needs. Their main disadvantage is that, while big supermarket chains follow the same pricing strategy, product prices in these stores are many times much higher. In addition, the consumer has become more demanding because of the superior service in big supermarkets. Once small supermarkets realise that the increase in sales is connected to proper and prompt service and the improvement in the variety of products, they will be able to compete with big supermarket chains. It is certain, though, that many small stores will close because they will not be able to follow these changes.

2.4.2 The label conflict

In the last few years, the conflict over labels between suppliers (usually the producers of brand names) and retailers has escalated. However, the phenomenon of an increase in producers of brand names producing private label products for big supermarket chains has been observed. Lately, the German discounter Lidl has made agreements with Greek producers of certain traditional products (feta cheese, olive oil, etc) although, its policy is to make extensive imports of its own labels from Germany and Italy (Kantor, 2000).

In Greece, the competition (the "label war") is not very stiff at present; however, the trends indicate that in the near future the war between suppliers and retailers for the domination of their products on supermarket shelves will be fierce. For example, private label sanitary paper products gain a better position on the shelves and a bigger market share in comparison with the brand names. The variety of "private" or "own" labels in the Greek market is relatively vast and covers needs and wants for food (from sodas to pet foods), home appliances, batteries, paper products, etc. These products (private or own labels) constitute only 5-7 percent of the market (ICAP, 1998), whereas in the UK they maintain a share close to 45 percent, in Belgium 35 percent, in Germany 34 percent, in Netherlands 25 percent and in France 23 percent (Karantzikou, 2002).

In Greece, private label products are provided by the major supermarket chains, three of which have enjoyed significant development in that area. According to various assessments, two chains derive 9-17 percent of their earnings from private labels. It was unknown to what extent Continent used this type of product in its strategic planning. It has been calculated that more than 700 products bearing the Continent label are available throughout Europe. Today, Carrefour and Lidl allocate about 5000 and 1000 codes of private label products respectively in the Greek market (Tsoulos, 2002). In other countries including Greece, brand names are supported by marketing programs, especially through the mass media.

However, private label products do not enjoy mass media exposure, but they do enjoy prominence within the stores themselves, which is usually not relative to their market share. In addition, an obstacle for the predominance of private label products in the Greek market appeared to be the low confidence that the consumers show, with principal reason being the quality issue. From those that do not buy private label products, 45 percent stated as a fundamental reason the low quality, while the main reason for the 81 percent of those that buy private label products is the low price (Kantor, 2000).

Private label products were introduced in the Greek market in the early 1980's (1984) by the Marinopoulos chain with its PM products. The main competitive advantage is the very low price and the big margin of profit in comparison to brand-name products. The Veropoulos chain followed with its Spar products. The strategy was the same: food and inexpensive products. However, the entrance of Continent (Promodes) in the private label game broke a number of taboos about the omnipotence of the industry in some types of brand name products, such as the placement on shelves of private label soft drinks (Cola type) and own label instant coffee, in a land where Nescafe rules. In 1992, the Atlantic chain enters the private label products field, but does not only use its own name. It expands to new types of products such as detergents (Twin), sausages (Ariston) etc, (Mazou, 1995). In 1994, AB Vasilopoulos introduces its own labels in products such as chocolate, jam, fruit, jelly etc. Furthermore, more emphasis is placed on product presentation.

The presence of private label products on the shelves of Greek supermarkets was concurrent with the major structural changes within retail trade and the food industry in the country in the mid 1990s. Further, own labels will become an indicator of the effort of the major retail groups for profitability in order to be more competitive.

2.4.3 Development of new technologies and practices

Supermarkets functioning in an environment that is characterised by the rapid growth of the sector, the intensification and internationalisation of competition. This fact has prompted retailers to seek and apply practices and methods such as low prices, the adoption of new technologies to improve their effectiveness and their services to their customers, and on the other hand to cope with the competition and with the requirements and conditions of the new business environment (ICAP, 1998, 1999).

For these purposes, retailers adopted new technologies such as scanning (bar-coding) and EDI (Electronic Date Interchange– Electronic Exchange of Data). The

EDI constitutes one of the applications of electronic trade. EDI offers the required technological infrastructure for the support of many from the activities of ECR and as new technology it gives the possibility in the enterprises of exchanging electronically their commercial documents and receipts without the use of paper. An Institution of EDI and other applications that constitute a initiative of retail trade is ECR (Efficient Consumer Response) aiming at the acceleration of processes and the offer of better services and products in the final consumer (ICAP, 1998, 1999, Food and Beverages, 1996).

In 1995 the ECR Hellas was founded with its main objectives being the reduction of cost, the saving of time and capital and the use of new management methods (i.e. category management) and technologies in order to improve the relationships between suppliers and retailers through a better communication and collaboration aiming at providing as much as possible better quality of products and services to customers at the lowest possible cost and bringing food suppliers and retailers even closer (Bourlakis and Bourlakis, 2001, ICAP, 1998, 1999). Today members of ECR Hellas are some of the biggest retailers and producers such as Marinopoulos, Veropoulos, Vasilopoulos, Sklavenitis, Masoutis, Procter & Gamble, Unilever, Misko, Delta, etc (Papadea, 1999).

Also, the combination of EDI with the barcodes system (scanning) contributes to the more effective distribution of information in regard to products, giving the possibility of automation of unproductive processes exempting substantially the enterprises from the bureaucratic processes that take place until the product reaches its final destination. The application of these information technologies creates a web of utilities but also competitive advantages for the enterprises that utilise them. The better management of production and inventory, the reduction of various forms of cost related to storage, promotion of sales, support afterwards the sale, treatment of elements from human potential, the reduction of time of delivery of orders, the acceleration of circle of enterprising activity, etc. are some of these advantages. In Greece, many retail groups exploit the important advantages that arise from the new technologies (ICAP, 1998,1999).

Another development with regard to supermarkets is the application of logistics. Logistics plays a fundamental role in supporting retailers to rationalise their distribution infrastructure and to make more efficient use of their resources (Bourlakis and Bourlakis, 2001). Logistics concerns the total of activities that is executed at the process of flow of products, offers, that is to say, reliable solutions in problems that emerge from ball of production up to that of consumption. More specifically, logistics deal with a web of activities as the supplies, the inventory, the transport of products, the storage of products. Consequently, the activity of logistics monitors all the stages that a product passes. Also, the follow-up of all stages of distribution of merchandise via computer exists so one may track at any given moment the movement of merchandises (ICAP, 1998, 1999).

Another practice is the utilisation of services of a third party (Third Party Logistics) for storage of products and/or for distribution/transport of products from the depositions (third person or not) to the particular store of the chain. Today, the bigger supermarket companies use their own logistics system, or collaborate with a third specialised enterprises, to achieve better inventory management, as well as storage and distribution of their products (ICAP, 1999). However, in Greek retailing relative modern logistics practices were originally implemented by domestic firms in 1995 (Bourlakis and Bourlakis, 2001).

2.5 Employment and Productivity in Supermarkets

Greek retail shops are typically small and family owned establishments which employ only a few people. Out of 100 people employed in the retail sector, about 70 are owners, 20 are family members and only 10 are salary earners (Eurostat, 1993). In general Greek retailing is characterised by a high portion of independent retailers mainly comprised of family owned businesses and traditional stores. Table 2.7 shows the employment in retailing (independent retailers) in selected countries.

Table 2.7. Employment in Retailing in Selected Countries (1999)

Country	Percentage (%)
Greece	60.2
Italy	58.9
Portugal	45.6
Spain	42.7

Source: Eurostat, (Market Zoom, 2002)

This employment structure might explain why the productivity of retailing employees in Greece is low in comparison with the rest of Europe. Also, this outcome is due to poor training of personnel and the lack of appropriate technology in the majority of retailing outlets. As Kantor (2000) points out the food retail sector has not succeeded in achieving important economies of scale with result any increase of sales means proportional increase in the number of employees. On average each employee in the sector of supermarkets produces sales of 37.8 million GRD.

The practice of part-time employment in Greek retailing is developing as it gives the opportunity to retailers to reduce their operational expenses. Year by year the number of full-time employees has been dropping and the number of part-time employees has been increasing. Retail outlets in provincial cities employ a higher proportion of part-time employees, particularly shops which opened during the past few years. It is estimated that about 5000 part-timers work in the Greek retailing sector while in the rest of EU the number is higher. Female and part-time employment is still very low by EU standards. In 1999, females represented 46.7 percent and the part-time only 5.1 percent of the retail work force respectively (Market Zoom, 2002).

According to Kairis *et al,* (1994), the percentage of part time employees in the big chains is close to 30 –35 percent, while in others, such as Continent, it reached 50 percent. Lately, the supermarket chains have organised special three to four week training programs for part- time employees.

2.6 The Advertising Campaigns of Supermarkets.

Advertising is one of the most popular tools of retailing promotion and a valuable vehicle of communication for retailing firms. The impact of advertising is very well known to marketers and customers for commercials can attract the public to "special offers" as well as other services (Ghosh 1994). Newspapers are the most frequently used advertising medium (Dunee *et al,* 1995; Ghosh, 1994). Especially, in Sunday newspapers, there are a lot of specials in brochures.

In Greece, radio was considered the primary communication medium for many retailers to reach customers with 65 percent, followed by newspapers with 26.5

percent, and TV with 3 percent only (Karayiannopoulou, 1996). However, according to the latest data of media services, the share of advertising campaigns on television and in newspapers increased significantly at the expense of radio and periodicals (Table 2.8).

Table 2.8: Media Shares in S/M Advertising Expenditures (in %)

	Media Shares (%) Year By Year		
MEDIA	**1999**	**2000**	**2001**
TV	43.33	39.02	41.84
PERIODICALS	17.15	17.26	9.88
NEWSPAPERS	13.29	31.56	35.04
RADIO	26.23	12.16	13.24

Source: Media Services

It must be mentioned that the most famous radio commercials with characteristic jingles are those of the Marinopoulos group "*Only at Marinopoulos*" and the Veropoulos group "*She is happy She is coming back from Veropoulos*" which has been very well known for almost 25 years.

The amount spent by the retailing chains varies widely according to their turnover, sales volume, merchandise, geographical region, etc. However, the largest supermarket chains with their high fixed cost and the necessity for achieving large sales volumes and the consequent economies of scale spend more in an effort to gain a bigger market share by generating large amounts of volume. In addition, the competition is very stiff among the retailers and the bargaining power of the customer is high. Thus, the advertising budgets of the supermarket chains year by year increase. Table 2.9 describes the advertising expenditures of major supermarket chains in Greece.

Table 2.9: Advertising Expenditures of S/M in 1999-2001 (in Euro)

S/M Group	1999	2000	2001
CONTINENT	1.804.500	960.132	1.837
VEROPOULOS	834.744	692.664	559.856
A -V VASILOPOULOS	1.002.723	615.143	752.210
MARINOPOULOS	1.004.926	1.089.198	380.392
ATLANTIC	451.534	632.624	177.813
CARREFOUR	-	1.759.630	1.925.555
DIA	541.418	494.638	1.022.386
TOTAL (of all S/Ms)	**7.598.903**	**8.530.019**	**9.032.161**

Source: Media Services

In addition, in recent years some food retailing chains started a new communication policy with their customers by publishing their own magazines. Three well known chains, Atlantic, A-B Vasilopoulos, and Marinopoulos, publish such magazines. These magazines are distributed free of charge, appeal mainly to women with articles on fashion, health, social issues, arts, etc. as well as give information on items they carry, on discounts, etc (Barba, 1999). However, it has to be mentioned that the first chain that started this communication activity 15 years ago was the co-operative chain Katanalotis-Coop of Thessaloniki, which has seen continued success to this day. Its magazine "Katanalotis", besides providing information regarding retailing issues, distinguishes itself from the others by providing a variety of general interest articles to its readers. Also, the social responsibility that the chains promote through recycling and reforestation and other social awareness activities provides them with positive publicity. Additionally, another way of attracting and creating long-lasting relationships with customers are the appearance of loyalty cards. The aim of this type of cards is the "reward of the customer relationship with the company based on various motives such as return of part of value of goods, gift benefits etc through a point system (i.e., 1 point =10dr.). The first chain that adopted the loyalty cards is A-B Vasilopoulos in 1996, while today the majority of retail groups allocate their own loyalty cards (Seremetakis, 2000).

2.7 Consumer Trends

Consumers' buying behaviour is strongly related to factors such as income, age, family size, etc. Today, in Greece consumers are more educated, sensitive, and informed about products, prices and offers and want quality products at a low price. In addition, market demand changes affect the purchasing habits of Greeks. Particularly, these social changes include the following (Siomkos, 2002; NSSG, 2001):

- Decrease in purchasing power of Greeks (especially for low income consumers) due to the chronic austerity program of the Greek government.
- Demographic changes such as an increase in the ageing population.
- Increase in women in labour due to changes in life style.
- The level of household consumption because of family size (smaller families, more divorces, single parents, etc.).
- Increase in education levels and in the information that is available to consumers (development of consumer movements, greater concern for health and the environment).

Economic and demographic tendencies influence decisively the structure of the market and the preferences of the consumer. As Greek society becomes more affluent, the Greeks change their shopping habits, their lifestyle (bigger cars, cellular phones, etc) in their effort to become "Europeans". The overall economic and social environment in Greece is reflected in the retailing sector. For example, in 1994, 3.9 percent of the Greek population owned mobile phones, 16.3 percent used credit cards, while in 2000, these numbers have increased dramatically since more people possess mobile phones and use credit cards. In 2000, Greeks spend 135 billion GRD in order to purchase 2,250,000 mobile phones (www.statbank.gr), while in 2001 the VISA credit cards increased by 32.2 percent reaching 2,700,000 from 2,040,000 in 2000 (TA NEA, 22/4/2002).

2.8 Future Trends of the Greek Retailing Market

Greek retailing entered a new period of development in the 1990s. The food retail sector faces many challenges for the future as a result of shifts in the marketplace. Changes in economy, competition, and technology will be reflected in trends in retail practice in the direct future. The key issues and trends (Kantor, 2000; Panorama of Greek Supermarkets, 2001) are:

- The market share of foreign supermarket chains has been increasing, although the limited Greek market does not favour big investments with high depreciation amounts.
- Big and medium size Greek-owned chains will form coalitions in an attempt to raise funds and know how from Greek and foreign sources.

- Foreign chains will expand to the Balkan countries and countries of the former Soviet Union. The contribution of their Greek staff is expected to be very significant.
- Greek retail chains will incorporate services that traditionally belong in other sectors of retailing such as catering and electronics, clothing and footwear, etc in order to increase their turnovers and their profits. The spending on food continually become a smaller part in family budgets. The percentage fell from 29.9% in 1988 to 17.4% in 1999.
- The number of small and medium sized chains will decrease. Such chains will survive only locally.
- Electronic trade will expand slowly, firstly among young people in non-food products (Self Service Review 2001b). The creation of web pages from the bigger retail groups (Vasilopoulos, Veropoulos, Masoutis, etc) is characterised as a strategic move, since electronic trade opens new horizons for retailers and on the other hand, the internet is continuously entering more households.
- Supplies from European centres will increase, and thus have an adverse development on domestic trade. The foreign retail chains are very instrumental in the massive import of products from countries where their headquarters are located. It is noteworthy that since 1996 the ratio of domestic products of total sales of supermarket chains has shrunk by 10%, which may lead to the debasement of the production capacity of Greek producers and consequently the Greek economy (Papademetriou, 2001).

2.9 Conclusions

This chapter presented the most important aspects of retailing and especially of food retailing in Greece. In particular, it discussed the formation, the development, the competition, and the future trends of the Greek retailing sector. The present study provided several insights regarding the nature of the food retailing sector. The analysis of the current situation in the Greek supermarket sector is of great interest, not only because of the knowledge it provides of the current situation, but also because of the rapid process of change to which the sector has been subjected during the last few years due to the invasion of foreign retailers in the Greek market.

Food retailing in Greece has undergone a profound transformation in recent years (over the last ten years). It has become more dynamic as it involves more activities, new technologies and develops new store formats, and thus the sector is in a continuous process of development, while retailers compete for a more demanding customer. These changes were ignited by the entrance of big foreign retail groups. The entry and the most rapid growth of big foreign retailers have also intensified the rate of growth of Greek groups. Greek retailers have been calling to face the challenges of retail internationalisation and to be prepared for a harsher competition. The most dramatic changes have been the growth of supermarkets, the elimination of the neighbourhood grocery stores, the further strengthening of big companies and the exacerbation of competition. These developments have led to new correlations in the Greek market.

The intense competition that prevails today for the sustenance and increase of market share will also strengthen tendencies of concentration of sector that are already dominated by small number of retail groups which possess the biggest share of the market. The need of achievement of economies of scale and reduction of functional expenses will be imperative. Mergers, acquisitions, economies of scale for cost control, and investment capital will be crucial factors for further development.

Retailing will continue to constitute a central factor in Greek economic activity. The prospects of retailing are directly connected with the developments in the Greek economy and the business environment. The improvement of macroeconomic sizes, the increase of purchasing power of Greek consumers, the organisational changes, mergers, acquisition, capital flow via the Athens Exchange markets, create new dynamics in the Greek retail sector, which will be visible in the direct future.

CHAPTER 3. THEORETICAL BACKGROUND ON RETAILING STRATEGIES

3.1.Introduction

This chapter highlights important aspects of how different retailing and marketing strategies interact individually and collectively with consumers' purchasing behaviour. This interaction affects and contributes to the determination of a store's image.

Retailers in today's highly competitive market must thoroughly understand the needs of consumers. During the last decades numerous developments have produced important changes in the retail industry. Retailing is a mature industry, and on the other hand, consumers have become informed and sophisticated buyers and thus competition has become stiffer. With so many choices available from intense competition the consumer is driven to be more selective based upon their perceptions of store. Successful marketing efforts for retailers depend on having better knowledge regarding needs and wants in order to satisfy them and thus to create loyalty.

The focus of this literature review is on the recent theories and studies associated with retailing and consumer behaviour. The important characteristics of retailing as it relates to marketing strategies and consumer behaviour will be discussed. Also identified and discussed will be theories and studies that highlight how retailing has altered many aspects of the current marketing framework such as market segmentation and customer satisfaction and its impact on the store-shopper (customer) relationship.

3.2 The Wheel of Retailing

McNair (1958) introduced the concept of wheel of retailing in order to explain the changes over time in retail operations. He argues that most forms of retail establishments (department stores, supermarkets, etc) enter as low-cost, low-price, low status operators. Gradually they trade up, acquire more elaborate establishments and facilities and they offer more services to their customers. Finally, they mature as higher-cost, high-price retail firms, offering higher-price merchandise.

An example of this hypothesis is department stores, which started as junior department stores, mainly with low prices and quality, emphasising family apparel, in competition with smaller retailers who were then severely undercut by supermarkets and discount warehouses. As the wheel rotated further, they became mature, began to lose popularity, and might have become nearly extinct- until it was "reintroduced" with different characteristics. For example, merchandise was expanded to include hard lines and home furnishings, prices were increased because of increased operating costs as services were added and facilities, merchandise presentations, and the merchandise itself were upgraded (McNair, 1958).

Brown (1988) agreed with McNair to a certain point and expanded the theory by introducing the concept that changes in consumers and their shopping habits are the principal causes of revolution of the wheel. Brown hypothesises that the cost dimension of the theory must be "consumers' costs", that is, costs paid and value received by consumers, which include consumers' time and inconvenience, rather than changes in costs of operating retail stores or even prices charged by retailers.

May (1989) shares a similar view maintaining that the primary causes of retail changes and thus retailers' fortunes are changes in consumers and their expectations of retailers. She describes retailing as an "odyssey", a retailer's quest for customers, and a consumer's search for satisfactory stores.

This Wheel of Retailing or Retail Odyssey has evoked the background for retail innovations, which were in response to changing consumer needs and wants. Successful innovations have added value to consumers, those that failed have not continued to provide the total complex of values demanded by consumers (May, 1989).

3.3 Competitive Strategies in Retailing

Strategic planning in retailing has not been developed exhaustively in retailers' minds until recently where a more widespread need for a marketing orientation concept has been established. Retailers tend to be oriented to the very short- term policy, engaged in similar price-cutting programs among each other and thus, have done little to establish their identity or a distinctive image. Their style of management is reactive rather than strategic. However, the rapid change in the retailing environment and intense competition among retailers has reinforced the need for a strategic perspective.

According to Stevens (1989) retailing has moved from production orientation to a marketing orientation by providing the goods and services the customer wants. The most successful retailers are those which have clearly identified consumer change and provided goods and services that meet consumers' emerging needs and wants. In addition, the retail environment becomes saturated with competitors vying for the consumers' expenditures (Lysonski *et al*, 1996).

To succeed in this highly competitive environment, retailers' primary focus should be the delivery of an offering which provides customers with superior value, such as image, reputation and quality (Devlin, 1998). According to Porter (1980) there are basically three ways of gaining a competitive advantage:

1) Cost leadership. Cost leadership is the approach used by a business which seeks to be the low-cost producer in an industry. The advantage lies in the company's ability to charge lower prices than the competition and still make a profit. This strategy gives the opportunity to retailing units to attract more customers from other retailers through the offering of low prices. This may explain the reported growth in profitability among discount retailers (Caminiti, 1989).

2) Differentiation. This involves offering a better product than your competitors or a unique product through marketing innovations (Murray, 1988). Enterprises which primarily compete with the differentiation strategy may obtain a competitive advantage, in spite of their higher cost positions, since their unique product or service offerings allow the alternative of charging higher prices (Wright et. al., 1990). Even though the retailing industry has been characterised by Wortzel (1987) as a mature industry, Varadarajan's findings (1985) suggest that businesses competing in mature industry environments can be more effective by utilising the differentiation strategy. Differentiation can be in product emphasis, that is presentation. Thus, a supermarket must differentiate itself based on how it can get people to buy more products at better price points (Weinstein, 1997). Further Davies and Brooks (1989) point out that a whole retail sector could be more profitable if the competitors adopted a differentiated approach to their overall strategy than each competing on price with no real cost advantage on which to base a choice.

3) Focus. This method entails serving particular market segments (niches) in a superior way to that of your rivals. The competitive advantage stems from the ability to serve the specialised needs of the target segments. Retailers may utilise a combination of marketing-oriented differentiation together with cost leadership strategy. Past research indicates that the result of competing with a combination of these approaches has often been associated with higher profitability and larger market shares (Phillips *et. al,* 1983; Miller and Friesen, 1986; White, 1986).

The realisation of a permanent competitive advantage, seen here in terms of customer value maximisation and corporate success, requires the simultaneous optimisation of all three factors: time, cost and quality. This does not just mean being better than the competitor, but also faster and more efficient. Time, cost, quality management must be regarded as a necessity for future company success in retailing. Through optimisation of the interfaces of time, cost and quality, leadership positions can be built up which secure sustainable competitive advantages (Maximov and Gottschlich, 1993).

Many organisations realise that it costs less to keep a customer than to attract a new one. Although there are alternative strategies for growth such as enlargement of market share by reducing prices, launching expensive promotional campaigns and extending product lines. The most profitable approach focuses on achieving customer loyalty, both among existing customers and in new markets (Bloemer and Lemmink, 1992). Food retailers would appear to have combined low cost plus differentiation either by advocating high quality, by virtue of brand name, or by improving services to the customer (McHugh *et al.*, 1993).

To maximise market share, a retailer has to develop a retail proposition that is clearly differentiated from its competitors "in the eyes of the consumer" by offering more selection, service, and quality for less time, cost, etc. High market share can enable retailers to enjoy a number of economies of scale and to increase bargaining power relative to suppliers and thereby to increase their net margin (Porter, 1980; Buzell and Gale, 1987). However, real success comes from the combination of a market-driven proposition with the effective control of cost. In order to sustain above-average profitability, companies need to take a long term strategic view of the industry (Lees and Worthington, 1988). To operate successfully, retailers will have to keep pace with changes in customer expectations. As Senker (1987) points out in food retailing, retailers such as Sainsbury and Tesco are used to interact in the activities of their "own brand" suppliers in order to ensure the quality of their own-brand products.

The market dominance of the large supermarket chains is evident from their large share of the food retail market. Traditionally competition between the large retailers has been viewed as price based with few chains being perceived as competing primarily on the basis of quality. More recently, however, it would seem that in Britain a number of large chains are pursuing strategies of differentiation enabling them to command premium prices for goods and services. Indeed, many food retailers are choosing to combine low cost plus differentiation either through advocating high quality by virtue of brand name, hence the well-known slogan

"Good Food Costs Less at Sainsbury's" or by improving services to customers, for example, the Tesco strategy aimed at the elderly shopper in Gateshead (McHugh *et. al*, 1993).

The key to a long-term, sustainable, competitive advantage for any organisation is a comprehensive strategy requiring a clear positioning for maximising customer satisfaction. Hart and Davies, (1996) point out that one strategy which is currently preoccupying a number of major UK food retailers is diversification into further non-food ranges to enhance and strengthen their market positioning and profit potential.

In recent years, retail competition has intensified generally as a consequence of new technologies and more sophisticated management practice. Marketing tools such as coupons and promotions are not only often minimally effective, but also attract wrong customers by adverse selection (Reichheld, 1996). For example, temporary price cuts and coupons tend to attract cherry pickers, whose purchases actually detract from profits (Sirohi *et al*, 1998).

Retailing and consumer behaviour findings have led to acceptance of the premise that a store's internal environment creates a store's image, and that this image can, in turn influence purchase and patronage decisions, among other things (Akhter *et al*, 1994). Supermarkets once had gained leadership in price and quality. They were the first to develop a model of low cost distribution of national brands. However, the rapid growth of various retailing formats such as club stores, superstores, discount stores, convenience stores, category killers illustrates entry barriers to food retailing (Mathews, 1995). In response to this, many supermarkets are now using tactics such as slashing prices, enriching service departments, upgrading private labels, taking a market niche position or incorporating frequent shopper programs to keep customers coming to their doors. They are also working hard at keeping their market dominance in fresh food, the bellwether area in food retailing (Discount Store News, 1996).

The potential for creating sustainable loyalty is increased when the retailer and the brand are one and the same. It could be argued that in a world of near ubiquitous distribution of certain consumer packaged goods, consumer loyalty can only exist when the store and the product are in fact one and the same. In the case of the supermarkets, the prerequisite for loyalty was service. Service creates an emotional link between the store and the consumer and/or subtracts value to the shopping experience and the brand. Service, in turn equates with recognition and respect for customers as individuals, and the fulfilment of primary consumer expectations. Service is driven by an understanding of consumer aspirations and anxieties. (Mathews, 1995).

Recently, another niche marketing strategy that retailers have started applying is that of mass customisation. Levi's stores applied this idea by featuring a new computerised system of custom making jeans for women. Mass customisation of retail experience begins by listening to the shoppers, fulfilling their needs and making them feel that they are your most important customer. By utilising mass customisation in the retail sector, a large company such as Walmart might present difficulties, traditional food retailers can be more competitive (Coupe, 1995).

A small family-owned local chain, Rice Food Markets, by developing three distinct formats has been able to compete with and sometimes to outlast major chains in the Houston market. More particularly, this company has divided its 31 stores with an approximate 5% market share into three distinct formats which cater to the particular neighbourhoods they operate in. Thirteen (13) stores target price-conscious shoppers in inner city neighbourhoods, six (6) appeal to the affluent crowd that coverts service and variety more than price, while the twelve (12) remaining stores cover conventional high/low pricing including some services (Garry, 1995).

The Supermarket industry is undergoing a marketing transition. This transition to database marketing and loyalty programs could provide the industry with its most important competitive advantage in decades. Supermarkets hope to gain crucial information about their customers' purchasing habits and increase profits by smart marketing and reward programs. Loyalty programs have been around for many decades. Most stores sign up customers willing to carry and present cards because they receive a lower price on certain food items. The first supermarket companies that offered these electronic discounts racked up impressive sales increases and profit gains (Raphel, 1995).

3.3.1 Loyalty strategy

Building customer loyalty is a business strategy, not just a marketing program. All businesses should seek to boost loyalty and maximise their share of customers. However, there are no clearly defined guidelines to make loyalty approaches simple in any given industry (Duffy, 1998). Loyalty programs are not magic. When carefully crafted and diligently executed, a loyalty strategy can create a reluctance to choose an alternative shop on the customers' part. Sometimes it is an economic reluctance to shop elsewhere because the customer feels he/she loses something by choosing another brand. Sometimes, it is a psychological reluctance to defect because the customer feels engaged with the brand and feels that a mutually successful relationship is lost if he/she defects.

Rust and Zohorik (1993) proposed that individual customer loyalty leads to aggregate customer retention which results in increased market share. Johnson *et al*, (1995) posited that market level satisfaction resulted in customer retention, or loyalty, leading to profit. Increased customer retention has two important effects: a) It can lead to a gradual increase in the firm's customer base which is vital in an era of low sales growth and the profits earned from each individual customer grow the longer the customer remains loyal to the firm, and b) existing customers also tend to purchase more than new customers (Rose, 1990).

Reichheld and Sasser (1990) encouraged later researchers to use loyalty as a proxy for customer satisfaction (Fornell *et al*, 1996). Customer retention or repurchase intention is probably the most important concept in marketing (DeSouza 1992; Fornell, 1992). It is a critical component in boosting a firm's profitability and long term performance. Reichheld and Sasser (1990) suggested that the cost of recruiting a new customer is five times higher than the cost of retaining an existing customer. Satisfaction is usually the predictor of repurchase intentions. Previous studies support a strong correlation between satisfaction and repurchase retention (Anderson and Fornell 1994; Anderson and Sullivan, 1993; Heskett *et al*, 1994). In fact, Heskett *et al* (1994) emphatically stated "loyalty is a direct result of customer satisfaction".

However, other studies provide contradictory evidence concerning the positive influence of satisfaction on repurchase intention (Hoffman *et al.*, 1995: Keaveney, 1995; Sandvik *et al*, 1993). Reichheld (1993) states that "consumer satisfaction is not surrogate for customer retention."

The relationship between satisfaction and repeat purchase is important for marketers. In a study conducted by LaBarbera and Mazursky (1981) it was discovered that satisfaction and retention are found to increase as loyalty to a brand increases. This holds true when brand loyalty is measured in a number of successive purchases of the same brand. In particular, they claimed:

> *"However, the relative importance of satisfaction in predictions repurchase arrears to decrease as loyalty increases. Thus it is likely that a certain threshold of satisfaction must be met to lead to a repeat purchase of the brand"*

According to Peppers and Rogers (1993), there are three benefits to maintaining customer retention:

First, the cost of customer acquisition should decrease as it is not necessary for firms to replace as many customers who have defected.

Second, a long standing customer is likely to be less price sensitive so the margins that the firm can make will be higher and

Third, a long standing customer is likely to be more responsive to the suggestion of buying a greater variety of products or services from the firm.

Furthermore, a loyal customer is the ultimate goal. It is the customer who will actually recommend business to others. Not only do they gladly make use of the company's products and services but also their satisfaction with them is so great that they inform others of them (Gould, 1995).

3.4 Customer Service

One of the major areas that affect retail demand is customer service. It is a strategic element which can differentiate retailers from one another and can be effectively used by retailers of any size. Further, mergers and acquisitions and geographic expansion continually challenge retailers' ability to provide customer service and satisfaction. To remain competitive in today's market, retailers must rediscover how to provide customer service in order to maintain and satisfy their existing customer base (Cassil, 1998).

Customer services are the identifiable, but mostly intangible activities offered by a retailer in selling its basic goods and services. In addition, it must be emphasised that customers react favourably to retailers showing community interest and involvement in such activities as establishing stores that are barrier free for disabled persons, supporting charities and running special sales for senior citizens (Berman and Evans, 1998). The primary customer service objective of the retailer is to achieve a competitive advantage by satisfying the consumer.

Traditionally, retail customer services are activities that augment a retailer's offerings. Much of the attention in the service area has been paid to the following activities:

1) Support services such as credit, delivery, gift wrap, etc
2) Sales support services including telephone and mail order activities

3) Revenue services including leasing programs
4) Courtesies primarily related to behaviour in respect of the sales transaction and post-transaction activities such as returns, maintenance and warranty matters.

Customer service activities include: a) what the retailer offers, b) how well it is offered and c) how well the retailer can co-ordinate channel activities. Customer service is embodied in the set of feelings that the consumer receives in the progression of the transaction from the time the consumer enters into the store, the activities related to the consummation of the transaction and the effects of a transaction not realised (Lalonde and Zinser, 1976).

According to Tordjman (1988), the objectives of supermarkets in developing services have been:

First, to demonstrate a difference from conventional supermarkets due to their positioning based on quality.

Second, to achieve a satisfactory level of profitability with net margins on service sections.

Third, to capture some of the share of the household's budget which is made available for consumption away from the home.

Ghosh and McLafferty (1987) highlight the significance of location strategy as an integral part of the overall corporate strategy and suggest that good locations allow ready access, attract large numbers of customers and increase the potential sales of retail outlet.

3.4.1 Service quality

Quality was a key issue not only in manufacturing industries but also in service industries in the 1990's. Quality simply means offering a product of the right grade for the chosen market or markets at the appropriate time.

Service quality is considered as an important factor in differentiating service products and building a strong competitive advantage (Ennew *et al*, 1993; Keane, 1997). Quality according to Groonroos (1984) has two principal interrelated elements: technical quality (outcome of the service offered) and functional quality (the process by which the service is delivered).

Functional quality can not be measured objectively as the technical one. The service sector is one which is highly intensive and therefore investment in people and training is one approach to quality control. Thus, as Keane (1997) points out the condition in the local labour market will most directly influence the cost of the providing level of services. Dabholkar *et al*, (1996) point out that retail service quality as perceived by the customer has five components: physical aspects, reliability, personal interaction, problem solving and store policies.

Since services are customer driven industries, the priority is in customer satisfaction. How the consumer perceives the quality of services offered is of greater importance. It is a concept related to the five elements of service quality, suggested by Berry *et al* (1990). These elements are:

- Reliability (ability to perform the promised service dependably and accurately)
- Responsiveness (willingness to help customers and provide prompt service)

- Assurance (competence, courtesy, credibility, and security)
- Empathy (easy access, good communications, and customer understanding)
- Tangibles (appearance of physical elements, i.e., facilities and personnel)

Service quality may also be used as an extrinsic cue in consumers' evaluations of the overall merchandise quality in a supermarket. The definition of value is "what you get for what you pay". Value in supermarket shopping, consists of several benefit components such as variety, service, facilities, quality, nutrition, convenience, and freshness (Bishop, 1984; Doyle, 1984). Superior service quality has been described as the third ring of perceived value (Clemmer, 1990), the first two being the basic product or service and extended support services. As Sirohi *et al* (1998) points out, the presence of service can reduce the non-monetary sacrifices made by shoppers (i.e., time) and also increases the benefits of shopping (i.e., convenience through facility design).

A study by Gutman and Alden (1985) in apparel retail stores found that the service quality makes consumers feel comfortable, relaxed and makes it easier for them to make a purchase decision. In addition, Mazursky and Jacoby (1986) found that the number of salespeople, number of cashiers and merchandise return policy were the most crucial factors that influenced service quality.

3.5 Consumer Behaviour

The field of consumer behaviour covers a lot of ground. It is a study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. Simply understanding consumer behaviour is vital for any company's future.

The basic marketing concept states that firms exist to satisfy consumer needs and wants. These needs can only be satisfied to the extent that marketers understand the people or organisation that will use the products and services that they are attempting to sell and that they are more successful in their attempts than their competitors. By analysing purchase motives, marketers can better comprehend why buyers act the way they do in the marketplace (Weinstein, 1994).

According to Pinson and Joilbert (1997), current approaches to consumer behaviour are generally based upon three fundamental postulates:

1) Consumers do not strictly obey the principles of economic rationality as commonly defined;
2) Consumers do not, however, behave in a random manner and their behaviour cannot be adequately described by stochastic models;
3) Consumer behaviour stems from innate and acquired needs and involves a complex combination of conscious and unconscious processes as well as rational factors.

The marketer needs to know which people are involved in the buying decision and what role each person plays. Consumer decision making is impacted by rational and emotional factors (demographics, needs, perceptions, habits, etc.) The purchaser and user of a product might not be the same person. In other cases, another person may act as an influencer, providing recommendations for or against certain products without actually buying or using them (Solomon, 1996).

The privilege of making a particular decision often belongs to more than one person. Numerous purchases require or encourage the participation of several family members. According to the circumstances and the course of the buying process, family members can play more than one role (Pinson and Joilber, 1997).

There is a plethora of consumer behaviour definitions in the literature, reflecting the many and varied approaches adopted by researchers studying this subject. According to Loudon and Della Bitta (1993) consumer behaviour is

> *"the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services."*

From a managerial point of view, managers need to know who their customers are and why they prefer or choose their products rather than those of competitors. One of the essential traits of all behaviour must be that it involves choice or selection. In other words, we speak of behaviour only in case an individual selects one from among a number of alternative courses of actions or options (De Vree, 1994).

In the area of consumer behaviour study, many researchers have proposed that a consumer buying process is multi-staged and that a consumer motivation to purchase a good or service is triggered by an expectation that the object of purchase will satisfy his/her felt needs. The basic position of these multistage models of consumer decision making is that a consumer when engaged in a purchase decision, goes through stages of:

Need recognition: The need for a good is realised;

Information search: Consumers become aware of the good's availability in the marketplace;

Evaluation of Alternatives: Consumers assess the goods that are available in relation to their wants and means. Assessment of alternative goods, generally, results in a choice;

Choice of product or service: Consumers express the demand and buy a specific product or service;

Post-purchase evaluation: Consumers post evaluate their purchase in order to repeat it or not;

Interest in understanding customers' shopping behaviour dates back to Stone's work. Stone (1959 in Osman 1993) classified shoppers into four types:

- *Economic shoppers.* Those who express a sense of responsibility for their household purchasing duties. As they enjoy shopping, the store personnel, price quality merchandise assortment and the store itself determine their shopping behaviour;
- *Personalizing shoppers.* Those who prefer shopping at a store "where they know my name". Personal attachments formed between them and the store personnel are crucial to their patronage of a store. Economic criteria, such as price quality and selection of merchandise, are of lesser importance to them;
- *Ethical shoppers.* Those who sacrifice lower price or wider selection of merchandise in order to help their small neighbourhood stores to survive against the big chains;

- *Apathetic shoppers*. Those who do not discriminate between kinds of store. As they are not interested in shopping, they view shopping only as a necessity. Thus convenience of location is a crucial determinant of their store selection (Osman, 1993).

3.5.1 Consumer's expectations

Expectations represent standards and beliefs regarding the performance of an object. Under certain conditions, consumers use their expectations as guidelines against which they evaluate the object. Consumer research has shown that expectations and confirmation of expectations are important determinants of satisfaction (Oliver, 1980; Prakash, 1985). There are three types of expectations:

- *Predictive expectations* deal with beliefs on the likelihood of the performance level;
- *Normative expectations* involve ideal standards about how an object should perform; and
- *Comparative expectations* entail the performance of the object compared to other similar objects.

The literature shows that normative expectations are the most appropriate determinants of consumer's purchasing decisions (Prakash, 1985). Normative expectations are the expectation of what the consumer believes should happen. Consumers' expectations of what is likely to happen are simply termed expectations, which are a distinct construct (Stanforth and Lennon, 1997).

Meeting expectations results in consumers' purchasing decisions and satisfaction.

The atmospheric environmental retail store has influenced consumers' expectation of a store as stated in the store image literature (Baker *et al*, 1994; Ward *et al.*, 1992). In addition, store image may serve as a cue that acts as a surrogate of perceived quality (Olshavsky, 1985).

3.5.2 Market segmentation

Market segmentation has become one of the most fundamental concepts in contemporary marketing since the publication of the seminal work of Smith (1956). It provides one of the fundamental ways of implementing the marketing concept and directs a firm's marketing strategy and resource allocation among different markets and products (Rao and Wang, 1995).

Market segmentation is the process of splitting customers within a market into different groups, or segments, within which customers have the same, or similar requirements (McDonald and Dunbar, 1998). Weinstein, (1994, p.2) defines segmentation as:

> *"the process of positioning markets into groups of potential customers with similar needs and /or characteristics who are likely to exhibit similar purchase behaviour".*

Advocates of segmentation suggest that a company by adopting a market segmentation approach can enjoy a variety of benefits. The customer and competitor analysis which a segmentation approach require, allow the business to become more in tune with the behaviour of both. The result can be a better understanding of customers' needs and wants, allowing greater responsiveness in terms of the product offer. Webber (1998) explains that it is of critical importance that firms gain a clear understanding of the forces at work in the market before determining where their product or service can be most successfully positioned to meet the needs of their targeted consumers. As a result, it is useful to divide customers into different market segments in order to individualise the customer base and increase the company's proficiency in identifying its different customers and their characteristics and preferences (Brown, 1999). A segmentation approach can add clarity to the process of marketing planning by highlighting the marketing programme requirements of particular customer groups (Dibb, 1998). McDonald and Dunbar (1998) argue that only by developing and implementing the appropriate strategies for each of the chosen segments will the company be able to reap the benefits of segmentation.

Market segmentation plays a key role in the marketing strategy of almost all organisations. Markets consist of groups of people (buyers) with different or contrasting product needs and preferences (Engel *et al.*,1995; Kotler, 1997). Recognising customers' differences is the key to successful marketing, as it can lead to a closer matching of customers' needs with the company's products or services (McDonald and Dunbar, 1998). Through market segmentation, marketers are able to define customer needs and wants more strictly by dividing a market into homogeneous subsets of consumers who have particular needs and wants and enable them to tailor marketing mix to meet these unique needs and wants (Mowen and Minor, 1998; Lamb *et al.*, 1992). Therefore, ideally products would be customised to each group to give maximum satisfaction to consumers (Engel *et al.*, 1995). Thus, the scope of segmentation is to satisfy customer needs more precisely and, in so doing, create competitive advantage for the company (McDonald and Dunbar, 1998). According to the same authors market segmentation can lead to a concentration of resources in markets where competitive advantage is greatest and returns are high.

Marketers segment markets for two important reasons (Lamb *et al.*,1992; Mowen and Minor, 1998; Peter *et al.*,1999). First, segmentation enables marketers to identify groups of customers with similar needs and analyse the characteristics and buying behaviour of these groups. Second, segmentation provides marketers with information to help them design marketing mixes specifically matched with the characteristics and desires of one or more segments.

For market segmentation to be useful it must have the following characteristics (Kotler, 1997):

- *Measurable*: The size, purchasing power and characteristics of the segment can be measured.
- *Substantial*: The segments are large and profitable enough to serve.
- *Accessible*: The segment can be effectively reached and served.
- *Actionable*: Effective programmes can be formulated for attracting and serving the segments.
- *Differentiable*: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programmes.

There is no single way of segmenting a market since many variables can be used and marketers rarely limit their segmentation analysis to only one or a few variables. They are increasingly using multiple segmentation bases in an effort to identify smaller, better defined target groups (Kotler, 1997). The selection of appropriate segmentation variables and methods is crucial with respect to the number and type of segments that are identified in segmentation research. The choice of segmentation base is directly dependent upon the purpose of the study and the consumer market in question. There are a number of different methods or criteria by which marketers can segment their targeted consumer markets. According to Gunter and Furnham (1992) these methods of segmentation can be broadly divided into two categories: *Physical Classification and Behavioural Attribute Classification.* The first one includes: 1) Geographic segmentation and 2) Demographic segmentation, while the second includes: 1) Product use and benefit segmentation and 2) Psychological segmentation. Schiffman and Kanuk (1994) suggest eight forms to market segmentation: geographical, demographics, psychographic, sociocultural, use related, use situational, benefit and hybrid segmentation. In consumer markets, geographic, demographics, psychographic and behavioural variables have traditionally been used as major bases for segmentation (Lamb *et al.*, 1992).

There are two major approaches for market segmentation (Rao and Wang,1995; Gloy and Akridge, 1999). One is an *a priori* approach in which researchers use their knowledge of the marketplace to identify characteristics that define market segments before data are collected. Traditional segmentation approaches based on geographic, sociodemographic variables. An example of an *a priori* approach is "heavy users versus light users". The other approach is a clustering based segmentation design in which the segments are determined *a posteriori* by a cluster analysis on a set of relevant variables such as customer benefits, customer buying behaviour and customer decision making styles. In this approach the researcher selects a series of variables that are thought to characterise buying behaviour.

Prior studies in food retailing (Chetthamrongchai and Davies 2000; Jarratt, 1996) have provided appropriate reviews of shoppers taxonomies as they have appeared in the literature. These typologies describe shoppers in terms of observed behaviour, motivation and benefit sought. However, these studies varied widely with respect to population segmented, segmentation bases used and quantitative methods. As Chetthamrongchai and Davies (2000) point out the results of some studies in food retailing are comparable, while others are not. Table 3.1 presents segmentation studies that are related to food shopping.

Table 3.1: Segmentation Studies Related to Food Shopping

Author	Sample Population	Sample Size	Measurement Basis	Groups of Shoppers Identified
Stone (1954)	Female	150	Mail Survey	1) Economic 2) Personalizing 3) Ethical 4) Apathetic
Darden & Ashton (1974-1975)	Middle-Class suburban housewives	116	Mail Survey and Personal Interviews	1) Apathetic 2) Demanding 3) Quality 4) Fastidious 5) Convenient location 6) Stamp preferers 7) Stamp haters
Williams, Painter & Nichols (1978)	Adult grocery shoppers	298	Interviews	1) Low price 2) Convenience 3) Involved 4) Apathetic
Bellenger & Korgaonkar (1980)	Female & Male	324	Mall interception and Mail survey	1) Convenience 2) Recreational
Hermann & Warland (1990)	Low Income Families	458	Telephone Interviews	1) Complete 2) Almost complete 3) Economy specialists 4) Planning specialists 5) Disinterested specialists
Segal & Giacobbe (1994)	Adults	10,000	Database-secondary data	1) Established wealthy 2) Mobile professionals 3) Average middle class 4) Disadvantaged families

Boedeker (1995)	Female	4,000	Mail Survey	1) New-type 2) Traditional
Chetthamrongchai & Davies (2000)	Households	300	Mail Survey	1) Time pressured convenience seekers 2) Hedonists 3) Apathetic but regular 4) Convenience seekers

Source: Jarratt, 1996; Chetthamrongchai and Davies, 2000. Modified by the present author

Although the changing consumer as well as the changing business environment may have altered these typologies, the most frequently appeared consumer groups in food retailing are the *apathetic consumers* (Stone, 1954; Darden and Ashton, 1974; Williams *et al.*, 1978) and *convenience shoppers* (Darden and Ashton, 1974; Williams *et al.*, 1978; Bellenger and Korgaonkar, 1980; Chetthamrongchai and Davies, 2000). Apathetic consumers are the consumers that usually dislike shopping and they do not express preferences for a particular supermarket attribute, while the convenience shoppers require the store that they usually shop in to be conveniently located.

3.5.3 Customer satisfaction

Customer satisfaction is proposed to be the key objective of both defensive and offensive marketing strategies aimed at retaining existing customers and gaining new customers (Fornell, 1992). Customer satisfaction has been described as one of the priorities of managers of service or product related organisations. Service oriented firms tend to focus on consumer satisfaction as a way to differentiate themselves from their competitors with the delivery of high quality service (Parasuraman *et al.*, 1985, 1988). It has a positive impact on consumers' attitudes toward products, services, firms, future choice behaviours, and other post-purchase activities that are beneficial to the firm (Boulding *et al.*, 1993). Satisfaction results from specific exchange and consumption transactions, and evolves into a more global evaluation across multiple transactions (Anderson *et al.*, 1994; Johnson *et al*, 1995).

Researchers and practitioners have proposed many definitions for the concept of consumer satisfaction: satisfaction is the function of an initial standard and some perceived discrepancy from the initial reference point (Oliver, 1980); consumer satisfaction refers to an individual evaluative response of outcomes of products and services (Westbrook and Oliver, 1980); consumer satisfaction is perceived quality or the difference between what consumers expect and what they receive (Parasuraman *et al*, 1988), and finally consumer satisfaction occurs when one's experience of a service offering matches one's expectations (Cina, 1989). Czepiel *et al* (1974) argue that satisfaction with a product or service is the consumer's subjective evaluation of the benefits obtained from the consumption of a specific product or service. It is his/her evaluation of the extent to which the product or service fulfills the complete set of wants and needs which the consumption act was expected to meet. Although there are numerous definitions used to describe customer satisfaction, most agree that consumer satisfaction is considered the subjective response of individuals to their judgment of confirmation/disconfirmation resulting from the comparison between expectations and perceived performance of products and services. Confirmation occurs when an individual's expectations are precisely met. Disconfirmation occurs when an individual's expectations are either exceeded (positive disconfirmation) or not exceeded (negative disconfirmation) (Oliver, 1980).

The marketing literature presents many conceptual and empirical studies that explore and model customer satisfaction. The measurement of customer satisfaction was considered initially in the 1960's as a problem of analysis of consumer behaviour.

Cardozo's model (1965) constitutes one of the first academic work in the field of customer satisfaction measurement. His approach, based on social psychology elements, combines the contrast effect of Helson (1964) and the theory of cognitive dissonance theory of Festinger (1957), aiming at the analysis and the measurement of effect of satisfaction in the future purchasing behaviour of consumers. The results of this study supported the hypothesis that those who received a product less valuable than expected (negative disconfirmation of expectations) gave a much less favourable evaluation that those whose expectations were confirmed supporting the contrast theory. He also found that the effect of negative disconfirmation of expectations was moderated when a greater amount of effort was expended the greatest shopping effort evaluated the product significantly more favourably than did those who expended little or no shopping effort.

One of the most recent and more often reported work with regard to the measurement of customer satisfaction is that of Oliver (1980; 1981). Oliver, by using the adaptation theory of Helson (1964) formulates the opinion that the expectations of customers shape a concrete level of output and provide a frame of report on the evaluation from the consumer side. Oliver (1980) proposed and empirically tested a comprehensive model of the antecedents and consequences of the customer satisfaction process using a subjective evaluation of overall disconfirmation in the context of a flu vaccination program. Disconfirmation was operationalised using a process quality and outcome quality item for the vaccinated group and an outcome only item for the non-user group (Oliver, 1980). Path analysis revealed that disconfirmation dominated all other variables in explaining satisfaction for both users and non-users and that satisfaction mediated the changes in pre-exposure and post-exposure attitudes (Oliver, 1980). Oliver proposed that his results support disconfirmation as a dominant construct in the satisfaction process and that users and non-users evaluate satisfaction judgements in a similar manner.

Bearden and Teel (1983) replicated Oliver's model in the context of commercial auto repair services using a single-item measure of disconfirmation with the overall experience. Path coefficients revealed that the impact of pre-exposure expectations exceeded disconfirmation as significant predictors of satisfaction (Bearden and Teel, 1983). However, the proposed model had a poor fit with the data, leading Bearden and Teel to suggest the model was misspecified and additional variables were necessary to fully explain the satisfaction process.

Churchill and Surprenant (1982) proposed that four variables were necessary to model satisfaction: predictive expectations, perceived performance, disconfirmation and satisfaction. They empirically examined structural equations to determine if the inclusion of perceived performance a) would capture the effect of disconfirmation on satisfaction and b) eliminate the need for using it as an intervening variable to mediate the effect of perceived performance and expectations. They manipulated both performance and expectations in the context of a durable (videodisc player) and non-durable (flowering plant) good in an experimental setting. They found that subjective disconfirmation was the most significant predictor of satisfaction for the non-durable good with both expectations and perceived performance being direct antecedents of disconfirmation. They also found that expectations had a small but significant direct negative impact on satisfaction, while perceived performance had a similar direct positive effect. For the non-durable good, predictive expectations and perceived performance were also direct antecedents of disconfirmation as in the plant sample, but perceived performance was the only variable with a significant direct impact on satisfaction. Expectations did have an indirect impact on satisfaction through perceived performance. They proposed that their results support perceived performance as an important construct in the satisfaction process because it was the only significant predictor of satisfaction for both samples. They suggested that consumers might use different processes for determining satisfaction with durable and non-durable goods and that the importance of perceived performance and disconfirmation may differ depending on the focus of the examination (Churchill and Surprenant, 1982).

Tse and Wilton (1988) extended Churchill and Surprenant's (1982) four variable model of satisfaction by including two pre-purchase standards of comparison, predictive expectations and desires. They manipulated both expectations and performance using a hand-held record player in an experimental setting. They used regression analysis, which revealed that models with all five variables were significantly better in explaining satisfaction than any other combination of variables. Path analysis suggested a significant and similar positive and negative impact of expectations and desires on perceived performance respectively. They found that perceived performance explained approximately twice the variability in satisfaction as the direct influence of both disconfirmation and expectations. Desires did not have a significant direct impact on satisfaction, but did have an indirect influence through perceived performance. Tse and Wilton (1988) also suggested models with both predictive expectations and desires that would explain the satisfaction process better than models with one pre-exchange norm.

Spreng *et al* (1996) expanded the five -construct model of Tse and Wilton (1988) by adding a separate disconfirmation construct for desires and by including constructs for attribute satisfaction and information satisfaction as consequences of both disconfirmation constructs and antecedents of overall satisfaction. Disconfirmation of desires is a subjective comparison of desires against perceived performance. They found that attribute satisfaction is a product based subjective judgement of outcome quality that results from a consumer's comparison of desires and expectations with actual product performance at the attribute level. Information satisfaction is a subjective judgment of satisfaction with information sources used in making choice decisions examined at the attribute level. They operationalised their model by manipulating expectations, desires and perceived performance using a camcorder in an experimental setting. Results of rival structural equation models revealed that expectations disconfirmation and desires disconfirmation fully mediated the impact of both pre-exchange norms and perceived performance on satisfaction judgements.

Westbrook and Oliver (1980) tested five different satisfaction instruments using the multitrait- multimethod analysis: 1) verbal scale, 2) graphic scale, 3) Likert scale, 4) semantic differential scale and 5) inferential scale. The results indicated that the scales with the highest reliability are the semantic differential and Likert scales.

However, Kozak and Rimmington (2000) point out that the marketing literature has reflected two main schools of thought regarding the consumer satisfaction research. The first one, the American school, led by Parasuraman, Zeithaml and Berry (1985), considers customer satisfaction as a negative or positive outcome resulted by the comparison process between initial expectations and perceived performance of products and services. The other school, the Nordic, led by Gronroos (1990), brings a completely different perspective in measuring customer satisfaction by stating that it is only an outcome of the actual quality of performance and its perception by consumers. Nevertheless, both approaches have been applied in customer satisfaction studies.

In general, the satisfaction of consumer wants and needs is the ultimate goal of all economic and marketing processes. Samuelson (1967) equates satisfaction with the concept of product and service utility. He argues that "As a customer you will buy a good because it gives you satisfaction or utility". From an economic point of view, Samuelson believes that an individual makes rational choices concerning the allocation of his/her resources with the final purpose of maximising his/her satisfaction. According to Engel *et al* (1995), satisfaction influences the consumer beliefs and external search patterns used in future decision processes. Satisfaction strengthens future purchase decisions while dissatisfaction weakens future purchase decisions. Satisfied customers are more willing to pay for the benefits they receive and are more likely to be tolerant of increases in price. This implies high margins and customer loyalty (Reichheld and Sasser, 1990). Low customer satisfaction implies greater turnover of the customer base, higher replacement costs, and due to the difficulty of attracting customers who are satisfied with doing business with a rival, higher customer acquisition costs. In addition, satisfied customers are more likely to engage in positive word of mouth, and less likely to engage in damaging negative word of mouth for the firm (Anderson *et al*, 1994; Reichheld and Sasser, 1990).

Customer satisfaction may make advertising more effective, and high customer satisfaction may allow the firm to offer more attractive warranties, and should enhance the overall reputation of the firm. This reputation can be very beneficial in establishing and maintaining relationships with the key suppliers- distributors (Anderson and Weitz, 1992; Montgomery, 1975).

However, consumers can be dissatisfied with the service or the merchandise or both during their visit to the store. In that case, the customer is less likely to choose that store in the future, thus decreasing sales. Dunne *et al.*, (1995) underline that retailers have found that customer dissatisfaction is usually the result of discrepancies between:

1) What the consumer actually expected and what the retailer thought the consumer wanted in terms of service and merchandise.
2) What the retailers thought the consumer wanted and what the store actually delivered in terms of service and merchandise.
3) What the retailers promise in their promotional messages and what is delivered.

In addition, Westbrook's (1981) study of a major retail department store revealed the following satisfaction factors in descending order of importance: satisfaction with store salespeople, special store sales, products purchased, store environment and value/price relationships. Other predictors were significant, but had weaker relationships with retail satisfaction. These were satisfaction with service orientation and satisfaction with merchandising policies (returns and credits).

3.6 Conclusions

Retail strategy is a very important area for analysis. A sharp increase in competition and the increasing consumer's expectations led marketers to evolve to meet these demands on the agenda of their retail strategy. Thus, many retailers in the search of competitive advantage are continuously trying to improve their market position by investing and improving various elements of the retail mix in order to satisfy their customers varying desires and interests. Their store image can play a key role in this attempt. This chapter dealt with retail theories and strategies. It analysed the changing retail environment (wheel of retailing), and described Porter's (1980) competitive strategies (*cost leadership, differentiation, and focus*) with some applications in the retail industry. The second part of the chapter focused on specific topics of consumer behaviour such as market segmentation and customer satisfaction. These areas are vital in retailing strategy.

It discussed how important segmentation can be in the development of an effective retail strategy and also on providing information and knowledge for the market and the competition (Segal and Giacobbe, 1994; Dibb, 1998; McDonald and Dunbar, 1998). Using behavioural, attitudinal, and demographic variables to segment the market can result in even better organisation and formulation of retail strategy. Retail companies are in a position to know who the targeted customers are and their specific characteristics. It also conceived satisfaction as the final output of a purchasing experience, in which consumers engaged in purposeful and intentional behaviour. Further, it recognised customer satisfaction as an important marketing factor that positively influences future purchase intentions (Bearden and Teel, 1983; LaBarbera and Mazursky, 1983; Oliver, 1980).

This chapter highlighted a theoretical background of how distinct retailing and marketing strategies interact individually and collectively with consumers' purchasing behaviour. This interaction affects and contributes to the determination of a store's image. Chapter Four provides an extensive literature review on store image theories and formation.

CHAPTER 4. LITERATURE REVIEW

4.1 Introduction

Retailers have utilised store image as a marketing tool in the retailing industry in order to define their markets and enhance business performance. Particularly, marketing literature reports that store image has been identified as one of the significant components that influences economic success in retailing (Jacoby and Mazursky, 1986) as it is linked to store choice (Doyle and Fenwick, 1974; Malhotra, 1983), store loyalty (Lessig, 1973; Reynolds *et al*, 1974-1975; Osman, 1993), successful store positioning (Pessemier, 1980; Davies and Brooks, 1989; Walters and Knee, 1989, Davies, 1992; Oppewal and Timmermans, 1997) and as a means of achieving competitive advantage (James *et al.*, 1976).

This chapter focuses on the review of related literature on store image in the broad context of consumer purchasing behaviour with a particular emphasis on the conceptual models related to store image. It gives a general overview of the studies performed by scholars and research analysts. The literature review is divided into distinct sections to adequately cover the complexities of the research and simultaneously assist in comprehending the subject. Definition of store image, store image structure, and variables influencing store image formation are presented based on the related literature in consumer behaviour and retail marketing. In addition, various methods of measuring the store image and their findings are examined. This chapter will also provide a theoretical foundation to the establishment of the hypotheses created for this study.

4.2 Theoretical Framework of Image

The literature review on consumer behaviour, marketing, psychology and tourism indicates that a well-established and precise definition of image does not exists. The concept of image even appeared to have diverse definitions within the fields and disciplines themselves. Academic interest in several fields and disciplines in the concept of image has been pervasive since the early work of Boulding (1956).

Boulding (1956) proposes a theory of human behaviour based upon the concept of image. In its most basic simplest form, the theory states that behaviour is primarily affected by image. Consumers are assumed to behave in accordance with what they know, what they think they know and what they think they ought to know. Thus, consumer behaviour stems from consumer images. Consumers' images are influenced by the quality and amount of information available to them (Boulding, 1956).

Human mental processes and their physical actions are influenced by cognitions, which are comprised of conceptions, ideas, perceptions, opinions, attitudes, values and beliefs. Collectively, these can be termed as knowledge. According to Neisser (1976), a better word is "image", since an image is an internalised and personalised understanding of what one knows. In practice, mental imagery includes personal introspection, reports of others' introspection, and objective experimental procedures (Neisser, 1976). That is, Neisser uses the word "image", not in the common sense of the image we project to others, but in the more specific sense of the image we have of others.

Aaker (1991) considered that the representations which build an image can include perception which may or may not reflect the objective truth. Image as such suggests a form of current social knowledge shared by a group of people. Image can thus direct both behaviour and communication activity as it works towards the establishment of a common vision of reality in a given social or cultural group (Ferrand and Pages, 1999).

Scholars in several disciplines and fields now agree that the image construct has two main components: cognitive and affective evaluations. Perceptual or cognitive evaluation refers to beliefs and knowledge about an object (Burgess 1978; Holbrook 1978; Zimmer and Golden 1988; Gartner 1993). People develop both cognitive and affective responses and attachments to environments and places (Proshonsky *et al.* 1983). Holbrook (1978) added that in marketing and consumer behaviour, these two components are treated under the label of "beliefs" versus "affect".

Some authors (Zimmer and Golden 1988; Gartner, 1993; Dann, 1994. proposed that in addition to cognitive and affective components, an image also includes a behavioural component. These authors described image as consisting of cognitive, affective and conative components. Image is usually offered as influential but only as one construct of importance on behaviour. Image may affect behaviour but is not a behaviour per se.

However, image and behaviour may affect each other reciprocally because actual behaviour may modify image (Brokaw, 1990). In other words, image may have cognitive and affective components but not necessarily the behaviour component

(Bagozzi and Burnkart, 1979). Besides, an individual's choice of a specific store or place may depend on a variety of factors including situational constraints. Therefore, it is possible that a person may hold a favourable image of a store or a destination but still may not select that store to shop at or that destination to visit.

In marketing literature, an established definition of image is to a certain extent an ambiguity. Brokaw (1990) viewed image as a cognitive construct and described it as " a mental representation of what an entity is and what it offers". These definitions emphasised one dimension of image and suggested that images are formed as a result of perceptual and cognitive evaluation.

On the other hand, researchers such as Oxenfeldt (1974-75) and Dichter (1985) viewed image as a total impression which is formed as a result of the evaluation of individual attributes which may contain both cognitive and emotional content. In essence, the researchers recognised the formation of overall image from cognitive and affective evaluation of an object. Mazursky and Jacoby (1986) supported this view, by defining image as a set of cognitions and affects that represent an entity to an individual.

Dobni and Zinkin (1990) reviewed consumer behaviour literature on product and brand image from the last 35 years. Their study revealed that image has been synonymous with perception, personality, symbolic utility, psychological meaning and attitude. They concluded that image is to a great extent a perceptual phenomenon which is formed through consumers' reasoned and emotional interpretation. Their study revealed the following important insights and information:

- Image is a concept held by a consumer
- Image has cognitive and affective components
- Image is not inherent in the functional and physical attributes of the product. Rather, it is a function of the interaction between marketing activities and characteristics of the perceiver
- Specifically product attributes, marketing mix, personal values, previous experience and a number of context variables are believed to be among the factors that contribute to the development of image
- The trend for measuring image is more toward using quantitative techniques than qualitative ones.

In addition, several authors have equated image with attitude or an attitudinal construct. Image is defined as an overall attitudinal construct comprising perceptions of an object's attributes (Kunkel and Berry, 1968: Steenkamp and Wedel, 1991). However, some authors do not agree with this proposition (Brokaw, 1990; Kotler, *et al*, 1993) and suggest that image is an antecedent to attitude which may be affected by several other constructs besides image. This is also supported by some conceptual models on consumer behaviour (Fisk, 1961; Sheth, 1983).

In Fisk's causal model of patronage behaviour, a predisposition or attitude is a function of a cognitive process which includes image, preferences, plans, expectations aspirations, and norms. In Sheth's (1983) integrated model of shopping behaviour, brand image and attitude are proposed as separate constructs in forming shopping attitudes of consumers.

According to Vescovi (1995), image could be considered as a result of a four-stage process:

- *The Stage of the Wanted Image*. It includes the definition of the image that the firm wants to have over the target of the elected marker. It is the moment of planning that goes through the specification of the mission, the choice of the positioning and the image strategy.
- *The Stage of the Communicated Image***.** It identifies the passage from the planning step to the realisation one. It concerns the specific actions of communication of the image, the message to use, the media, the factors of image at which to aim.
- *The Stage of the Compared Image*. It concerns the moment at which the communicated image is compared with all the images communicated by the competitors, with the ideal expected image of the consumer, with his/her stereotypes and patterns of reference. These stereotypes and models create a filter to the perceptions, emphasising the consonant elements and reducing the importance of those being dissonant. It is a delicate moment, because the communicated image is compared with the alternative ones and repositioned. If the communicated image is close to the ideal, the interest of the consumer will be greater.
- *The Stage of Perceived Image*. It is produced by the subjective understanding that the consumer allots to the compared image. The phase concerns any kind of distortion of the messages ("noises"), the psychological situation of the consumer and other factors.

4.3 Store Image

In retail store image literature, image is defined as consumer perceptions of both functional (objective) and psychological (subjective) attributes of a store (Lindiquist 1974 –75; Kasulis and Lusch, 1986). Although the concept of store image has existed for a long time, there is no precise or universal definition of it. Firstly, Martineau (1958) suggested that a retail store has a personality and defined store images as:

> *"the way in which the store defined in the shopper's mind partly by the functional qualities and partly by an aura of psychological attributes"*

"Functional" in this definition, refers to physical properties such as merchandise selection, price ranges, and store layout. "Psychological" refers to such things as a sense of belonging, the feeling of friendliness and the like. Martineau recognises that the proper focus should be on a subjectively judged image rather than on the objective and physical properties of the store. In addition, he discusses four very broad dimensions of store image, namely layout and architecture, symbols and colour, advertising and sales personnel, and points out their relevance to the consumer and retailer.

Since Martineau's idea was presented, many researchers have defined store image based on consumer perception. Kunkel and Berry (1968) described store image as:

> *"The total conceptualised or expected reinforcement that a person associates with shopping at a particular store."*

Their approach placed emphasis on the behavioural stimulus- response relationship, with no emphasis on psychological internal states, and considered both positive and negative reinforcement. They suggest that customer comments concerning evaluation of a retail store could be classified into one of twelve categories: price, quality, assortment, fashion of merchandise, sales personnel, convenience of location, other convenience factors, services, sales promotion, advertising, atmosphere and reputation on adjustments.

Arons (1961) offered the following definition:

> *"store image is a complex of meanings and relationships serving to characterize the store for people."*

With this definition, Arons implies the existence of several dimensions with an underlying structure linking them together. He found that four attributes were of importance: homeliness, invitingness, place to meet friends, and a "my kind of store" attitude.

In addition, other scholars have defined store image as an attitude because attitudes are generated from the learning process (Doyle and Fenwick, 1974; James *et al*, 1976). For example, James *et al* (1976) said that store image is:

> *"a set of attitudes based upon evaluation of those store attributes deemed important by consumers."*

In conclusion, all of the above authors considered store image as a complex concept which is a combination of tangible, intangible, functional, and psychological factors that a consumer perceives. According to Samli (1989), image is a complex combination of a number of components which is different and greater from the sum of its individual components.

Rosebloom (1981) points out that the spectrum of all definitions stresses that there are at least four common points which are inferred from them. These points are:

- **Store image is a complex phenomenon.** It is complex because it consists of many factors such as the merchandise the store offers, the physical facilities, the location of the store and other elements. In addition, some factors may be more important than others, but all, including the minor details play a certain role in building the image of a retail store.

- **Store image is a combination of both tangible ad intangible factors**. Store image includes not only functional (tangible) ingredients such as merchandise and physical facilities but also psychological (intangible) ones such as the atmosphere of the store and the attitudes of the salespeople.
- **The perception of store image.** The image of a particular retailer is ultimately determined by the way the consumer perceives the projected image. The determination of store image must derive from an analysis of consumer perceptions rather than management perceptions. In many cases, what the retail managers believe about the store image is different from what it actually is in the minds of consumers.
- **The dynamic nature of store image.** Store image changes over time, thus, it is not static, as a result of the changes which occur both in the internal and external environments of the store and, of course, in the retailing industry itself. However, it is almost impossible for the management to be aware of all the aspects that could affect store image. Therefore, the retailers need to do regular and periodic evaluations of store image in order to cope with changes which may occur.

Store image is a vital component in two types of decisions relevant to development in retail markets: 1) consumer decisions on shop location, and time to shop and 2) retailer decisions on time and method of operating their stores (Oppewal and Timmermans, 1997). Store image is not a static phenomenon. A change in strategy (i.e., pricing policy, merchandise mix) will affect the image of a store, and a change in marketplace (i.e., innovation by a competitor) will have an impact on the store's image. A successful image is one which positions a retailer advantageously relative to the competition. Thus, there is a need for continual upgrading.

4.3.1 Formation of store image

Physical attributes behave as solely stimulus capable of developing certain relationships in an individual's mind (Nelson, 1962). The relationship is labelled "image" and may be pleasant or unpleasant. There are numerous complex psychological processes involved in image formation. Hirschman (1980) defined retail store image as an image developing formation. The definition implied that retail store image is a subjective phenomenon and is generated from the knowledge about a store and is consistent with an individual's unique cognition.

Combining the two approaches, the behavioural concept and the developing formation, Mazursky and Jacoby (1986) proposed the meaning of image. According to them, image is

> "*a set of cognition and or affect which is inferred either from a set of ongoing perceptions and or memory inputs attaching to a phenomenon and which represents what that phenomenon signifies to an individual*".

This definition stresses two properties. One is that the image is only cognitive (i.e., this store is a classic style) and does not imply an affective component (i.e., I like or dislike this store). The other property emphasises the process of image formation (Mazursky and Jacoby, 1986). The store image formation process is a subjective phenomenon taking place in the perceived store and is believed to occur in sequential manner. This finding indicated that an individual uses different objective signals to conclude different image aspects.

Rosembloom (1983) introduced three models of store image development:

1) A Market–Based Store Image Model (MBSIM), in which the congruence is achieved between store image dimensions and consumer's store choice evaluation criteria.
2) An Internally-Based Store Image Model (IBSIM), in which the congruence is achieved between store image dimensions and traditional values held by the store's founders.
3) A Trade-Based Store Image Model (TBSIM), in which the congruence is achieved between retailer's store image and typical image projected by peer reference group.

4.4 Store Image Management

As mentioned earlier, the study of image is necessary for the management of any company in order to have a clear picture of the company's image. However, Oppewal and Timmermans (1997) argue that retailer perceptions of store image may differ in systematic ways from the consumer's store image. Barich and Kotler (1991) argued that companies need to identify the positive and negative points of their image and take the wanted restorative actions through an image tracking and management system. They described this system as:

> "*a system of periodically collecting, analyzing, and acting on information that describes how different publics view key attributes of the company's performance*".

The main advantages of the store image management as Barich and Kotler (1991) described them are: First, the company can detect unfavourable image shifts early and act before they harm the company. Second, the company can identify key areas where its performance lags behind its competitors and work to strengthen these areas.

Third, the company can identify key areas where it outshines its competitors and can capitalise on those strengths. Finally, the company can learn whether its corrective actions have improved its image.

4.4.1 Consumers' perceived store image vs retailers' anticipated store image

When consumers shop at a certain store, they are exposed to a store manipulated by retailers. Consumers infer the total perception of the store image. During this process, consumers' perceived store image is partially controlled by the retailers' intention. Pathak *et al* (1974-5) proposed the idea of the anticipated store image which involves the retailers' perception of what they believe to be the consumers' image of their store used in order to compare consumers' perceived image and retailers' anticipated image.

Samli *et. al*, (1998) pointed out that, usually, management observes the retail store in one way, which implies a perceived image and the customers also observe the store in their own way, which is also a perceived image. When differences exist between management and customer image, corrective actions should be taken to provide congruence of perception between these two groups.

Pathak *et al* (1974-5) conducted an empirical study using department store managers. The results showed that managers understand and anticipate customers' perceptions of tangible store attributes, for example, merchandise suitability. However, with the more intangible attributes including store congeniality, managers had less understanding of customers' perception. In addition, Downs and Haynes (1984) conducted a study to examine the extent of image change toward consumers' image and retailers' image. They found that the retailers' image change was greater and more positive than consumers' image as related to the following attributes: parking, store classifications, merchandise assortments, returns policy, merchandise style, and store layout and décor.

4.4.2 Store choice and loyalty

Store image acts as a criterion in the choice process. Sheth (1983) presented a conceptual model of shopping preference. In this model, image was proposed as a prior determinant in the choice process and as a basis for the evaluation of an entity. Monroe and Guiltinan (1975) investigated causal influence in store choice by comparing three time periods of data. The casual structure guiding store choice is: general opinions/ activities and store perceptions precede specific planning and budgeting, which precede the importance of the information attributes, for instance, advertisements.

In order to predict store choice behaviour, Malhotra (1983) proposed a patronage model that described the preference of the value of a store formed by important attributes and preferences of a store. The researcher identified five store images: variety and selection, personnel and service, acceptable price, convenient location, and physical facilities. Then he clustered consumers by the level of importance of each attribute. The model revealed that each cluster had different preferences and all the clusters considered the importance of merchandise selection, price and location.

As related to a study of store loyalty, Lessig (1973) examined the relationship between store image and store loyalty in order to predict store loyalty using store image attributes. The importance of the influence which store image has upon store patronage was indicated. The nature and strength of the relationship between image and loyalty was that knowledge of the store image provides a significant input into the simultaneous prediction of loyalties to the alternative retail stores. Reynolds, *et al* (1974-5) developed store image for the store loyal customers based on customer lifestyle and emphasised that the convenience of local shopping was important to the time-conscious shopper.

4.4.3 Retailing strategy

Image is a most powerful influence in the way people perceive things, and should be a crucial concept in the marketing area (Dichter, 1985). Consumers' perceived store image, the overall cognition of a store, provides marketing strategies, such as market segmentation (Hansen and Deutscher, 1977-8; Steenkamp and Wedel, 1991) and market positioning (Pessemier, 1980; Downs and Haynes, 1984; Davies and Brooks, 1989; Davies, 1992) to retailing organisations.

In order to investigate the importance of store image attributes in store choice, Hansen and Deutscher (1977-8) showed that the market segmentation provides a means of identifying the major consumer characteristics as related to benefits. Using consumer based methodology, Steenkamp and Wedel (1991) segmented retail markets on store image including product quality, price, assortment, service quality and atmosphere. Consumers were separated into three groups: light spenders, low involved buyers, and heavily involved buyers. While price did not influence heavy spenders, low–involved buyers considered product quality, light spenders considered store atmosphere, and all segments considered service quality.

Pessemier (1980) provided a market positioning method, a direct joint space model, through the characteristics of a store, such as customers' profile, a store's institutional maturity, merchandise offerings, convenience of location, shopping pleasure, transaction convenience, promotional emphasis, integrity, and image strength and clarity. This model can be used to predict the shopping and sales effects of various repositioning moves according to changes in the store characteristics. Pessemier (1980) stressed that market positioning research using direct joint –space modelling should use consumers' perceived store images and current customers' profiles.

Downs and Haynes (1984) explored retail image using dynamic comparative retail positioning. A dynamic comparative retail image study compared consumers' reactions to management's intent, and it provided timely and direct evaluation of retailing strategies. In order to explore the structure of retailers' perceived store image for developing a competitive advantage, Oppewal and Timmermans (1997) studied retailer behaviour and found that retailers considered service as the dimension in which they most positively distinguish themselves from competitors.

4.5 Trading Format

Trading format is a supreme weapon for any store regarding the image criterion. The market segmentation implies positioning of the store itself both as a criterion and as a product. Thus, the image or atmosphere created by the store takes on paramount importance in a market segment.

Unlike merchandise and services that could be something tangible customers can obtain from the store, the trading format and the store environment is actually something that adds to the patronage decision. A pleasant shopping environment, a convenient location, an appealing store design. and many other factors promote the psychological favouring of a store. Trading format and the store environment is an effective tool in the conquest of image differentiation.

4.5.1 Store design and atmosphere

In the last decade, all types of retailers have been investing a great deal in new store design in order to attract their targeted potential customers. It can be said that store design plays the role of an "invitation" to customers to enter the store and shop. Thus, store design also plays a key role in influencing shoppers' behaviour. With clearly defined target segments, store design can help in focusing customer needs. It should also help in the presentation of the store and the merchandise. A successful use of design should be able to synthesise all the elements of the strategic mix such as merchandise policy, pricing, and other factors (Brown, 1979) of the exterior and interior of the store.

The concept of atmospherics was introduced in 1973 by Kotler. He described it as:

> *"the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability".*

More specifically, this term refers to the design of an environment through the use of colours, lighting, sounds and furnishing, to stimulate perceptual and emotional responses by consumers, and ultimately to affect their behaviour. These dimensions are to be incorporated within a store design. For example, in department stores, the aromas, music and colour (Bellizi and Hite 1992; Yalch and Spangenberg, 1990) are related to consumer behaviour. These environmental stimuli affect the emotional states of pleasure, arousal and dominance which determine the response of either approach or avoidance behaviour (Aylott and Mitchell, 1998).

Atmospheric store environment was considered a feature among store image components (Lindiquist, 1974; Zimmer and Golden, 1988). Baker *et al* (1994), however, concluded that atmospheric store environment provided cues to consumers' inferences of store image. Furthermore, atmospheric store environment influenced the quality of merchandise (Darden and Schwinghammer, 1985; Heisey, 1990: Mazursky and Jacoby, 1986; Olshavsky, 1985) and the quality of store service (Crane and Clarke, 1988; Gutman and Alden, 1985;Ward *et al*, 1992). Baker (1986) developed a typology categorising the atmospheric store environmental elements into three groups: *ambient factors, design factors, and social factors.*

Ambient Factors: Ambient factors are non-visual, background conditions of the store, including element, such as music/sound, lighting, scent and temperature. Several empirical studies have been conducted to investigate the effects of background sound /music in the store. Milliman (1986), who conducted research with the managers of 52 retail stores found customers made more purchases in a store that offered background music than in a store that did not offer background music. Music also had a positive relationship with customers' moods. In accordance with Rubel's (1996) research, 91 percent of retail customers were influenced by background music while they were shopping. Seventy percent of customers thought music made them feel more relaxed and spend more time in a store. In addition, 33 percent of customers indicated music influenced their purchase decision. As related to the lighting, Baker, (1986) stated that lighting was not only solely for customers to see merchandise (i.e., colour, texture and pattern), but it focused customers' attention by highlighting the merchandise. In addition, Sherry and McGrath (1989) found that classical music was used to make customers calm down in a crowded situation. Lighting can directly affect a store's image. Researchers investigated high prestige store images and low prestige store images with ambient factors (i.e., music, and lighting). They found that the high prestige store image had soft and dim lighting with classical background music and the low prestige store image had bright and harsh lighting with no background music (Baker *et al*, 1994; Gardner and Siomkos, 1985; Zimmer and Golden , 1988).

Design Factors: Store design has been considered an important comparative visual tool. Beliefs about the patronage behaviour of consumers are apparent in the design and construction of retail environments (Foxall and Goldsmith, 1994). Seeing a store and seeing merchandise in the windows leads to visiting the store and thus performing purchase intent. The store design factors were classified into functional (store layout, display, comfort, and privacy) and aesthetic elements (architecture, color, material and style) (Marans and Speckelmeyer, 1982). Using those elements, retailers create a store identity and encourage consumers' shopping activities. Also, store design is a way of presenting merchandise in a store to facilitate and stimulate consumer purchasing behaviour. Thus, store design has been called a "silent salesman" because it has been used in an attempt to attract and hold consumers' momentary attention (Buttle, 1984).

The physical features of a retail store, such as window displays, merchandising displays, store layout, colour and store décor, are widely believed to influence store behaviour (Bellizi *et al*, 1983; Gardner and Siomkos, 1985: Zimmer and Golden, 1988, Sherry and McGrath, 1989). Those physical features of a retail store have been considered "behaviour-triggering devices" rather than inescapable determinants of choice (Buttle, 1984).

Social Factors: Social factors involve the people who are within a store environment that include the number, type and behaviour of salespeople and other customers (Baker, 1986). Crowding arises from both a physical density and a psychological state of mind of the individual. According to Esser (1972) psychological crowding occurs as high density produces stimulus overload from inappropriate or unfamiliar social contacts.

Harrell *et al* (1980) explored the sequential relationships among several variables related to retail store environment and shopping. The number of salespeople per department store is a mean of evaluating store service quality (Mazursky and Jacoby, 1986). According to Baker *et al* (1994), the number of salespeople present at any given time in a store affects consumers' perceived merchandise and service quality, and influence customers' perceived store image. Also, a high prestige store image is produced by friendly and additional sales personnel on the floor (Baker *et al*, 1994; Gardner and Siomkos, 1985).

Past research on store image has suggested that a number of environmental elements affect consumer perception of store image and that specific characteristics tend to be associated with high image and low image stores posited that consumers make inferences about merchandise and service quality based on store environment factors and that these inferences, in turn, indirectly influence store image. Quality merchandise in a convenient store layout and friendly atmosphere is needed. In essence providing appropriate store attributes is not enough to satisfy consumers and guarantee store loyalty (Ko and Kincade, 1997). In addition, as Dholakia (1999) points out in terms of supermarkets and grocery shopping it is the increased level of male participation that needs to be considered in store layout and design. Males appear to be responsible for about 45 per cent of household grocery and shopping.

4.6 Store Image Measurement

May (1971) provided the criteria for attributes in the evaluation of store image. Attributes are not the final objective but were important, measurable, understandable to consumers, and significant to store operation. Operational definitions of store image account for differences in methodology, which is used to measure retail store image. According to literature review, some of the widely used approaches are: Semantic Differential Scales, Multidimensional Scaling, Multi-attribute models, Multivariate methods, Conjoint Analysis, Unstructured Measurement Techniques.

4.6.1 Semantic differential scales

The most widely used method is the Semantic Differential Scales on which each store is rated on all attributes before the next store (James *et al*, 1976; Marks,1976; Hirschman *et al*, 1978; Kelley *et al*, 1967; Marcus, 1973).

Marks (1976) developed a seven point bi-polar scale using 30 retail store image attributes. These attributes were identified as eight independent dimensions including six distinguished factors, such as fashionability, advertising, convenience, outside depth-width, attractiveness, salesmanship, service, and two undistinguished factors. In addition, Hirschman e*t al* (1978) used a semantic differential scale with factor analysis to determine the importance of an image attribute for shopping in general. They proposed 10 attributes, such as salesclerk service, location, price, credit policies, atmosphere, quality, assortment, display exchange policy, saving money, and found that 10 factors influenced the evaluation of image attributes across markets.

Another form of semantic differential scale is the graphic positioning scale (Golden, *et al*, 1987) This method involves evaluating all stores on the same scale by placing letter marks to represent the relative perceptual placement of each store in relation to each set of bi-polar adjectives. However, as Churchill and Peter (1984) point out, between the two methods, no difference with regard to reliability has been reported.

Although the semantic differential scales are considered as popular measurement methods, they suffer from the inability to capture relative attribute importance (Samli, 1989; Palmer, 1985) and to measure overall impressions which are so critical in the definition of store image (Zimmer and Golden,1988).

4.6.2 Likert scale

In the Likert scale method, a series of statements about an attitudinal object are used. Consumers are asked to indicate a degree of agreement or disagreement with each statement. Five response rates of agreement or disagreement are used, ranging from very positive to very negative toward the object (Zikmund, 1997). In addition, this method can be used quantitatively by assigning values to each scaling position and average scores for all respondents' replies can be calculated either for each scale, or in an overall summation. The Likert Scale is widely used by researchers because it is easy to construct and administer. It is suitable for mail, telephone, or personal interviews and respondents readily understand how to use the scale (Malhotra, 1996).

4.6.2.1 Semantic Differential scale versus Likert scale

Several authors noted that semantic differential scales are used to measure the affective component whereas Likert scales are employed to measure the cognitive or belief component of an attitudinal construct. Bagozzi and Burnkrant (1979; 1985) demonstrated that measurement of those components in this way increases convergent, discriminant, predictive, and external validity of an attitude-behaviour model. However, studies in store image (Zimmer and Golden 1988) and in destination image modified the traditional semantic differential scale by using nouns and phrases but also used it for measurement of cognitive evaluations (beliefs) of store or destination.

Menezes and Elbert (1979) compared semantic differential, Likert and staple scales for measuring store image. The study focused on measurement of only the perceptual /cognitive component of image. Respondents rated several core attributes using the three scaling techniques. The three formats were evaluated in terms of leniency, precision and convergent and discriminant validity (Multitrait-Multimethod Approach).

Leniency is a tendency to rate higher than deserved whereas precision is agreement among rates. The findings indicated that all three measures are free of halo error, which is the tendency to rate individual attributes of an object according to a general impression held toward the object. The results also showed that any single scaling format is not superior to all others in terms of leniency, precision, and validity as there were no marked differences among them. Menezes and Elbert (1979) concluded that the selection of the scaling format should be determined by other considerations such as ease of scale construction and the characteristics of the subject population. The authors suggested that if the subject population being sampled are composed primarily of less educated people, a Likert scale may be preferred because it is easy to understand. If the population is composed of better educated people the semantic differential scale may be preferred to minimise leniency and the halo effect.

4.6.3 Multidimensional scaling

Multidimensional Scaling (MDS) has been used for a variety of marketing applications (image measurement, new product development, attitude scale constructs, etc). Several studies have applied MDS to the measurement of store image construct (Doyle and Fenwick, 1974; Jain and Etgar, 1976; Palmer, 1985). Despite the smaller number of assumptions required under this approach in regard to subjects' precision and the fact that it offers more latitude in providing minimally structured judgements (Doyle and Fenwick, 1974), MDS suffers from difficulty in the interpretation and naming of perceptual dimensions and in assessing the statistical significance of results (Marks, 1976).

Doyle and Fenwick used INDSCAL to investigate retail store image and found three dimensions: quality, variety and price. Multidimensional scaling is used for image studies by examining the dimensions that underline the similarity or differences between members of a group of outlets (e.g., nine grocery stores in Doyle and Fenwick) or a group of shopping areas (e.g., 17 shopping areas in Finn and Rigby, 1992). MDS models can be useful to managers both as a diagnostic tool, via the joint space map indicating the competitive positions of brands, stores, and consumer perceptions, and as a predictive tool by predicting consumer choice (Kim *et al*, 1999).

4.6.4 Multi-attribute models

The application of these models became popular as a result of the inadequacies of the semantic differential scale. Lessig (1973), James *et al.*, (1976) and Marks (1976), adopted multi-attribute models in studying store image. Although these models capture both salience and valence of store attributes, and provide more information than any other store image studies, they pose problems with respect to model specification and measurement and the scoring of importance and belief components (Samli, 1989).

4.6.5 Multivariate methods

Several researchers have applied various other multivariate methods to the study of store image. Nevin and Houston (1980) used factor analysis, Peterson and Kerin (1983) applied canonical correlation analysis, Ring (1979) employed discriminant analysis while Steenkamp and Wedel (1991) advanced fuzzy clustered regression analysis to the store image based segmentation problem. Research into retail image has focused on either store image determinants or measurements (Zimmer and Golden, 1988) or product/brand image (Jacoby and Mazursky, 1984).

While store image has traditionally been measured using bi-polar scales (Doyle and Fenwick, 1975), it has been suggested in the literature that content analysis and other open-ended or unstructured elicitation techniques should be used to measure store image (Zimmer and Golden, 1988; Keavency and Hunt 1992). These methods offer advantages in the measurement of store image (Reardon *et al*, 1995):

1) the researcher does not impose structure on the respondent through language or dimensions
2) each respondent is able to describe dimensions of store image in a unique fashion, thereby reducing errors of omission on the part of the researcher, and
3) the researcher captures a more robust picture of the image of a store.

4.6.6 Conjoint analysis

The conjoint analysis is a comparatively new marketing research tool determining the relative importance of attributes in the consumer choice process. It attempts to determine the relative importance consumers attach to salient attributes and utilities they attach to the levels of attributes (Malhotra, 1996). This method was initially applied in tourism by Green and Desarbo (1978) and Green *et al* (1978) in order to measure consumers' perceptions of vacation sites. Further, conjoint analysis is used for determining the trade offs that consumers make during the buying decision process and developing pricing strategies for product lines (Ding *et al*, 1991). In addition, Louverie and Jhonson (1990) applied a brand anchored conjoint method to the measurement of store image.

The attribute anchored conjoint method converts overall impressions of stimuli (retail stores) into estimates of the contribution of various dimensions underlying these global impressions. The prominent advantage of this method is its unique ability to predict consumers' overall impressions. None of the methods presented earlier posses such predictive ability (Amirani and Gates, 1993).

4.6.7 Unstructured measurement techniques

Among the unstructured approaches applied to the study of store image are open-ended questions (Berry, 1969: James *et al*, 1976; Zimmer and Golden, 1988) and projective techniques (Jain and Etgar, 1976: Marcus, 1973). Despite the utility of these methods with regard to not imposing image dimensions, the required coding process introduces bias and the resulting data are not amenable to powerful parametric statistical analysis (Zimmer and Golden, 1988).

In order to provide specific problems or opportunities for retailers, McDougal and Fry (1974) suggested two combining methods and semantic differential and open-ended techniques since respondents have to respond sometimes to store attributes that are not relevant to their image of the store. They proposed eight store image attributes, including courteous salespeople, helpful salespeople, credible advertising and reliable advertising, competitive prices, high quality products, and likeableness by friends, that measured semantic differential technique to compare stores. They also used the open-ended technique for providing specific problems for retailers. From the open-ended technique they found eight store attributes: sales personnel (courteous, helpful, friendly) merchandise suitability (selection and quality), post transaction satisfaction (guarantee and reputation), store atmosphere (layout, display, and surroundings), value of price and store services (parking and delivery, location, and advertising).

Using content analysis of the unstructured measurement, Kunkel and Berry (1968) identified not only 12 hypothesised components (i.e., assortment of merchandise) but also sub-component images (i.e., breadth of merchandise, depth of merchandise). The advantage of this technique is that it provides a highly effective means of specifying and analysing store image. Also, Zimmer and Golden (1988) used content analysis to capture consumers' unprompted description of image without directing the respondents' affective dimensions or specific attributes.

4.7 Conclusion

In conclusion, the literature indicated that no well established and precise definition of store image exists. Store image is generally described as a complex combination of tangible and intangible attributes of store image (Lindiquist, 1974-1975; Doyle and Fenwick, 1974; Oxenfeldt, 1974-1975; Marks, 1976; Zimmer and Golden, 1988; Keaveney and Hunt, 1992). Several scholars (Hirschman, 1981; Mazursky and Jakoby, 1986; Burt and Encinas 2000) point out the interplay of these elements and the customers' overall interpretation of them, based on previous knowledge and experience which are widely accepted to determine store image. One of the commonly accepted formal definitions of retail store image is a mental perception held by a shopper formed by the psychological attributes and functional qualities of the store. Numerous research on store image, however, have suggested a general classification of relevant store characteristics. Such a list includes the following categories: merchandise (Malhotra, 1983; Mazursky and Jacoby 1986), price (Mazursky and Jacoby, 1986) convenience of location (Lindiquist, 1974, Pessemier, 1980; Mazusrsky and Jacoby, 1986) store personnel (Martineau, 1958; Kunkel and

Berry, 1967; Marks, 1976; Baker et al, 1994; Joyce and Lambert, 1996; Samli *et al*, 1998).

This chapter reviewed the existing knowledge based on the concept of image, store image concept and structure, as well as the measurement of store image based on the related literature on consumer behaviour and retailing marketing. The literature review makes a compelling case for examining what store image is, how it is defined and what kind of relationships exist in the findings of studies on store image. The unique dynamics of store image revealed and investigated as a means of understanding what impacts a shopper's experience. It is therefore concluded that the literature provided theoretical justification for the development of a model of store image formation. Chapters Five and Six will develop a model based on the literature review and discuss research design and methodology.

CHAPTER 5. QUALITATIVE RESEARCH

5.1 Introduction

The first step in the research process consisted of qualitative research in order to synthesise tentative research propositions which would be examined through quantitative research. Qualitative research is a necessary step in measurement scale development because it provides information regarding the variables the researcher is attempting to measure. Thus, qualitative research is used as a precursor to quantitative research to ensure that the latter embodies consumer concepts and language as vehicles of generating hypotheses and illuminating the results of large scale surveys.

Literature provides a solid basis of information with which to start the exploration of motives, attitudes and behaviours. On the other hand, focus groups undoubtedly become a viable element of the qualitative research. The focus group methodology gives direction and begins to clarify certain elements and issues that had not emerged immediately from the literature review. The results of the focus group discussions highlighted issues that were not necessarily evident in the literature. The individuals who participated in the focus groups live in widely dispersed parts of metropolitan Thessaloniki.

The chapter begins with a brief overview on qualitative research strategies and continues with the presentation and analysis of the focus groups discussions, which were employed in this study.

5.2 Qualitative Research Theory

Qualitative research is employed in a wide range of social research designs. Baker (1999) points out that there are five types of qualitative research methods:

Field studies: These are simply a form of research in which the researcher gather data directly in real social environments through observation, interviewing, or whatever other type of data gathering makes sense in that field. Field studies (or field research as it is also called) generally is seen as a qualitative research method.

Ethnography: a form of field research, which aims to describe whole cultures through observation

Action Research: focuses on the purpose of the research and the role of the researcher.

Grounded Theory: aims to build theories, theoretical models, and concepts through an inductive process which begins with the data.

Phenomenological sociological: which aims to describe the social world as it is.

Qualitative research aims to provide insights into perceptions, motivations, and attitudes. The essence of qualitative research explains certain kinds of behaviour and seeks explanations (Chisnal, 1997). Qualitative research basically aims to collect qualitative data that is derived as words and icons. Assael (1990) claims that qualitative research is a survey that requires the consumer to answer questions in a non structured way, and these answers are generally non-quantifiable. Malhotra (1996) considers that qualitative research is a non-constructed exploratory method based on a small sample, which furnishes a deep knowledge and understanding of the problem. Its objective is to obtain an understanding of the underlying reasons and notices of people. Milburn (1995) considers that qualitative techniques allow for an accurate, in-depth, and complex "image" to be formed by the consumer, affecting his food choice. Qualitative research offers researchers the opportunity to probe what underlies consumers reactions (Langer, 1999). In addition, qualitative research is particularly useful in illuminating the social and cultural contexts structuring the attitudes and meanings which influence behaviours relevant to food choice (Milburn, 1995). In essence, qualitative research is good for generating hypotheses, understanding perspectives and learning how consumers talk about brand and categories. It is a path to the emotional components of attitudes, but qualitative research can never track trends, determine how many or forecast the future (Watts, 2000). Good researchers do not rely solely on direct "why" questions to understand underlying motives. These are analysed together with respondents' other attitudes and behaviours (Langer, 1999). Qualitative research requires the researcher to go beyond description and definition to reach the meanings, the concepts and the symbols that are understood by the participants (Gregory, 1995).

Milburn (1995) points out that qualitative research shows four important strengths in increasing understanding of food choice:

Complexity: it is important to consider all members of the domestic group and to acknowledge children's opinions;

Depth: detailed study of the beliefs and behaviours of all household members shows that food choice is negotiable, and often conflictual, in reality;

Context: food choice and eating behaviours are affected by wider social and cultural factors structuring people's daily lives;

Dynamics: accounts of food choice can differ in different settings, and descriptions of "usual" behaviours may be different from "actual" behaviours.

Certainly qualitative methods cannot offer the statistically significant generalisability of a randomly selected sample of respondents offered a predetermined multiple choice set of questions requested through the post to avoid interviewer contamination (Gregory, 1995). Qualitative researchers are interested in how participants negotiate the process of everyday life through the use of symbolic rituals and roles. Participant observation has been the traditional technique of the social researcher but is often accompanied by or substituted with combinations of focus groups, case studies, unstructured interviews (Gregory, 1995).

5.2.1 Qualitative research procedures

Qualitative research can be divided into two procedures:

Direct qualitative research which can be done through focus groups or in depth interviews (Kotler, 1997) in which the purposes of the project are disclosed to the respondent or are obvious given the nature of the interview (Malhotra, 1996) and

Indirect qualitative research that includes projective techniques, such as the Expressive, the Construction, the Sentence Completion and the Word Association techniques, in which the purposes of the project are disguised from the respondent (Malhotra, 1996). All these techniques have been adopted from clinical psychology. Marketing researchers have tended to use these techniques out of context and to expect more from them than they were designed to deliver (Tull and Hawkins, 1993). Advocates of projective techniques assume that when directly questioned, respondents' true feelings are not expressed because they are embarrassed about answers that reflect poorly on their self concept. They wish to please the interviewer with the "right" answer or they cannot reveal unconscious feelings of which they are unaware. However, if the respondents are presented with unstructured, ambiguous stimuli such as cartoons or ink blots and are allowed considerable freedom to respond, their true feelings will be expressed (Zikmund, 1997). Projective techniques are based on the theory that the description of vague objects requires interpretation and this interpretation can only be based on the individual's own background, attitudes and values. The more vague or ambiguous the object to be described the more one must reveal of oneself in order to complete the description (Tull and Hawkins, 1993).

Details about the conduct and the result of the survey are presented in the following sections.

5.2.1.1 Focus groups

Focus groups are a common and popular qualitative research technique used to gain insights into consumers, thoughts, ideas, beliefs, attitudes, and opinions (Bristol and Fern, 1996). Focus groups work best in the early phases of questions and questionnaire development and when a set of objectives and tasks to be accomplished is specified before the groups meet (Czaja, 1998). The main reason is that focus groups are appropriate in answering why consumers choose what they consume. Researchers seek knowledge that consumers have in a group and is obvious through their every day behaviour (Threlfall, 1999). In qualitative research, it is not normal to use more than 12 focus groups (Kent, 1993). The ideal size of the focus group is six to ten individuals (Zikmund, 1997).

According to Kotler (1997), focus group is the gathering of 6-10 people that are invited to spend several hours with a trained discussion administrator and talk about a product or service. Other researchers consider that focus groups are used to explore the problem, using a questionnaire highly constructed or not constructed at all (Gregory, 1995) and so, help to answer why consumers consume what they do (Marshall, 1995). They are appropriate for identifying who is buying what, from where and how much at any one time, as well as determining when they bought it and how much they paid (Marshall, 1995). In essence, focus groups are excellent for identifying research issues.

The advantage of this method is that it derives deeper concepts, beliefs and individual truths which can not be derived in any other way. In the focus groups moderators should, of course, first probe for respondents' perceptions unaided. But if respondents are unaware or confused, the moderator can raise issues for them to consider. Focus group topics that are targeted to men are often moderated by men, because they "fit the profile" of someone who can relate to the all male demographic. This type of moderator sex bias can limit the scope of the research (Bates, 1999). However, researchers (moderators) must have empathy and patience and allow individuals the time for full expressions. In addition, the group must not be led or biased by the facilitators in any way (Johns and Lee-Ross, 1998). Focus group research has many benefits, such as providing the ability to see reactions to printed or video material, witnessing enthusiasm, confusion, or indifference, and allowing brainstorming among participants. However, there are well-known drawbacks, including the effect of group dynamics on response, small unrepresentative samples, geographic constraints and fairly high per unit costs (Palmerino, 1999).

Focus groups provide clean unique insights into how consumers think. Their needs, motivations, and responses to new products and services can be assessed through them (Cowley, 1999). It allows the researcher to explore a range of attitudes and beliefs and observe respondents' reactions in the group situation, which many claim is much less intimidating than an individual interview. Today, focus groups are as likely to be used to elaborate on quantitative findings as to establish the basis for such a study. The advantage of this method lies in its ability to gain access to deeper meanings and private truths which are not normally accessible with more structured questioning (Marshall, 1995). Groups are considered appropriate where an in depth investigation of the motivations, barriers and rationale underlying existing patterns of food consumption is required.

5.2.1.2 In depth interviews

Beyond the focus group research, there is another approach that may be better suited to the client's or company's research objectives. The term depth interview has historically meant a relatively unstructured one to one interview that probes and elicits detailed answers to questions often using non-directive techniques to uncover hidden motivations (McDaniel and Gates, 1996). The method of in depth or one-on-one interviewing conducted through various media provides more information for less money without many of the limitations focus groups can impose (Palmerino, 1999). Depth interviews are "non-constructed personal interviews in which the interviewer must be a highly skilled individual since he/she can encourage respondents to talk freely and express their real feelings without influencing the direction of the conversation (Zikmund, 1997). Fontana and Frey (1994) underlined that a skilful interviewer must be flexible, objective, persuasive, and a good listener.
However, Baker (1999) states that the discussion is not fully controlled by the interviewer's questions but is, in fact, constructed by both the interviewer and the

respondent over the course of the discussion. Depth interviews can be done individually or on group bases (Assael, 1990). The objective is to ensure a free response so that the informant could discuss issues or add anything important. In addition, in depth interviews reduce the "distance" between interviewer and interviewee (Johns and Lee-Ross, 1998). However, the success of any depth interview depends entirely on the interviewer. Also another factor that determines the success of depth research is proper interpretation. In addition, small sample sizes, unstructured interviews that make inter-comparison difficult, interpretation that is subject to the nuances and frame of reference of the researcher and high cost have all contributed to the lack of popularity of depth interviews (McDaniel and Gates, 1996).

5.3 Research Methodology

Qualitative research was conducted in June 1999 in the city of Thessaloniki, employing focus groups. Three focus groups were conducted: one from the Central part (Focus group no.1), one from the Western part (Focus group no. 2) and one from the Eastern Part (Focus group no.3), of the metropolitan area of Thessaloniki.

For the needs of qualitative research, primary data were required and collected by the researcher by utilising a questionnaire schedule. In all focus groups, the same questionnaire was used and the consumers that took part in the focus groups were chosen selectively for this reason. The sample was not representative related to gender, profession and other social characteristics, since the sample was chosen through friends and relatives. Random sampling was not possible because Greek consumers are not accustomed to taking part in research, and more so when talking and being recorded. Also, family and professional problems were barriers in gathering people in one place at the same time. Throughout the discussions, a small professional tape recorder was used and all discussions were audio recorded. The whole procedure lasted approximately 2 hours and many participants did not wish to talk to a tape recorder. According to Davis, (1997) successful qualitative research is conducted in an environment in which respondents feel safe and free to express their opinion. Thus, to ensure a friendly and comfortable environment and productive discussions through the expression of interactive and different opinions, we brought together people (participants) that knew each other beforehand. Afterwards, the discussions were unrecorded and consumers were coded as C1, C2,.. C21. The findings of the qualitative research were important in understanding better the consumers' attitudes towards store image and became the basis for constructing the questionnaire of quantitative research.

5.4 The Qualitative Research Questionnaire

For the discussion in the focus groups a simple questionnaire (Appendix A) was developed by the researcher. This referred mainly to shopping behaviour and store image attributes and the questions were developed in a manner that they would not cause bias. The questionnaire was pre-tested several times so that the questions would be easily understood from every educational level. It took its last form in June 1999, where the focus groups started to be carried out. The questionnaire consisted of five parts:

Point (stores) of Purchasing Food. In this section, 4 questions are asked regarding the point of purchasing food (supermarket, specialised food shop), change of patronage, accessibility.

Shopping Experience and Store Services. This section includes 4 questions regarding consumers' shopping experiences and perceptions about the store attributes that satisfy them as well as their overall satisfaction towards their regular store.

Shopping Behaviour. This part consists of 4 questions regarding the organisation of the household shopping (buying process), the frequency of shopping and who the buyer is.

Food Expenditures. This section incorporates 4 questions regarding the monthly expenditures for food, their opinions and judgements of these expenses.

Demographics. This part includes socioeconomic questions regarding age, gender, income, marital status, family size, profession of the respondent.

5.5 Consumers' Profile

A total of twenty one consumers participated in the qualitative research (3 focus groups). Consumers' age ranged from 24 to 63 years old. Regarding their educational level: four had finished Elementary school, one vocational–trade school, one Gymnasium, five High School, two Technical Institute (T.E.I.) and eight University (including one postgraduate degree holder). Referring to gender, thirteen were women and eight men. Out of the women, one was unemployed, seven were working, and five were housewives. All of the men were working, except one, who was retired. As far as marital status, is concerned, five were single, one divorced, and 15 married. The family size ranged from 1-7 members, including grandparents, in some cases. Table 5.1 presents the profile of the respondents participating in the focus groups.

Table 5.1. Respondents Profile of Qualitative Research (Focus Groups)

Area	Respondents	Gender	Age	Marital Status	Education	Family Size	Occupation
Center	C1	Male	33	Single	High-school	2	Public.servant
Center	C2	Female	24	Single	High-school	1	Salaried employee
Center	C3	Female	57	Married	Elementary	3	Housewife
Center	C4	Female	34	Married	Gymnasium	4	Housewife
Center	C5	Female	36	Married	High-school	3	Private employee
Center	C6	Male	36	Married	University degree	4	Public servant
Western	C7	Male	38	Married	T.E.I.	4	Public servant
Western	C8	Male	40	Married	Highschool	4	Public servant
Western	C9	Female	44	Married	University degree	4	Public servant
Western	C10	Female	41	Divorced	University degree	2	Public servant
Western	C11	Female	29	Single	University degree	3	Unemployed
Western	C12	Female	32	Single	T.E.I.	6	Professional
Western	C13	Male	63	Married	Elementary	5	Retired
Eastern	C14	Female	60	Married	Elementary	4	Housewife
Eastern	C15	Female	46	Married	High-school	4	Housewife
Eastern	C16	Female	36	Married	Postgraduate degree	7	Professional
Eastern	C17	Male	31	Married	University degree	2	Public servant
Eastern	C18	Male	35	Single	University degree	3	Professional
Eastern	C19	Female	59	Married	Elementary	4	Housewife
Eastern	C20	Female	30	Married	University degree	2	Salaried employee
Eastern	C21	Male	62	Married	Vocational school	4	Salaried employee

5.6 Results of Qualitative Research

In this section the results of the focus groups discussions will be presented and discussed.

5.6.1 Point of purchasing food

5.6.1.1 Point of Purchasing Food

Most of the respondents purchase various categories of food (milk, frozen food, etc) from supermarket. However, once a week, they shop at the big street markets (laikes) in order to buy a variety of fresh fruits and vegetables at low prices. In addition, the majority of the respondents buys meat and fresh fish from specialised stores (butcher-shop, fish-shop). Only a small percentage buys everything (meat, fish, fruits, vegetables, etc) exclusively from supermarket, because they work long hours and they do not have enough time to spend at laikes or specialised stores. Consumer **C10** stated: "I prefer to buy all the food categories from my neighbourhood's supermarket because I do not have time to search for some other shopping alternatives, since I work long hours and I do not want to spend my time shopping"

In addition, almost all the respondents answered that they buy all the basic products that they need from supermarket (food, cleaning products, inexpensive cosmetics, etc). Consumer **C8** stated: "I usually buy the groceries from the supermarket. However, I purchase milk from my neighbourhood's delicatessen". Consumer **C1** stated "I buy my groceries from the supermarket and meat and fish from specialised stores because I find quantity and quality there ".

5.6.1.2 Store Patronage

Most of the respondents reported that they do not buy food from one point of purchasing. They have as a base (regular) the most accessible supermarket in their neighbourhood (regular customers). However, if another accessible store has lower prices in some goods, they most likely will go there to buy the cheapest ones. Regarding the specialised stores (butcher shop, fish-shop) the respondents shop there because they have developed friendly relations with the owners or their staff, believing that they will provide them with the freshest products. Consumer **C13** stated: "Since I got my pension I have had free time to search for good shopping opportunities such as low prices and promotions. So, I do not shop from one store". Consumer **C21** stated: "Mostly I buy meat, vegetables and fish from the equivalent specialised food stores because I have friendly relationships with the owners and I believe that they give me fresh products." Similarly, consumer **C3** stated: "I prefer to buy fish and meat at the specialised stores in my neighbourhood because I know that they give me fresh products". Consumer **C14** reported: "I shop from a supermarket which is across the street, it is very convenient, it has got everything and stays open until late. If I forget something, I am able to buy it immediately".

5.6.1.3 Convenience of Location of the Point of Purchasing

Usually the respondents go to supermarkets on foot since the stores are within close proximity to their homes. Also, they stated that they go shopping with their cars only when they have to buy large quantities or to shop in Hyper-markets. Consumer **C2** stated:" I usually shop from the neighbourhood's supermarket or specialised shops which are very close to my place. When I want to buy larger quantities my boyfriend drives me to Continent hyper-market". Consumer **C3** stated "I travel to supermarket on foot since there are four big supermarkets in a radius of 100 meters around my house".

5.6.2 Shopping experience and in store services

5.6.2.1 Factors Affecting the Shopping in a Particular Point of Purchasing

The most common factors affecting shopping are: accessibility and friendly relations with the staff. Consumer **C15** reported "Although there are a couple of S/Ms around my place, I prefer the one that is slightly farther because it has lower prices, and a friendlier environment". The respondents, who are members of Katanalotis-Konsum (Co-operative supermarket chain) stated that they shop in the chains' stores because they have certain advantages. Although, they are the most loyal customers, they express interest only in price and a variety of good quality products. Consumer **C21** stated "First of all, I think it is the accessibility, because I am not so young any more. In addition, prices and the variety of the merchandise are very important factors of selecting a supermarket."

5.6.2.2. Customer Satisfaction with a Particular Store

The factors that satisfy respondents at most are accessibility, friendly and courteous staff, prices, variety, layout, and parking. Most of the respondents stated that they are satisfied with their "regular" supermarket. However, Consumer **C3** stated that "Although I am member of Katanalotis and shop from there, I am not so satisfied because the store is of a small size and when it is crowded, it is very difficult to shop at ease. In addition, it has higher prices in some products than its competitors". Consumer **C11** reported "We are not very satisfied with our regular supermarket because it lacks a variety of products as well as good prices. Also, my mother continues to shop from there because she does not enjoy shopping in a big supermarket".

5.6.2.3 Store Attributes and Services Affecting Customer Loyalty.

The most frequent sore attributes are value for money, variety, layout and ease of shopping in the store. Consumer **C12** stated: "I would like to order by phone and have my shopping delivered to my door. Even though it might be more expensive, it will save me lots of time, and right now time is of the essence". Consumer **C15** stated "I would like to shop in a nicer internal environment, décor, lighting, and quick checkouts." Consumer **C9** stated "I would like to see my regular supermarket offering me fruits and vegetables at lower prices so I would avoid shopping at "laikes."

5.6.3 Shopping behaviour

5.6.3.1 Food Buyer Within the Family

The person that usually purchases the food in any family is the wife/ mother. Sometimes, the husband or the oldest children in the family go shopping. Consumer **C16** reported: "My father and my husband purchase the groceries in our family, because I work long hours, but they do not bring me the groceries that I want. This happens because everyone has his own eating habit priorities. Consumer **C4** stated: "Most of the time I do the shopping. However, my eldest son very often shops with a shopping list that I give him." Consumer **C5** stated: "My husband or I go shopping at the supermarket. Also, my husband shops in laikes, fruits and vegetables because he enjoys shopping there." Consumer **C7** reported " I usually do the shopping because my wife takes care of the children and she does not have enough time for shopping. However, my mother-in-law, who lives near us often does the shopping for us."

5.6.3.2 Frequency of Shopping

Although the frequency of shopping varies, the majority of the respondents shop fruits, vegetables either every day or once per week. They buy milk every day or every two days and fresh fish once or twice per week. Regarding the meat, the respondents buy large quantities once per month. Consumer **C8** stated: "I buy milk every day because I have two small kids and I want them to have it fresh. As for the other food, I buy fish every week and meat once or twice per month." Consumer **C15** stated: "I buy fruits and vegetables every weak from laikes (district markets) because I find a big variety of fresh products and generally good prices there", while consumer **C6** reported: "We shop according to our needs without any regular frequency."

5.6.3.3 Usage of Shopping List

As far as shopping lists are concerned almost all the respondents reported that they use a shopping list in order to buy what they need and not to forget anything. However, the respondents reported that it is very difficult to follow their shopping lists. As consumer **C20** stated: "It is very difficult to follow my shopping list, especially when I have a lot of money on me because I buy goods that are not for immediate use". Consumer **C8** stated: "I follow the shopping list only when I go shopping alone. If my wife is with me, it is very difficult to follow it, because she buys goods that are not very useful or will be consumed immediately". Consumer **C1** stated: " I do not use a shopping list because I find it hard to follow."

5.6.4 Food expenditures

5.6.4.1.Monthly Expenditures on Food

Food expenditures depend on family size, and the family's dietary needs. The range is 30,000 to 150,000 dr. per month. Consumer **C17** stated "We spend 150,000 mainly because we buy large quantities of meat, fruits, vegetables and expensive fish", while consumer **C20** stated: "We spend about 50,000 to 70,000 dr., a fair amount, since there are two of us and my husband is a director in a fast food restaurant and he eats there every day." Consumer **C6** stated: "We spend 30,000 to 50,000 dr. per month and mainly this amount goes for food for our kids since we mostly work long hours and need to eat in restaurants." Consumer **C1** reported: "We spend approximately 100,000 dr. because we consume large quantities of meat. I think this amount is huge since there are only two of us."

5.6.4.2 Characterisation of Food Expenses

The majority of respondents characterised the amount that they spend on food as "normal" by using as a main criterion their family size. Consumer **C16** reported "I consider the amount (120,000 dr./month) that we spend on food small, since our family is quite big in size (seven members with two small children). However, other expenses such as utility expenses (electricity bills, etc) and my brother's tuition fees do not allow us to spend more on food. Also, I must state that I live in a house, where we grow our own vegetables and some fruits". Similarly, Consumer **C10** stated: " I consider the amount that we spend (50,000 dr./month) for a two-member family (my daughter and I) fair since most of the times we do not eat at home."

5.6.4.3 Food Expenditure as Main Priority

Almost all the respondents reported that the expenditure on food is their main priority. In addition, as the respondents stated, during winter, heating is another major priority. Consumer **C20** stated "I do not consider the expenditure on food as our main priority, since we take it for granted that we will eat. I consider as our major priority the rent for our apartment with the various utility expenses". Consumer **C4** reported: " I believe that food is a main priority for everyone. Besides, without food you can not live. Also, during the winter, I consider the heat expenditures as the second most important priority for our family." Consumer **C5** reported: "I do not consider the food expenditures as our main priority since we assume we can eat anything. I believe the expenses for utilities are our main priority".

Also, most of the respondents believe that they do not need to spend more on food. However, if there were a need they would spend the necessary amount to satisfy these needs or wants. Consumer **C7** stated: "I believe the amount that we spend (80,000 dr./month) on food is fair for a four-member family. However, if the need arises, we will spend more." Consumer **C11** stated: "We could spend more than 50,000 dr./month than we spend now for our family (three-member family). However, there is a conservative logic in my family "we buy what we need." Consumer **C10** stated: "We would spend more if we had a bigger family income." Consumer **C21** reported: "We could spend more but we try to control our expenses".

5.7 Conclusions of Qualitative Research

Qualitative research is generally defined as research that utilises open-ended interviewing to explore and understand the attitudes, opinions, feelings and behaviours as it occurs naturally of individuals or a group of individuals. Qualitative research can take many forms. The most common cases are focus groups and in-depth interviews (Kotler, 1997; Malhotra,1996).

In this study, qualitative research was conducted in the form of focus groups. Three focus group investigations were conducted and twenty-one participants who were chosen selectively participated in the qualitative research in the target city. Focus group is probably the most efficient way of generating criteria that can be used to assess store image (Davies and Brooks, 1989). The role of the focus group was to formulate the key issues and questions that would be explored in the questionnaire. The focus group results contributed to a questionnaire that was developed and used in the field research. These outcomes were the following:

- The food buyer in the family is the wife and/or the husband.
- Food products are bought from supermarkets and laikes. In addition, meat and fish are bought almost exclusively from butcher-shops and fish-shops respectively.
- The vast majority of shoppers use shopping lists. The male shoppers usually follow their shopping list, while the female buyers fail to follow it.
- The supermarket customers, members of Katanalotis-Konsum (co-operative supermarket chain) seem not to pay much attention to store image. However, female shoppers pay more attention to store attributes such as layout, and décor than male ones.

- Convenient location, length of queues, variety of food, store personnel and low prices seem to be the most important determinants of supermarket choice.

CHAPTER 6. QUANTITATIVE RESEARCH DESIGN AND METHODS

6.1 Introduction

Chapter Six provides a justification of the research methodology that is applied in this study. It describes the construction of scales measuring impressions for each feature of the store image as well as the shoppers' satisfaction. The chapter begins with a brief overview of the literature associated with quantitative research approaches and continues with the research strategies and data collection techniques in order to undertake quantitative research. Additional discussion focuses on questionnaire design, data collection methodology, the sample, the measurement scale reliability and validity analyses.

A two-step research method has been utilised in the quantitative research. In the first step, the questionnaire of quantitative research was tested for content validity and face validity. In addition, a pilot study is conducted through personal interviews. Finally, the quantitative research is completed by using the modified questionnaire in the final sample of this study. Respondents' reactions to the tentative research propositions are analysed and the tentative propositions revised.

The purpose of the chapter is to explain the research methodology, to discuss how the study is conducted, the procedures used to gather and organise the data and the methods that are used to analyse these data. Relationships among the proposed indications of store image are presented.

6.2 Type of Research

Quantitative research is a methodology that seeks the quantification of data and typically practices some functions of statistics analysis (Malhotra, 1996). In essence, quantitative research relies on the questions as asked and are rife with assumptions (Watts, 2000). Davison (1995) points out that quantitative research has to do with the measurement and categorisation of findings in the form of numbers, significant tests, interval of confidence and mathematical proved correlation and relations.

According to literature review (Lehmann *et al*, 1998; Zikmund 1997; Malhotra, 1996) in research theory there are three types of research: *Exploratory, Descriptive* and *Causal. Exploratory* research is undertaken when we do not know much about the situation at hand. In essence this study is conducted to clarify and define the nature of a problem (Zikmund, 1997) and potentially to formulate hypotheses (Lehmann *et.al*, 1998). In such cases, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation before we can develop a model and set up a complete investigation. A *descriptive* research is designed in order to be able to describe the characteristics of a population (e.g. income, age, education) or a phenomenon such as market characteristics or functions. *Causal* research is conducted to identify cause and effect relationships among variables (Zikmund, 1997). It offers an enhanced understanding of the relationships that exist among variables. This type of study assumes that the researcher not only knows the relevant variables but he/she also hypothesises how they affect each other (Lehmann *et al*, 1998).

This study employed a multipurpose design and hence encompassed characteristics of more than one type of research. This research was conducted primarily for exploratory purposes, to determine the shoppers' insights and opinions of the image of the retailing stores. In addition, this type of research is descriptive because it offers a descriptive analysis of store image and store image practices in Greek food retailing. Finally, it also uses causal research methods as it tests hypothesis on the association of several management and perceptional variables with store image in Greek food retailing.

6.2.1 General research strategy – deductive versus inductive research

According to research theory (Hyde, 2000; Popper, 1999), the establishment of systematic connections between the empirical and conceptual worlds has been achieved with the aid of two general strategies: *Deductive* and *Inductive*. According to deductive strategy the observations are made at first, data are collected, general patterns are recognised and relationships are proposed, in other words, theory comes first and then research, while in inductive method first comes research and then theory. Both research logical processes have been put forward as suitable models for research in the management field. There is a lively controversy as to which strategy most rapidly enhances scientific progress as the two schools of thought disagree. The difference between them is mainly concerned with the sequence in which they occur during the research activity (Johns and Lee-Ross, 1998). Also, there is a third approach (Nachmias and Nachmias, 2000) that theory and research should be constantly interacting and that the controversy between the two strategies is more apparent than real.

The present study followed the deductive strategy, as it first established a theoretical model, based mainly on the qualitative research, on literature review, and intuition, and then it tested it empirically. In essence, the main field research followed the conceptual model development.

6.3 Pretest and Purification of the Instrument

The first step was to test the quantitative questionnaire for content validity. Content validity refers to a subjective judgement by an expert or experts as to the appropriateness of the measurement This method is very common in marketing research for determining the validity of measurements (Kinnear, and Taylor, 1996; Chisnall, 1997). The first draft of the survey instrument was distributed to five retailing experts with experience in various aspects of retailing and especially in food retailing for their feedback regarding layout and comprehension of the survey items. Table 6.1 provides the list with the retail experts used in this study.

Table 61.List of Retail Experts

	Experts in Retailing	**Retail Groups**
1	Professor of Agricultural Economics and Marketing, Aristotle's University of Thessaloniki,	**KATANALOTIS,** Thessaloniki *President of the Board of Directors (1990-1996)*
2	*Marketing Director*	**ALFA-DELTA**, Thessaloniki
3	*Marketing Director*	**GALAXIAS**, Thessaloniki
4	*Finance Director*	**MASOUTIS**, Thessaloniki
5	*Marketing Director*	**SEHIOS- EURONICS** Home Appliances Retail Group, Athens

Before initialising the survey, a pre-test of the questionnaire was conducted on a random sample of 10 respondents for face validity so that ambiguous wording and inapplicable questions could be corrected. Based on the feedback, minor changes in wording were necessary to the original format of the questionnaire, as the pre-test indicated. The final version of the questionnaire used in this study is presented in Appendix B. This pre-test was essential (Berdie *et al*, 1986, Aaker *et al.*, 1998) because it helped us to determine whether

1) the questionnaire was easy to answer,

1) if there were any comprehension problems, and

2) to determine efficiency of the coding methods of the answers.

As Reynolds and Diamantopoulos (1998) point out, the pre-test is used to ensure that the questionnaire is appropriate for the survey in terms of its structure and language and it enables the researcher to check that information required from the targeted population is actually collected through the research instrument.

However, as Dillman (1983) has suggested, special attention was paid to the following questions:

1) Is each of the questions measuring what it is intended to measure?
2) Are all the words understood?
3) Are questions interpreted similarly by all respondents?
4) Does each close-ended question have an answer that applies to each respondent?
5) Does the questionnaire create a positive impression, one that motivates people to answer it?
6) Are questions answered correctly?

7) Does any aspect of the questionnaire suggest bias on the part of the researcher?

Following Kent's (1991) example, the responses were pre-coded. All responses were numbered for data entry purposes. Churchill (1995) recommends a two stage process for instrument purification: reliability and factor analysis.

6.4 Pilot Test

A pilot study is an exploratory phase which aims to identify and eliminate problems before the full questionnaire survey is carried out. This study is conducted to a small sample of individuals who are similar to the survey population (Johns and Lee-Ross, 1998; Malhotra and Birks, 1999; Mertens, 1998). Pilot study allows the researcher to focus on particular areas that may have been unclear previously. In addition, pilot test may be used to test certain questions. Further, this initial time frame allows the researcher to begin to develop and solidify rapport with participants as well as to establish effective communication patterns. By including some time for review of records and documents, the researcher may uncover some insight into the shape of the study that previously was not apparent (Janesick, 1994).

A pilot study was conducted on a convenience sample of 150 respondents (from the corresponding population) in September 1999 by using the method of administration intended for the main study, that is personal interviews (Reynolds and Diamantopoulos, 1998; Mertens, 1998). The pilot test sample was excluded from the final sample (Grigoroudis and Siskos, 2000). Table 6.1 illustrates the reliability results of the parts of the questionnaire, which referred to impressions for each feature of the store image and to customer satisfaction with the store image attributes.

Table 6.2 Reliability Results of the Pilot Test Questionnaire

Set of questions	Question	N of Items	N of Cases	Cronbach Alpha
Q11	How would you characterise shopping in the store? (impressions)	13	147	0.8296
Q14	How satisfied are you with the following store image attributes of your regular S/M?	8	148	0.8130

Reliability analysis of the pilot test gave coefficient (a) of Cronbach which exceeded the 0.7 standard suggested for scale used in an applied setting. This score of 0.7 is acceptable for social science research (Sharma, 1996; Malhotra and Birks, 1999), and for this no items were selected for deletion based on this analysis. Based on the feedback, no changes were necessary to the format and measurement scales of the questionnaire. Since the pilot test indicated no relevant results, the questionnaire was considered satisfactory for conducting the main research. Last, construct validity was not performed on the pilot test, since high reliability also shows validity of constructs (Dimitropoulos, 1988).

6.5 Data Collection

Having decided what to investigate and how to establish and measure the variables, the researcher had to select the data collection method. It is very important that the researcher demonstrates that the data were properly collected. According to Nachmias and Nachmias (2000), three main forms of data collection exist: *observational methods, unobtrusive techniques and survey research.* Observational methods study behaviour as it occurs. The researcher does not have to ask the respondents about their actions but instead observes them as they act. Unobtrusive techniques are similar to observational methods with the difference that the individuals being investigated are not aware that they being studied.

The above methods of data collection are suitable for investigating phenomena that can be observed directly by the researcher. However, not all phenomena are accessible to the investigator's direct observation. The third data collection technique is called "survey research". According to Tull and Hawkins (1993) survey research is the systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspect of the behaviour of the interest population. This technique was the one used in this study. It includes three methods of administration to elicit information from the respondents: the personal interview, the mail questionnaire and the telephone survey (Zikmund, 1997; Malhotra and Birks, 1999).

The method of personal in-home interview was employed to collect the data needed for this research. All interviews were conducted personally by the researcher. The method of personal interviews was applied since it has more advantages compared to other methods because of its versatile, relative speed and economy. Peterson and Wilson (1992) contended that higher levels of satisfaction are reported when telephone or personal interviews are conducted than when self-administered questionnaires are used. Personal surveys are regarded as the most flexible technique of collecting survey data (Malhotra, 1996). Face to face interviews are considered superior to impersonal survey methods in terms of accuracy and completeness of the information they generate and the ability to detect problems by observations (Miller, 1995; Churchill, 1995).

The main study (field research) was conducted during the period December 1999-March 2000. For the interviews a 8 page (size A4) survey questionnaire of 22 questions was employed and it required 20-25 minutes to be completed as estimated in the pilot test. The questionnaire was distributed in Greek. The Greek version of the questionnaire was translated with the assistance of a qualified bilingual expert fluent in both English and Greek. The questionnaire was first translated into Greek and then back into English to enhance translation equivalence (Lysonski *et al.*, 1996; Bloemer and Ruyter, 1998; Craig and Douglas, 2000). Further, minor changes were made on specific characteristics to clarify our research setting of the Greek version.

6.6 Structure of the Questionnaire

The structure of the questionnaire was easy to understand. The questionnaire contained clear instructions and introductory comments where appropriate (Babbie, 1989). There were introductory questions to filter the interviewees by asking them about their shopping behaviour in general. After the first part of the questionnaire, the questions were more precise and more thorough. They tested the interviewees' knowledge by addressing their opinions, judgement, needs regarding their shopping experience, behaviour and satisfaction related to image of their regular supermarkets by measuring the consumers perceptions in relation to the 13 functional attributes of supermarket features and performance satisfaction. The proposed attributes and dimensions of a supermarket were based on findings and suggestions generated from 1) qualitative research 2) expert opinions 3) literature review. In particular these attributes were: *easy to shop* (Samli *et al*, 1998), décor (Samli *et al*, 1998), store layout (Martineau, 1958), *merchandise quality,* (Bearden, 1977; Mazursky and Jacoby 1986; Oppewal and Timmermans, *1997) variety of merchandise,* (Pessemier, 1980; Malhotra, 1983; Mazursky and Jacoby, 1986) *prices relative to other stores,* Bearden, 1977; Mazursky and Jacoby 1986; Ghosh, 1994; Oppewal and Timmmermans, 1997*),* store personnel: *sales people behaviour, helpfulness of sales people, appearance of staff,* (Martineau, 1958; Kunkel and Berry, 1967; Marks, 1976; Baker et al, 1994; Joyce and Lambert, 1996; Samli *et al*, 1998), *convenience of location, presentation of information, (qualitative research, experts), services offered* (Oppewal and Timmermans, 1997*), speed of services at checkout* (qualitative research, experts). It is noteworthy that, McGoldrick (1990) points out that several studies have attempted the classification and identification of store image variables, ranging from individual attributes, aggregation of similar attributes into components and the most general of all, constructs. Although there exist a quantity of store attributes the relevant sub-set for any particular application would be subject to an understanding of the retail sector under investigation and its macro and micro business environment including country's geographical position (location), local conditions and consumer profiles (McGoldrick, 1990). In addition, cultural reasons and traditional shopping patterns should be included.

In examining satisfaction with in store experience, measurement focused on eight store characteristics which could be the source for in-store satisfaction (Westbrook, 1981) as well as on the overall satisfaction (Anderson and Sullivan, 1993) with the particular store. The proposed attributes of a store for measuring satisfaction were based on findings and suggestions generated from 1) qualitative research 2) expert opinions, and 3) literature review. These attributes were *store accessibility, store facilities, store services, store atmosphere, merchandise, prices, personnel* and *promotion/information.*

The instrument contained questions that require different scales. Interval, nominal and ratio scales were used. The nominal scales used codes associated with different possible answers (Malhotra, 1996; Dillon *et. al*, 1993). The interval and ratio scales were based on a five point Likert scale to assist in determining the degree of shoppers' satisfaction (Babbie, 1989; Bell, 1993). Furthermore, an open question format was used that required a number as an answer. The five scales were scored 1, 2, 3, 4, 5, rating from "very unfavourable" to "very favourable" statements.

The questionnaire consists of three parts. The first part of nine questions included general introductory questions to filter the interviewees by asking them about their shopping behaviour (i.e., from which supermarket they buy their food, shopping frequencies, use of shopping list, etc) in order to reduce the respondents' uncertainty and increase their confidence.

The second part of six questions was designed to measure directly and subjectively the consumers' impressions and satisfaction with regard to the functional attributes of store image features as well as the overall satisfaction with the food and groceries section. Questions were also included to allow the respondents to express their likelihood of recommending the supermarket to their friends and relatives. The measurement was implemented using a five point Likert scale with scores of 1 "very unsatisfied" to 5 "very satisfied" for each of the store image related attributes. This scale along with semantic differential are the most important scaling methods for satisfaction measurement because they are effective in measuring consumer attitudes and are easy to construct and manage (Echtner and Ritchie, 1991; Ryan, 1995) and give the highest reliability (Westbrook and Oliver, 1980).

The main purpose of the last part of the questionnaire containing seven questions is to get demographic profiles of the respondents. Usually, these questions are asked at the end of the questionnaire since these types of questions are perceived as personal and even threat at least some respondents (Dillon *et al*, 1993). The respondents also become "committed" to it (Johns and Lee-Ross, 1998).

6.7 The Sample

According to the research theory (Baker, 1999; Black, 1999; Lehmann *et al*, 1998; Zikmund, 1997), there are two major sampling designs: probability and non-probability sampling. In probability sampling, the elements in the population have a fixed (equal), nonzero probability of being selected as sample subjects (Zikmund, 1997; Lehmann *et al*, 1998). Probability sampling can be either unrestricted (simple random sampling) or restricted (complex probability sampling) such as the stratified random sampling. In non-probability sampling the elements of a population have an unknown probability or predetermined chance of being selected as subjects (Zikmund, 1997). In essence, the members of the sample are selected on the basis of personal judgement or convenience. The most popular non-probability sampling procedure is convenience sampling, which means selecting people that are convenient. In general, probability sampling provides generalisability of the sample findings for the entire population, something that non-probability does not ensure.

In the present study, the judgmental area sampling technique was employed to select areas within the city in which interviews were to be made. Within each area, households were chosen on a convenience basis subject to controls for geographic dispersion. Potential households were identified in this way and screened for interview qualification. Similar technique was applied by Westbrook (1981).

Judgmental sampling is a non-probability sampling method in which the researcher selects the elements (sample members) by exercising judgement or expertise believing that they are relevant to the needs of the study, even if this makes the sample less than fully representative (Zikmund, 1997; Baker, 1999, Malhotra, 1996). The degree and direction of error are unknown and definite statements are not meaningful. However, if the expert's judgement is valid the sample will be a better one than if a convenience sample were used (Moutinho *et al*, 1998). Judgemental sampling is used in business practice by about 49 percent of businesses (Kinnear and Taylor, 1996).

The population of the present study was the entire household units in metropolitan Thessaloniki, 251,001 units, or 749,048 residents, according to the 1991 national census. The sample size for the intent and purposes of this study was 535 (n=535), which was significant enough to help the investigator to describe the store image in the metropolitan Thessaloniki. The sample was composed of adult individuals (18 years old and over): 1) who actually live in the great area of Thessaloniki, and 2) who participate in the shopping procedure.

The sample size can be considered sufficient because:

1) The sample size required for factor analysis is at least twenty times more respondents of the largest number of items that the question has, meaning 13 attributes (items) for a question, needs at least 260 respondents (Hair *et al*, 1995).

This sample size (n=535) exceeds the minimum requirements stated by Hair et al (1995), since it produces approximately forty-one times as many observations (535) as there are variables (13 items) to be analysed.

2) Other researchers studying store image employed smaller samples. Vescovi (1995) used a judgmental sample of 398 respondents, and Burt and Encinas (2000) a convenience sample of 300 respondents (150 in UK and 150 in Spain).

Thus, it is argued by the researcher that the judgmental sampling method and the sample size were appropriate (the best available option) given the exploratory nature of the research and the practical (technical and economical) difficulties of the research. The more difficult problems arise from the lack of the needed census demographic data and the lack of adequate lists from which to draw samples, such as lack of primary data (population density in each block and household lists in each block). In all but the most developed nations census track and census block data, along with telephone directories street housing guides and detailed demographic data, are often not available to the marketing researcher. The absence of these types of data makes the selection of probability based area samples virtually impossible (Kinnear and Taylor, 1996).

6.8 Validity and Reliability

When developing marketing construct measurements, researchers emphasise the need for measurements to be valid and reliable. However, a fundamental problem is that researchers never know the "true" value of the construct they measure. For this reason, they need tests that can assess both measurement validity and reliability (Malhotra, 1996; Zikmund, 1997; Baker, 1999).

Validity refers to the degree to which the instrument measures what it is supposed to measure (Zikmund, 1997; Baker, 1999). Validity may be defined as the extent to which differences in scores on a measurement instrument reflect differences among individuals on the characteristic that we seek to measure, rather than constant or random errors. The concept has two parts: 1) that the measuring instrument is actually measuring the concept in question, and not some other concept and 2) that concept is being measured accurately.

Construct validity is one of the main methods for estimating validity (Chisnall, 1997). Regarding the construct validity in factorial analysis a minimum value, between 0.30 to 0.35 is required for the loading of a variable in any factor (Spector, 1992). Construct validity entails understanding the theoretical rationale which underlies the measurements derived from specific research.

Reliability, on the other hand refers to the degree to which observations are consistent or stable. Reliability establishes an upper bound on validity because an unreliable measure cannot be valid (Green and Tull, 1978). High reliability increases the dependability of a test, since the scores are less subjective to change variability (Zikmund, 1997; Baker, 1999).

The evaluation of the reliability of a scale is based on the value of alpha. Cronbach's coefficient alpha (a) is the most widely used measure of scale reliability (Peterson, 1994). Coefficient alpha interpreted as correlation coefficient within range between 0 and 1. Zero indicates no reliability whereas 1 indicates a perfectly reliable scale. Cronbach's alpha is automatically calculated using statistical packages such as

SPSS/PC+. The level of alpha considered satisfactory depends on the stage of the research and the objectives of the researcher. Many authors (Malhotra, 1996; Spector, 1992) suggest that Cronbach Alpha (a) with value of 0.6 or more generally indicates satisfactory internal consistency reliability.

Validity and reliability tests are performed in a number of ways. The face validity of the instrument (questionnaire) was checked through a pre-test of the instrument. Face validity refers to the results from a specific survey that appear generally plausible in the lack of supporting evidence (Chisnall, 1997). In addition, it must be underlined that the reliability and validity of a questionnaire as a whole and its parts that have been tested in populations with particular characteristics (social, economic, cultural) and habits cannot be considered as reliable and valid in cases that the same questionnaire will be tested in a population with different characteristics and habits. Thus, it is necessary for the questionnaire to be weighted in the characteristics of the new population (Berdie *et al*, 1986 in Kamenidou, 1999).

6.8.1 Reliability of the final qestionnaire

Reliability analysis was also performed after the total sample was gathered to see if changes and losses had occurred. Table 6.3 illustrates the reliability results of the quantitative questionnaire.

Table 6.3: Reliability Results of the Quantitative Questionnaire

Set of questions	Question	N of Items	N of Cases	Cronbach Alpha
Q11	How would you characterise shopping in the store? (impressions)	13	532	0.8057
Q14	How satisfied are you with the following store image attributes of your regular supermarket?	8	526	0.7776

6.8.2 Construct validity of the questionnaire

As stated earlier, content and face validity had been tested. Last exploratory construct validity was performed to see if the produced constructs agreed with the theoretical model that the researcher had in mind when developing the questionnaire.

Factor analysis is a widely used tool testing validity. The use of factor analysis in marketing research depends on the researcher's expectations from a set of data. Factor analysis permits researchers to represent a set of observable variables using a smaller set of underlying factors with a minimum loss of information. Then factors can be used as new variables for further analysis (Hair *et al,* 1995).

Principal Component Analysis (PCA) and Principal Factor Analysis (PFA) are mostly used for utilising factor analysis. The greatest difference between PCA and PFA concerns the type of variance the extraction of factors depends upon (Hair *et al.*, 1995).

The PCA method with varimax rotation has been adopted for the needs of this research. In addition, the indices of the PCA model, KMO (Kaiser-Meyer-Olkin) measure of sampling, BTS (Bartlett Test of Sphericity) measure the partial correlation coefficient and Significance (p) are reported. KMO index compares the magnitudes of the observed correlation coefficients to the magnitudes of the observed correlation coefficients to the partial correlation coefficient. Small values of the KMO indicate that the correlation between pairs of variables cannot be explained by other variables and that factor analysis may not be appropriate. Malhotra (1996); Hair *et al,* (1995) recommend that KMO with the least value of 0.50 or 0.60 (Coakes and Steed 1999) is required for factor analysis to be performed.

It must be underlined that although Likert and Semantic differential scales are expressed as variables measured on an ordinal level, it is a tradition in marketing research and behavioural sciences studies to assume that these levels possess underlying metric properties (Priporas *et al*, 2000). Therefore, in statistical analysis, these variables are treated as if they were measured on a continuous or at least quasi continuous scales (Siegel, 1956; Labovitz, 1970; Kim and Mueller, 1978; Spector, 1992; Gerson 1993; Dutka, 1995). Furthermore, researchers such as Fakeye and Crompton (1991); Javalgi *et al* (1992); Ecthner and Ritchie (1993); Baker *et al* (1994); Vescovi (1995); Eastlick and Lotz (2000); Laroche *et al*, (2000) in their studies used the same method (Likert type scale with factor analysis).

For exploratory construct validity, factor analysis was conducted for the impression scale (Q11) and (Q14) satisfaction scale respectively.

Q11: (Q11a-m) "Shoppers' Impression of Store Image Features"

Factor analysis with Varimax rotation gave three constructs which measures the Q11 (KMO=0.831, BTS=2042.755, p=0.00). These three constructs explain the 54.21 of the total variance. The first construct explains 33.67% of the total dispersion, the second 12.50%, and the third 8.03, of the total variance. Table 6.4 describes the constructs, the variables include in each construct as well as the variable loading to each of the three constructs in the Q11 set of questions.

Table 6.4. Constructs of Scale of Impression (Q11)

Construct	Variable of the Questionnaire	Statement	Loading on Construct
1st	Q11a	Easy to shop	0.73
1st	Q11b	Décor	0.75
1st	Q11c	Store Layout	0.67
1st	Q11d	Quality of Merchandising	0.45
1st	Q11e	Variety of Merchandise	0.73
1st	Q11f	Comparative Prices	0.44
1st	Q11k	Presentation of Information	0.39
2nd	Q11g	Personnel Behaviour	0.82
2nd	Q11h	Helpfulness of Staff	0.84
2nd	Q11I	Appearance of Staff	0.70
2nd	Q11l	Services Offered	0.49
2nd	Q11m	Speed of Service at Checkout	0.64
3rd	Q11j	Convenience of Location	0.89

KMO=0.831, BTS=2042.755, p=0.00

Q14: (Q14a-h) "Shoppers' Satisfaction With Store Attributes"

Factor analysis with Varimax rotation gave two constructs which measure the Q14 (KMO=0.80, BTS=1105.43, p=0.00), which explains the 55.93% of the total variance of the data. The first construct explains 41.74% of their total dispersion, and the second 14.96% of total variance. Table 6.5 describes the constructs, the variables in each construct as well as the variable loading to each of the three constructs in the Q14 set of questions.

Table 6.5. Constructs of scale of satisfaction (Q14)

Construct	Variable of the Questionnaire	Statement	Loading on Construct
1st	Q14b	Store Facilities	0.62
1st	Q14c	Store Services	0.74
1st	Q14d	Store Atmosphere	0.76
1st	Q14e	Merchandise	0.72
1st	Q14f	Prices	0.64
1st	Q14h	Promotions/information	0.62
2nd	Q14a	Store accessibility	0.89
2nd	Q14g	Store personnel	0.57

KMO=0.80, BTS=1105.43, p=0.00

6.8.3 Validation of the previous model

Validation of any factor analysis model is essential, particularly when attempting to define underlying constructs. For this reason, the sample was split two times into two equal random samples of 267 respondents and the factor models were re-estimated to test for comparability. In each case the interpretation of the relationships among the variables do not change significantly

6.9 Data Analysis

The computer program SPSS/PC (version 8.0) was used for analysing the data in this study. The data analyses process had two phases, the preliminary and main phase. The preliminary included: descriptive statistics (i.e. frequencies, percentages, tables, charts)

In the main phase univariate, bivariate and multivariate data analysis (contingency tables, factor and reliability analysis) had been conducted. In particular:

1) Descriptive statistics for each variable.

2) Cross tabulation and chi square test for pairs of variables.

3) Multivariate analysis such as factor analysis, (PCA), item analysis, cluster analysis, ANOVA and MDA.

6.10 Conclusions

Details about the research design and methodology necessary for gathering data in order to test the research hypotheses were presented. Further, the research framework was defined, the measurement of scaling techniques, data collection methods and sampling procedure were described. Finally, the validity and reliability assessment and data analysis methods were discussed. However, it is important to remember that there is never a single, standard, correct method of carrying out research. There is no single perfect research design. In this study a multi-research method, combined with statistical methods, was employed, using focus groups (described in the previous chapter), discussions with experts for designing the scales of the questionnaire, and finally a pre-test as well as a pilot test were undertaken in order for the questionnaire's functionality to be examined prior to field research.

This chapter explained the data collection strategy and described how the data were validated and analysed. A scale was developed for each construct based on theoretical propositions from the literature. A pilot test was conducted and the results provided preliminary validation for the items in the scales. As a result of the pilot test, modifications were made to the survey instrument. The questionnaire was then developed. Overall the pilot test confirmed the selection of the measurement scales and a final version of the instrument with minor modification was applied to the chosen sample of this study. Primary quantitative data gathered through personal interviews on a convenience sample of 535 respondents (shoppers) in metropolitan Thessaloniki. Reliability and construct validity analyses produced satisfactory results on the scales employed to measure store image and customer satisfaction. Based on the data analysis, presentation of findings, conclusions and clear recommendations will be discussed in the final chapters.

CHAPTER 7. ANALYSIS AND PRESENTATION OF FINDINGS

7.1. Introduction

Chapter seven describes the results from statistical analysis of quantitative research. It includes a discussion of:

1) sample demographics, representatives, respondents purchasing behaviour
2) factor analysis
3) cluster analysis
4) formal testing of the proposed model
5) hypotheses testing

7.2 Demographic Profile of the Respondents

Most image formation models have incorporated sociodemographic variable elements influencing perception or image of objects, products, places (Baloglu, 1997). Sociodemographic variables such as age, income and occupation per se are indicators of an individual's consumer behaviour. They have been suggested as important factor that influence the formation of tourist image or store image (Baloglu, 1997; Woodside and Lysonski, 1989; Friedmann, 1986; Fisk, 1961).

The sociodemographic variables considered in this study include income, occupation, family size, education, marital status, age, and gender. Although the sample is a non-probability sample, the characteristics of this sample used in the study are similar close to the characteristics of the population of Thessaloniki based on the national census of 1991. The exception is the gender since in this sample females represent a much bigger percent than in the population of Thessaloniki. However, this is due to their occupation as housewives, and their availability at home for the interviews.

Most of the respondents, 33.6 percent, were 19-25 years old, 26.5 percent were 26-35 years old, 18.7 percent were 36-45 years old, the remaining 21.2 percent were aged 46 years old and more. From the 535 respondents that took part in the research, 197 (36.8%) were men and 338 (63.2%) were women. Salaried- semiprofessional and public servants were the most frequently reported occupations with 26.9 percent and 17 percent respectively, while 77 respondents (14.4%) were businesspeople and professionals, (5.0%) were retired and the last 85 respondents (15.9%) were dependent. The sample of respondents was almost evenly divided in terms of marital status. The 50.3 percent was married and the 44.3 percent was single. Last, only 11 respondents (2.1%) were divorced or separated and 18 respondents (3.4%) were widowed. The majority of the sample, 307 respondents (57.4%) represent a 4-5 member family, 171 respondents (32%) represent a 2-3 member family and 47 (8.8%) were a one-member family. Last, only 10 respondents (1.9%) represent a 6 or more members family. Almost one third of the sample, 31.6 percent had finished high school, and 29.9 percent holds a bachelor or a postgraduate degree. A quite essential portion had finished trade or vocational school, 27.5 percent, and only 29 respondents (5.4%) had finished elementary school. As far as income is concerned 13.1 percent had an annual income of up to 200.000 dr., 23.9 percent had an income that ranged between 401000-500.000 dr. The remaining 24.1 percent had an annual income more than 500.000 dr.

Table 7.1 Sosiodemographic Characteristics of the Sample

Sociodemographic Variables	**Respondents**		**Census 1991**
AGE	Frequencies	Percentage (%)	Percentage (%)
20-25	180	33.6	*16.0*
26-35	142	26.5	*23.0*
36-45	100	18.7	*20.0*
46-55	66	12.3	*18.0*
56-65	31	5.8	*18.0*
66-69	16	3.0	*5.0*
GENDER			
Male	197	36.8	*48.0*
Female	338	63.2	*52.0*
PROFESSION			
Business & Professional	77	14.4	Accurate data for these specific occupations can not be estimated
Public Servant	91	17.0	
Salaried & semi-professional	144	26.9	
Skilled Worker/Labourer	11	2.1	
Student	100	18.7	
Retired	27	5.0	
Housewife	52	9.7	
Unemployed	33	6.2	
MARITAL STATUS			
Single	237	44.3	*43.0*
Married	269	50.3	*49.0*
Divorced/Separated	11	2.1	*2.0*
Widowed	18	3.4	*6.0*
FAMILY SIZE			
1	47	8.8	*43.0*
2-3	171	32.0	*49.0*
4-5	307	57.4	*2.0*
6+	10	1.9	*6.0*
EDUCATION			
Elementary School	29	5.4	*39.18*
Gymnasium/Lyceum	169	31.6	*42.8*
Trade & Vocational School	147	27.5	*.0.8*
TEI	30	5.6	*3.0*
University	140	26.2	*13.3*
Graduate School	20	3.7	*1.0*
INCOME			
Up to 200000 Dr	70	13.1	N/A
201000-300000	128	23.9	
301000-400000	104	19.4	
401000-500000	104	19.4	
501000-600000	66	12.3	
601000 & more	63	11.8	

Source: NSSG

7.3. Shopping Behaviour

7.3.1 Store loyalty

From the 535 respondents that took part in the survey, 378 (70.7%) of them were loyal, (they buy groceries from a particular store (supermarket)) and 157 respondents (29.3%) were not, as Table 7.2 shows.

Table 7.2: Store Loyalty

I buy groceries from a particular Store (S/M)	Respondents	
	Frequencies	%
Yes	378	70.7
No	157	29.3
Total	535	100.0

7.3.2 Preferred supermarket

Table 7.3 describes the preferences of the respondents' regular shopping. It shows in which supermarket (or supermarket chain) they usually do their shopping. 19.8 percent of the respondents shops from MASOUTIS, 17.0 percent from KATANALOTIS (co-operative supermarket chain), 16.1 percent shops from Hypermarket CONTINENT, 11.2 percent shops from BISKAS, 10.8 percent prefers to shop from VEROPOULOS, while 5.0 percent and 5.4 percent shop from GALAXIAS and A-D respectively. Last 14.6 percent shops from various other small neighbourhood supermarkets.

Table 7.3: Regular S/M for shopping

Regular S/M for shopping S/M	Respondents	
	Frequencies	%
KATANALOTIS	91	17.0
MASOUTIS	106	19.8
BISKAS	60	11.2
GALAXIAS	27	5.0
ALFA-DELTA	29	5.4
MARINOPOULOS	58	10.8
CONTINENT	86	16.1
Other	78	14.6
Total	535	100.0

7.3.3. Medium of transportation for shopping to the regular supermarket

Table 7.4 describes the transportation modes used by the respondents for their shopping needs. The majority, 327 respondents, (61.1%) goes shopping on foot, 35 percent uses a car, while only 2.8 percent uses the public transportation (bus).

Table 7.4: Medium of Transportation for Shopping

Medium of Transportation for Shopping	Respondents	
	Frequencies	%
Foot	327	61.1
Car	187	35.0
Bus	15	2.8
Other	6	1.1
Total	535	100.0

7.3.4 Purchase of food products

As table 7.5 shows the majority of the respondents, 55.9 percent in the sample buys fruits and vegetables at laikes, 66.9 percent buys meat from butcher shops, 56.0 percent buys fish at fish stores, 69.0 percent buys milk and 72.9 percent buys dairy products at supermarkets, while 73.2 percent buys cooked pork meats at supermarket, and 73. 2 percent buys packaged food at supermarkets. 83.4 percent of the respondents buys bread from bakeries while juices and sodas are bought at supermarkets by 71.4 percent.. In addition it must be underlined that a significant percentage of the respondents buys fruits and vegetables as well as meat, 23.4 percent and 23.4 percent respectively from supermarkets.

Table 7.5: Place of Purchase Food Products

PLACE OF PURCHASE FOOD PRODUCTS							
FOOD	Laikes	S/M	Greengrocer	Hypermarket	Specialty Store	Other	Sample (%)
Fruits & Vegetables							
Respondents	298	124	12	17	76	5	532
Percent	55.9	23.4	2.3	3.2	14.3	0.9	100.0
Meat							
Respondents	5	125	12	26	358	9	535
Percent	0.9	23.4	2.2	4.9	66.9	1.7	100.0
Fish							
Respondents	151	39	9	22	299	14	534
Percent	28.3	7.3	1.7	4.1	56.0	2.6	100.0

Milk							
Respondents	3	368	82	52	16	12	533
Percent	0.6	69.0	15.4	9.8	3.0	2.3	100.0
Dairy Products							
Respondents	7	390	27	59	35	17	535
Percent	13	72.9	5.0	11.0	6.5	3.2	100.0
Cooked pork meats							
Respondents	0	390	28	70	38	7	533
Percent	0	73.2	5.3	13.1	7.1	1.3	100.0
Packaged Foods							
Respondents	0	390	28	70	38	7	533
Percent	0	73.2	5.3	13.1	7.1	1.3	100.0
Bread							
Respondents	4	58	9	8	446	10	535
Percent	0.7	10.8	1.7	1.5	83.4	1.9	100.0
Juice & Sodas							
Respondents	7	398	33	68	21	8	535
Percent	1.3	74.4	6.2	12.7	3.9	1.5	100.0

7.3.5 Importance of reasons for shopping in the regular supermarket

As for the most important reasons for shopping in their regular supermarket 46.2 percent of those that are members in a particular supermarket or a supermarket chain (91 respondents) stated the membership as the most important reason, while 49.2 percent considered the membership as the least important reason for shopping in a regular supermarket. 161 respondents (31.4%) stated as the most important reason the low prices, while 135 respondents (26.1%) stated the convenience of location as the most important reason for shopping. Also, 25.2 percent stated the variety of products as the second most important reason, and 25.8 percent indicated the quality of products as the third most important reason, while 24.2 percent considered the helpful personnel as the fourth most important reason. Habit and more services offered were considered the least important factors by 24.8 percent and 25.2 percent respectively (Table 7.6).

Table 7.6: Importance of Reasons for Shopping in the Regular Supermarket

REASONS	1	2	3	4	5	6	7	8	9	Sample/ %
Membership										
Respondents	42	11	12	3	5	3	6	19	98	199
Percent	21.1	5.5	6.0	1.5	2.5	1.5	3.0	9.5	49.2	100.0
Low prices										
Respondents	161	92	67	37	34	47	34	31	10	513
Percent	31.4	17.9	13.1	7.2	6.6	9.2	6.6	6.0	1.9	100.0
Variety										
Respondents	12	131	10	72	46	37	15	15	2	520
Percent	13.8	25.2	25.0	13.8	8.8	7.1	2.9	2.9	0.4	100.0
Quality										
Respondents	48	95	133	95	69	41	22	10	3	516
Percent	9.3	18.4	25.8	18.4	13.4	7.9	4.3	1.9	0.6	100.0
Helpful Personnel										
Respondents	16	30	62	122	100	67	58	43	7	505
Percent	3.2	5.9	12.3	24.2	19.8	13.3	11.5	8.5	1.4	100.0
Convenience of Location										
Respondents	135	60	47	78	90	43	35	20	10	518
Percent	26.1	11.6	9.1	15.1	17.4	8.3	6.8	3.9	1.9	100.0
Promotions										
Respondents	7	21	19	27	53	128	117	106	12	490
Percent	1.4	4.3	3.9	5.5	10.8	26.1	23.9	21.6	2.4	100.0
More services offered										
Respondents	17	18	18	53	59	77	127	110	20	498
Percent	3.4	3.6	3.4	10.6	11.8	15.5	25.5	22.1	4.0	100.0
Habit										
Respondents	55	72	38	34	44	47	64	126	29	509
Percent	10.3	14.1	7.5	6.7	8.6		12.6	24.8	5.7	100.0

7.3.6 Frequency of purchase

The majority of the respondents in the sample usually buy food and groceries every week. Particularly, 45.2 percent buys fruits and vegetables, 51.8 percent buys fish, 44.1 percent buys meat and 47.3 percent buys dairy products while 33.8 percent buys cooked pork meats and 34.8 percent buys juices and sodas. However, 79.5 percent and 82.8 percent buys milk and bread respectively once per/week or more. Lastly, 31.5 percent buys packaged food with no regular frequency (Table 7.7)

Table 7.7: Frequency of Purchase

FOOD	Once/ week or more	Every week	Biweekly	Once/month	No regular frequency	Sample/%
Fruits & Vegetables						
Respondents	212	242	28	3	5	535
Percent	39.6	45.2	5.2	0.6	9.3	100.0
Meat						
Respondents	103	236	96	21	79	535
Percent	19.3	44.1	17.9	3.9	14.8	100.0
Fish						
Respondents	78	276	96	21	62	533
Percent	14.6	51.8	18.0	3.9	11.6	100.0
Milk						
Respondents	423	29	10	2	68	532
Percent	79.5	5.5	1.9	0.4	12.8	100.0
Diary Products						
Respondents	146	253	51	14	71	535
Percent	27.3	47.3	9.5	2.6	13.3	100.0
Cooked pork meats						
Respondents	47	178	116	43	143	527
Percent	8.9	33.8	22.0	8.2	27.1	100.0
Package Foods						
Respondents	59	129	112	64	167	531
Percent	11.1	24.3	21.1	12.1	31.5	100.0
Bread						
Respondents	433	10	4	5	73	535
Percent	82.8	1.9	0.7	0.9	13.6	100.0
Juice & Sodas						
Respondents	181	186	54	23	91	535
Percent	33.8	34.8	10.1	4.3	17.0	100.0

7.3.7 Shopping list

As Table 7.8 indicates the majority of the respondents, 46.5 percent, uses a shopping list, 27 percent does not use a shopping list while 26.5 percent uses a shopping list occasionally.

Table 7.8: Use of Shopping List

I have a shopping list	Respondents	
	Frequencies	%
Yes	248	46.5
No	144	27.0
Sometimes	141	26.5
Total	533	100.0

As Table 7.9 indicates 111 respondents (44.7%) from those that shop with a shopping list follow their shopping list, 114 respondents (46%) did not follow their shopping lists, while only 23 respondent (9.3%) sometimes followed their shopping lists.

Table 7.9: Shopping according to shopping list

Follow the shopping list	Respondents	
	Frequencies	%
Yes	111	44.7
No	114	46.0
Sometimes	23	9.3
Total	248	100.0

7.3.8 Food expenditures

37.8 percent of the respondents spends up to 80,000 dr. per month on food and groceries, 26 percent spends up to 100,000 dr., 22.3 percent spends from 101,000 to 120,000 dr. per month while 14 percent of this sample spends more than 121,000 dr. per month on food and groceries.

Table 7.10: Monthly Food Expenditures

Monthly food expenditures	Respondents	
	Frequencies	%
-80.000	202	37.8
81.000-100.000	139	26.0
101.000-120.000	119	22.3
121.000+	75	14.0
Total	535	100.0

7.4 Store Image

7.4.1. Impressions of store interior

As Table 7.11 indicates 59.4 percent of this sample maintains a very positive impression of the store interior of the regular supermarket that they shop in whereas 37.6 percent has a neutral impression (neither positive nor negative) of it. Only 3 percent (16 respondents) expressed a negative impression regarding the store interior of their regular supermarket they use for their shopping.

Table 7.11:Impressions of Store Interior

	Very Unpleasant	Unpleasant	Neither Unpleasant/ Pleasant	Pleasant	Very Pleasant	Sample (%)
Respondents	3	13	201	265	53	535
Percent	0.6	2.4	37.6	49.5	9.9	100.0

7.4.2 Impression of each store image attribute

The majority of respondents in this sample in general had very positive impressions for each of the attributes of store image. In particular, 47.8 percent had a positive impression of the ease with which they could shop in the store, while the 38.7 percent had neither positive nor negative impressions for this attribute. 61.8 percent had a positive impression of the décor, 83 percent for the store layout, 83 percent for the merchandise quality, 71.7 percent for the merchandise variety, 63.1 percent for the personnel's behaviour, 76.1 percent for the help that the personnel offer, 72.1 percent for the appearance of the staff, 64.5 percent for the convenience of location, 68,6 percent for the way that information is presented, 70.1 percent for the various services offered, and 62.6 percent for the speed of services at checkout. Only 32.9 percent had a positive impression of the prices of products compared to the other supermarket, since 58.5 percent has neither positive nor negative impression for this attribute. On the other hand 13.4 percent and the 12.8 percent had negative impressions of the ease with which they could shop in the store and the speed of services at checkouts respectively (Table 7.12).

Table 7.12: Impressions of Each Store Image Attribute

ATTRIBUTES	very Poor	Poor	Neither Poor/Good	Good	Very Good	Sample (%)
Easy to shop						
Respondents	13	59	207	203	53	535
Percent	2.4	11.0	38.7	37.9	9.9	100.0
Décor						
Respondents	2	34	168	272	59	535
Percent	0.4	6.4	31.4	50.8	11.0	100.0
Store layout						
Respondents	7	23	158	294	52	534
Percent	0.4	1.5	15.2	65.2	17.8	100.0
Merchandise Quality						
Respondents	2	8	81	348	95	534
Percent	0.4	1.5	15.2	65.2	17.8	100.0
Merchandise Variety						
Respondents	1	23	127	276	107	534
Percent	0.2	4.3	23.8	51.7	20.0	100.0
Comparing Prices						
Respondents	10	36	311	156	19	532
Percent	1.9	6.8	58.5	29.3	3.6	100.0
Personnel Behaviour						
Respondents	1	26	170	267	70	534
Percent	0.2	4.9	31.8	50.0	13.1	100.0
Helpful Personnel						
Respondents	3	18	107	340	66	534
Percent	0.6	3.4	20.0	63.7	12.4	100.0
Appearance of Staff						
Respondents	3	33	113	337	48	534
Percent	0.6	6.2	21.2	63.1	9.0	100.0
Convenience of location						
Respondents	16	62	112	207	138	535
Percent	3.0	11.6	20.9	38.7	25.8	100.0
Presentation of Information						
Respondents	5	30	133	312	55	535
Percent	0.9	5.6	24.9	58.3	10.3	100.0
Services offered						
Respondents	12	30	118	288	87	535
Percent	2.2	5.6	22.1	53.8	16.3	100.0
Speed of services at checkout						
Respondents	19	49	132	277	58	535
Percent	3.6	9.2	24.7	51.8	10.8	100.0

7.4.3 Overall impression of the food and groceries section

Table 7.13 demonstrates, 386 respondents of this sample (72.1%) had a very positive impression overall of the section of food and groceries in their regular supermarket while 5.6 percent had neither positive nor negative opinion, and only 2.3 percent had a negative impression of the food and groceries section.

Table 7.13: Overall Impression of the Food and Groceries Section

	Very Poor	Poor	Neither Poor/Good	Good	Very Good	Sample (%)
Respondents	1	11	137	335	51	535
Percent	0.2	2.1	25.6	62.6	9.5	100.0

7.4.4 Overall satisfaction with the food and groceries section

The level of overall satisfaction with purchases in the food and groceries section is very high. 66.9 percent of the sample was satisfied, 29.7 percent was neither satisfied nor unsatisfied, and only 3.4 percent is unsatisfied (Table 7.14)

Table 7.14: Overall Satisfaction with the Section of Food and Groceries

	Very Unsatisfied	Unsatisfied	Neither Unsatisfied / Satisfied	Satisfied	Very Satisfied	Sample (%)
Respondents	0	18	159	326	32	535
Percent	0.0	3.4	29.7	60.9	6.0	100.0

7.4.5 Satisfaction with each store image attribute

The majority of the respondents in this sample were satisfied with the attributes of store image. Particularly, 73.2 percent was very satisfied with the attributes of store accessibility, 62.2 percent with the store atmosphere, 74.5 percent with the products (variety and quality), 53.4 percent with the prices, 61.0 percent with the personnel, and 47.9 percent with the promotions and, 33.1 percent with the store personnel, 37.9 percent with the prices of the products, 33.3 percent with store services, and 31.4 percent with the store facilities. The percentages of the unsatisfied respondents for each attribute are small, as Table 7.15 indicates.

Table 7.15: Satisfaction with each store image attribute

ATTRIBUTES	Very Unsatisfied	Unsatisfied	Neither Unsatisfied/ Satisfied	Satisfied	Very Satisfied	Sample (/%)
Store Accessibility						
Respondents	5	23	115	273	118	534
Percent	0.9	4.3	21.5	51.1	22.1	100.0
Store Facilities						
Respondents	4	30	167	293	38	532
Percent	0.8	5.6	31.4	55.1	7.1	100.0
Store Services						
Respondents	2	33	177	274	45	531
Percent (%)	0.4	6.2	33.3	51.6	8.5	100.0
Store Atmosphere						
Respondents	2	24	147	297	62	532
Percent	0.4	4.5	27.6	55.8	11.7	100.0
Merchandise						
Respondents	0	9	127	339	58	533
Percent	0.0	1.7	23.8	63.6	10.9	100.0
Prices						
Respondents	10	35	201	245	39	530
Percent	1.9	6.6	37.9	46.2	7.2	100.0
Store Personnel						
Respondents	4	27	176	259	65	531
Percent	0.8	5.1	33.1	48.8	12.2	100.0
Promotion/ Information						
Respondents	6	44	226	214	39	529
Percent	1.1	8.3	42.7	40.5	7.4	100.0

7.5 Recommendation

As Table 7.16 confirms the majority of the respondents would likely recommend their regular supermarket to their relatives and friends. Particularly, 50.5 percent would likely recommend it, 17.8 percent would very likely recommend it, while 21.3 percent was neutral. However, a significant portion of this sample, 10.5 percent, would not recommend their regular supermarket to others.

Table 7.16: Recommendation of Supermarkets to Others

	Very Unlikely	Unlikely	Neither Unlikely/ Likely	Likely	Very Likely	Sample (%)
Respondents	23	33	114	270	95	535
Percent	4.3	6.2	21.3	50.5	17.8	100.0

7.6 Factor Analysis of the Impression and Satisfaction Scales

Factor analysis (PCA with varimax rotation) was used to define the underlying components of impression and satisfaction scales. For this, a strict choice of items (variables with loadings equal to or greater than 0.70) was chosen to determine which items are those that mainly contribute to the development of factors. These factors explain the underlying components of shoppers' impressions and satisfaction of the supermarkets at which they usually shop.

7.6.1 Factor analysis of impression components

Factor analysis for the impression components (Q11 set) defined three factors (Table 7.17). These factors interpret 54.21% of total variance, of what shoppers' impressions were when shopping at stores (KMO=0.83, BTS=2042.75, p=0.00). These factors' labels are: 1) Easy to shop, dẽcor and variety of merchandise 2) Store personnel and 3) Convenience of location.

Table 7.17 Rotated Component Matrix of Impression Scale

Attribute	Factor			Communalities
	1	2	3	
Easy to shop	.731	.08205	-.027	.542
Décor	.755	.218	.063	.621
Store Layout	.674	.324	-.029	.560
Merchandise Quality	.452	.332	-.022	.315
Merchandise Variety	.730	.036	-.058	.537
Comparative Prices	.448	.018	-.465	.417
Personnel Behaviour	.087	.820	.091	.688
Helpfulness of Staff	.053	.842	.180	.743
Staff Appearance	.295	.700	.035	.579
Convenience of Location	.103		.894	.811
Presentation of Information	.399	.388	.102	.321
Services Offered	.429	.498	-.153	.456
Speed of Service at Checkout	.141	.644	-.157	.459
Eigenvalue	4.378	1.626	1.044	
Variance	33.677	12.507	8.034	
Cumulative Variance	33.677	46.184	54.218	

1 **Easy to shop, décor and variety of merchandise**. This factor interprets 33.67% of total variance and consists of three variables:

Easy to shop, which loads on the factor by 0.73, and 47.8% of the sample has a positive to very positive impression of the ease which one can shop in the store.

Décor, which loads on the factor by 0.75 and 61.8% of the sample, has positive to very positive impression of the store's décor.

Variety of merchandise, which loads on the factor by 0.73 and 71.7% of the sample has positive to very positive impressions of the store's variety of merchandise.

2. **Store personnel**. This factor interprets 12.5% of total variance and consists of three variables:

Personnel behaviour, which loads on the factor by 0.82 and 63.1.8% of the sample has a positive to very positive impression of the personnel's behaviour.

Helpfulness of staff, which loads on the factor by 0.84 and 76.1% of the sample has a positive to very positive impression of the helpfulness of the staff.

Appearance of staff, which loads on the factor by 0.70 and 72.1% of the sample has a positive to very positive impression of the appearance of the staff.

3.**Convenience of Location.** This factor interprets 8.03% of the total variance and consists of a single variable (convenience of location) and loads on the factor by 0.89, and 64,5% of the sample, has positive to very positive impression of the convenience of location

7.6.2 Factor analysis of satisfaction components

Factor analysis for the satisfaction components (Q14 set) defined two factors(Table 7.18). These factors interpret the 55.93% of total variance, of shoppers' satisfaction when shopping in supermarkets (KMO=0.80, BTS=1105.43, p=0.00). These factors' labels are: 1) Store services, atmosphere and merchandise and 2) Store accessibility

Table 7.18 Rotated Component Matrix of Satisfaction Scale

Attribute	Factor		Communalities
	1	2	
Store accessibility	-.103	.898	.816
Store Facilities	.627	.351	.516
Store Services	.743	.265	.622
Store Atmosphere	.762	.117	.595
Merchandise	.726	-.068	.531
Price	.641	-.067	.415
Store Personnel	.441	.572	.522
Promotions/Information	.627	.256	.458
Eigenvalue	3.339	1.136	
Variance	47.743	14.196	
Cumulative Variance	47.743	55.939	

1. **Store services, atmosphere and merchandise**. This factor interprets 41.74% of total variance and consists of three variables

Store services, which loads on the factor by 0.74, and 60.1% of the sample was at least satisfied with the store services.

Store atmosphere, which loads on the factor by 0.76, and 67.5% of the sample was at least satisfied with the store atmosphere.

Merchandise, which loads on the factor by 0.72, and 74.51% of the sample was at least satisfied with the merchandise (variety and quality of products).

2. **Store accessibility.** This factor interprets 14.96% of total variance and consists of a single variable (store accessibility) and loads on the factor by 0.89 and 73.2% of the sample, was at least satisfied with store accessibility.

7.7 Cluster Analysis

The second step of data analysis involved a cluster analysis to identify possible segments. The three factors potentially give rise to a number of clusters. In short the three dimensions permit the postulation of several different types or clusters of shoppers. Based on the regression factor scores of the items in the three factors of impression scale, the Agglomerative Hierarchical Cluster Analysis (Wards Method and Squared Euclidean Distance) was performed in order to define a range of solutions regarding the number of clusters and an estimation regarding the centroids of clusters. The agglomerative hierarchical procedure was used to do an exploratory breakdown of the survey sample and to form relative homogeneous groupings of respondents they were based on similar characteristics among the observations and are as different as possible (Harp *et al.*, 2000; Granzin *et al.*, 1998; Tong, 1998).

In this research, Ward's method was used to identify the number of clusters and to provide the seed values for the K-means cluster analysis (Gloy and Akridge, 1999). Squared Euclidean distance, probably the most common metric measure of similarity, was used (Bauer and Fisher, 2000). Nonstandardisation of variables was needed, because all the items had the same unit of measurement, regression factor scores

(May *et al,* 2001). In this particular study a solution between four and five clusters was sought.

After the application of Hierarchical Cluster Analysis (to determine the constructs of the data and to get a first estimation of the number of clusters and their centroids) a K-Means cluster analysis was performed for the four cluster solution and for the five cluster solution. The solution, which had the best logical interpretation and practical significance, was the solution with the four clusters. In Table 7.19 the centroids appeared in relation to the regression factor scores and the number of cases for each cluster as well as their mean scores for each factor. Cluster 1 through 4 contained 128 cases, 109 cases, 200 cases, and 95 cases respectively.

7.19 Final Cluster Centers

	Cluster			
	1	2	3	4
Regression Score for Factor 1	-0.32	-0.12	0.79	-1,09
Mean Score for Factor 1	3.60	3.39	4.04	3.21
Regression Score for Factor 2	0.32	-1.37	0.25	0,61
Mean Score for Factor 2	3.86	2.95	3.99	3.87
Regression Score for Factor 3	-1.19	-0.005	0.40	0.78
Mean Score for Factor 3	2.47	3.66	4.23	4.48
Sample=532	N=128, (24%)	N=109, (20.5%)	N=200, (37.6%)	N=95, (17.9%)

In Table 7.19 it is evident that the respondents in cluster 3 had the highest positive impression (centroid=0.79, mean=4.04), while those in cluster 4 had the lowest (centroid=-1.09, mean=3.21) regarding the first factor (easy to shop, décor and variety of merchandise). In the second factor (Store personnel) the individuals of cluster 4 had the highest positive impression (centroid=0.61, mean=3.87), while those in cluster 2 had a negative impression (centroid=-1.37, mean=2.95). In the third factor (Convenience of Location) the respondents in cluster 4 had the highest positive impression (centroid=0.78, mean=4.48), while those in cluster 1 had a negative impression (centroid = -1.19, mean=2.47).

From the comparison of F statistics (Coakes and Steed, 1999) it is observed that the contribution of the scores of the three factors have almost the same importance in the interpretation of variability of clusters. The ANOVA F statistics for each factor are reported on Table 7.20.

7.20 ANOVA F values

	Cluster		Error		F
	Mean Square	Df	Mean Square	Df	
Regression score for factor 1	83.529	3	.531	528	157.280
Regression score for factor 2	88.888	3	.501	528	177.550
Regression score for factor 3	89.987	3	.494	528	182.015

F values given for descriptive purposes only; they have no inferential value.

7.7.1 First stage profile of clusters

In order to have an explicit (clear) picture of the clusters' structure, a description of clusters was performed based on the items the three factors composed, as well as the mean scores of the factors. The mean score of each factor is computed by averaging the respondents' scores on the items that compose each factor. Table 7.21, Table 7.22, and Table 7.23 illustrate the descriptive statistics for each factor in each of the four clusters. A low mean score indicates those attributes that impressed the respondents the least. A high score for the mean indicates those attributes that impressed the respondents the most in each factor in each cluster.

Table 7.21 Descriptive Statistics for Factor 1 (Easy to shop, Décor and Merchandise) in Each Cluster

Cluster Number		Easy to Shop	Decor	Store Layout	Merchandise Quality	Merchandise Variety	Competitive Prices	Presentation of Information
1	Mean	3,29	3,52	3,62	3,95	3,78	3,43	3,66
	N	128	128	128	128	128	128	128
	SD	,70	,65	,64	,61	,73	,68	,72
2	Mean	3,30	3,35	3,35	3,60	3,73	3,18	3,22
	N	109	109	109	109	109	109	109
	SD	,83	,80	,80	,72	,74	,64	,75
3	Mean	3,99	4,16	4,10	4,27	4,29	3,43	4,06
	N	200	200	200	200	200	200	200
	SD	,70	,56	,61	,54	,61	,68	,59
4	Mean	2,56	3,16	3,25	3,86	3,25	2,77	3,62
	N	95	95	95	95	95	95	95
	SD	,74	,69	,71	,56	,73	,69	,80

Table 7.22 Descriptive Statistics for Factor 2 (Store Personnel) in Each Cluster

Cluster Number		Personnel Behavior	Helpfulness of Personnel	Appearance of Staff	Services Offered	Speed of Service at Checkout
1	Mean	3,77	3,91	3,84	3,91	3,87
	N	128	128	128	128	128
	SD	,60	,51	,61	,65	,69
2	Mean	2,86	3,00	3,07	3,11	2,72
	N	109	109	109	109	109
	SD	,54	,71	,85	,95	,92
3	Mean	3,96	4,08	4,01	4,12	3,77
	N	200	200	200	200	200
	SD	,64	,47	,54	,73	,85
4	Mean	4,07	4,20	3,79	3,55	3,74
	N	95	95	95	95	95
	SD	,70	,52	,70	,83	,79

Table 7.23 Descriptive Statistics for Factor 3* (Convenience of Location) *in Each Cluster

Cluster Number	Mean	N	SD
1	2,47	128	,79
2	3,66	109	,82
3	4,23	200	,70
4	4,48	95	,54

Merchandise quality, merchandise variety (factor 1), helpful personnel and services offered (factor 2) seem to be the driven attributes for higher impression in all clusters. All the other attributes lead to indifference or tend to lead to a positive impression. In particular, the analysis indicated that in cluster 1 the attribute from factor 1 "merchandise quality" (mean=3.95), and the attributes from factor 2 "helpfulness of personnel" (mean=3.91) and "services offered" (mean=3.91) were the leading store image attributes towards a positive impression (Table 7.21, 7.22, 7.23). In cluster 2 the attribute from factor 1 "merchandise variety" (mean=3.73), and the attribute from factor 2 "services offered" (mean=3.11) were the leading store image attributes towards to a positive impression (Table 7.21, 7.22, 7.23). In cluster 3 the attributes from factor 1 "merchandise variety" (mean=4.29) and "merchandise quality" (mean=4.27), and the attribute from factor 2 "services offered" (mean=4.12) were the leading store image attributes towards a positive impression (Table 7.21, 7.22, 7.23). Finally, in cluster 4 the attribute from factor 1 "merchandise quality" (mean=3.86) the attribute from factor 2 "helpfulness of personnel" (mean=4,20) and "convenience location" of factor 3 (mean=4,48) were the leading store image attributes towards a positive impression (Table 7.21, 7.22, 7.23).

7.7.2 Second stage profile of clusters

The second stage profile is simultaneously a method of evaluation of external validation of cluster analysis solution. In order to verify the clusters' structure for the variables (factors and characteristics) which did not participate in the clusters' formation and to verify if the clusters differentiate significantly (or are associated), based on the previous variables, chi square tests were performed, and measure of association (Cramer's V) were computed. Consequently, in the interpretation (or description) of clusters the following data coming from chi square test (Table 7.24) are added.

Table 7.24: Crosstabs Cluster Membership Impression

Sociodemographic/ Behavioural Variable	Pearsons' X^2	Df	*P*	Cramers' V
Gender	11.763	3	.008	.149
Age	21.508	15	.121	.116
Marital Status	24.665	9	.003	.124
Family Size	29.241	9	.001	.135
Education	46.502	15	.000	.171
Profession	62.419	21	.000	.198
Income	32.157	15	.006	.142
Store Loyalty	15.637	3	.001	.172
Prefer S/M: membership	41.713	24	.014	.266
Prefer S/M: low prices	50.946	24	.001	.182
Prefer S/M: variety of merchandise	62.414	24	.000	.201
Prefer S/M: quality of merchandise	51.903	24	.001	.184
Prefer S/M: helpful personnel	43.347	24	.009	.169
Prefer S/M: convenience of location	68.269	24	.000	.210
Prefer S/M: promotions	67.955	24	.000	.215
Prefer S/M: services offered	86.691	24	.000	.241
Prefer S/M: habit	78.060	24	.000	.226

Through the second stage profile a more in depth description and comparison of clusters is warranted. The clusters were examined to discover any specifically distinguished social and behavioural characteristics. These characteristics are generally observable and assist marketers in building a demographic profile of the segments (Gloy and Akridge, 1999). Here, results are described as being significant at a chi square test level of $p<0.05$.The demographic profile for each cluster was identified using a cross tabulation analysis. The chi square statistics were used to determine whether there were any statistically significant differences among the four clusters (Woo, 1998; Botschen *et al.*, 1999). Based on the results of chi square test the four segments were not significantly different across the demographic variable of "age" ($p<0,121$). The entries in Tables 7.25 to 7.41 indicate the percentages of members in each cluster.

Table 7.25 Cross-tabulation Cluster by Gender

Cluster Number Of Case		GENDER		
		MALE	**FEMALE**	**TOTAL**
1	% within Cluster Number of Case	39,1%	60,9%	100%
2	% within Cluster Number of Case	47,7%	52,3%	100%
3	% within Cluster Number of Case	34,5%	65,5%	100%
4	% within Cluster Number of Case	25,3%	74,7%	100%

$X^2 = 11{,}763$, $p = 0{,}008$, $df = 3$, Cramer's $V = 0{,}149$

Table 7.26 Cross-tabulation Cluster by Age

Cluster Number Of Case		AGE						
		19-25	**26-35**	**36-45**	**46-55**	**56-65**	**65+**	**TOTAL**
1	% within Cluster Number of Case	38,3%	23,4%	15,6%	16,4%	5,5%	0,8%	100%
2	% within Cluster Number of Case	41,3%	24,8%	18,3%	11,0%	1,8%	2,8%	100%
3	% within Cluster Number of Case	28,5%	25,5%	21,0%	12,0%	8,5%	4,5%	100%
4	% within Cluster Number of Case	30,5%	35,8%	15,8%	9,5%	5,3%	3,2%	100%

$X^2 = 21{,}508$, $p = 121$, $df = 15$, Cramer's $V = 0{,}116$

Table 7.27 Cross-tabulation Cluster by Family Size

Cluster Number Of Case		FAMILY SIZE				
		1	2-3	4-5	6+	TOTAL
1	% within Cluster Number of Case	8,6%	23,4%	65,6%	2,3%	100%
2	% within Cluster Number of Case	7,3%	44,0%	45,9%	2,8%	100%
3	% within Cluster Number of Case	5%	33,5%	60,5%	1,0%	100%
4	% within Cluster Number of Case	17,9%	27,4%	54,7%	0%	100%

$X^2 = 29{,}241$, $p = 0{,}001$, $df = 9$, Cramer's $V = 0{,}135$

Table 7.28 Cross-tabulation Cluster by Marital Status

Cluster Number Of Case		MARITAL STATUS				
		Single	Married	Divorce/ Separate	Widowed	TOTAL
1	% within Cluster Number of Case	46,1%	52,3%	18%	0,8%	100%
2	% within Cluster Number of Case	52,3%	40,4%	4,6%	2,8%	100%
3	% within Cluster Number of Case	38,0%	53,0%	2,0%	7,0%	100%
4	% within Cluster Number of Case	46,3%	52,6%	1,1%	0%	100%

$X^2 = 24{,}665$, $p = 0{,}003$, $df = 9$, Cramer's $V = 0{,}124$

Table 7.29 Cross-tabulation Cluster by Education

Cluster Number Of Case		EDUCATION						
		Elementary School	Gymnasium – Lyceum	Trade Vocational School	TEI	University	Graduate	TOTAL
1	% within Cluster Number of Case	2,3%	37,5%	36,7%	5,5%	14,8%	3,1%	100%
2	% within Cluster Number of Case	4,6%	26,6%	30,3%	11,0%	24,8%	2,8%	100%
3	% within Cluster Number of Case	7,5%	31,5%	26,0%	4,0%	29,0%	2,0%	100%
4	% within Cluster Number of Case	6,3%	30,5%	13,7%	3,2%	36,8%	9,5%	100%

$X^2 = 46{,}502$, $p = 0{,}000$, $df = 15$, Cramer's $V = 0{,}171$

Table 7.30 Cross-tabulation Cluster by Profession

Cluster Number Of Case		PROFESSION								
		Business/ Professional	Public servant	Salaried	Skilled worker	Student	Retired	Housewife	Unemployed	TOTAL
1	% within Cluster Number of Case	19,5%	11,7%	33,6%	1,6%	18,8%	0,8%	6,3%	7,8%	100%
2	% within Cluster Number of Case	19,3%	11,0%	24,8%	4,6%	22,0%	3,7%	4,6%	10,1%	100%
3	% within Cluster Number of Case	10,5%	22,5%	20,0%	2,0%	16,5%	10,0%	13,0%	5,5%	100%
4	% within Cluster Number of Case	9,5%	20,0%	33,7%	0,0%	20,0%	2,1%	13,7%	1,1%	100%

$X^2 = 62{,}491$, $p = 0{,}000$, $df = 21$, Cramer's $V = 0{,}198$

Table 7.31 Cross-tabulation Cluster by Income

Cluster Number Of Case		INCOME						
		-200,000	201,000-300,000	301,000-400,000	401,000-500,000	501,000-600,000	600,000+	TOTAL
1	% within Cluster Number of Case	15,6%	21,9%	12,5%	23,4%	10,2%	16,4%	100%
2	% within Cluster Number of Case	9,2%	21,1%	15,6%	24,8%	14,7%	14,7%	100%
3	% within Cluster Number of Case	13,5%	28,0%	21,5%	13,0%	15,0%	9,0%	100%
4	% within Cluster Number of Case	13,7%	21,1%	29,5%	22,1%	5,3%	8,4%	100%

$X^2 = 32{,}157$, $p = 0{,}006$, $df = 15$, Cramer's $V = 0{,}142$

Table 7.32 Cross-tabulation Cluster by Store Loyalty

Cluster Number Of Case		STORE LOYALTY		
		Yes	No	TOTAL
1	% within Cluster Number of Case	65,6%	34,4%	100%
2	% within Cluster Number of Case	58,7%	41,3%	100%
3	% within Cluster Number of Case	74,9%	25,1%	100%
4	% within Cluster Number of Case	81,1%	18,9%	100%

$X^2 = 15{,}637$, $p = 0{,}001$, $df = 3$, Cramer's $V = 0{,}172$

Table 7.33 Cross-tabulation Cluster by Membership

Cluster Number Of Case		PREFERRED SUPER MARKET: MEMBERSHIP									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	23,9%	8,7%	0,0%	2,2%	6,5%	2,2%	4,3%	10,9%	41,3%	100%
2	% within Cluster Number of Case	15,8%	2,6%	10,5%	0,0%	2,6%	2,6%	0,0%	10,5%	55,3%	100%
3	% within Cluster Number of Case	10,1%	1,4%	5,8%	1,4%	1,4%	0,0%	5,8%	8,7%	65,2%	100%
4	% within Cluster Number of Case	41,9%	7,0%	9,3%	2,3%	0,0%	2,3%	0,0%	9,3%	27,9%	100%

$X^2 = 41{,}713$, $p = 0{,}014$, df =24, Cramer's V = 0,266

Table 7.34 Cross-tabulation Cluster by Low Prices

Cluster Number Of Case		PREFERRED SUPER MARKET: LOW PRICES									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	42,5%	12,5%	13,3%	2,5%	5,8%	6,7%	8,3%	7,5%	0,8%	100%
2	% within Cluster Number of Case	29,5%	17,1%	14,3%	11,4%	8,6%	9,5%	5,7%	1,9%	1,9%	100%
3	% within Cluster Number of Case	34,7%	22,6%	9,5%	7,0%	4,0%	9,5%	4,0%	6,5%	2,0%	100%
4	% within Cluster Number of Case	11,4%	15,9%	19,3%	8,0%	11,4%	11,4%	11,4%	8,0%	3,4%	100%

$X^2 = 50{,}946$, $p = 0{,}000$, df = 24, Cramer's V = 0,182

Table 7.35 Cross-tabulation Cluster by Variety of Merchandise

Cluster Number Of Case		PREFERRED SUPER MARKET: VARIETY OF MERCHANDISE									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	17,6%	31,2%	23,2%	12,0%	6,4%	7,2%	1,6%	0,8%	0,0%	100%
2	% within Cluster Number of Case	15,7%	22,5%	25,5%	16,7%	8,8%	5,9%	2,9%	2,0%	0,0%	100%
3	% within Cluster Number of Case	15,5%	27,5%	28,5%	13,0%	5,0%	5,5%	1,5%	2,5%	0,0%	100%
4	% within Cluster Number of Case	3,3%	15,6%	17,8%	15,6%	21,1%	12,2%	7,8%	6,7%	0,0%	100%

$X^2 = 62{,}414$, $p = 0{,}000$, $df = 24$, Cramer's $V = 0{,}201$

Table 7.36 Cross-tabulation Cluster by Quality of Merchandise

Cluster Number Of Case		PREFERRED SUPER MARKET: QUALITY OF MERCHANDISE									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	9,2%	21,0%	26,9%	15,1%	13,4%	9,2%	5,0%	0,0%	0,0%	100%
2	% within Cluster Number of Case	1,9%	22,3%	22,3%	16,5%	16,5%	8,7%	5,8%	2,9%	2,9%	100%
3	% within Cluster Number of Case	11,1%	20,6%	28,6%	21,1%	9,0%	3,5%	3,5%	2,5%	0,0%	100%
4	% within Cluster Number of Case	12,0%	6,5%	22,8%	19,6%	19,6%	14,1%	3,3%	2,2%	0,0%	100%

$X^2 = 51{,}903$, $p = 0{,}001$, $df = 24$, Cramer's $V = 0{,}184$

Table 7.37 Cross-tabulation Cluster by Helpful Personnel

Cluster Number Of Case		PREFERRED SUPER MARKET: HELPFUL PERSONNEL									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	3,3%	7,5%	15,8%	27,5%	17,5%	9,2%	10,8%	7,5%	0,8%	100%
2	% within Cluster Number of Case	5,2%	5,2%	3,1%	19,6%	19,6%	17,5%	15,5%	12,4%	2,1%	100%
3	% within Cluster Number of Case	3,0%	3,0%	11,2%	23,9%	22,8%	11,7%	12,2%	10,2%	2,0%	100%
4	% within Cluster Number of Case	1,1%	11,1%	20,0%	25,6%	16,7%	17,8%	5,6%	2,2%	0,0%	100%

$X^2 = 43{,}347$, $p = 0{,}009$, $df = 24$, Cramer's $V = 0{,}169$

Table 7.38 Cross-tabulation Cluster by Convenience of Location

Cluster Number Of Case		PREFERRED SUPER MARKET: CONVENIENCE OF LOCATION									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	15,0%	10,8%	9,2%	11,7%	20,8%	15,0%	8,3%	5,8%	3,3%	100%
2	% within Cluster Number of Case	21,5%	10,3%	14,0%	20,6%	14,0%	7,5%	7,5%	2,8%	1,9%	100%
3	% within Cluster Number of Case	23,4%	10,7%	8,6%	15,7%	18,8%	8,6%	7,1%	5,1%	2,0%	100%
4	% within Cluster Number of Case	51,1%	16,3%	4,3%	10,9%	14,1%	0,0%	3,3%	0,0%	0,0%	100%

$X^2 = 68{,}269$, $p = 0{,}000$, $df = 24$, Cramer's $V = 0{,}210$

Table 7.39 Cross-tabulation Cluster by Promotions

Cluster Number Of Case		PREFERRED SUPER MARKET: PROMOTIONS									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	0,9%	6,3%	1,8%	7,2%	11,7%	30,6%	19,8%	16,2%	5,4%	100%
2	% within Cluster Number of Case	3,1%	5,1%	7,1%	9,2%	5,1%	29,9%	27,6%	12,2%	1,0%	100%
3	% within Cluster Number of Case	1,5%	4,1%	4,6%	1,5%	15,9%	26,2%	24,1%	20,5%	1,5%	100%
4	% within Cluster Number of Case	0,0%	0,0%	1,2%	8,2%	4,7%	16,5%	24,7%	42,4%	2,4%	100%

$X^2 = 67{,}955$, $p = 0{,}000$, $df = 24$, Cramer's $V = 0{,}215$

Table 7.40 Cross-tabulation Cluster by Services Offered

Cluster Number Of Case		PREFERRED SUPER MARKET: SERVICES OFFERED									
		1	2	3	4	5	6	7	8	9	TOTAL
1	% within Cluster Number of Case	2,6%	6,1%	3,5%	13,9%	14,8%	11,3%	27,8%	19,1%	0,9%	100%
2	% within Cluster Number of Case	2,0%	4,0%	4,0%	6,1%	15,2%	10,1%	23,2%	33,3%	2,0%	100%
3	% within Cluster Number of Case	5,1%	1,5%	3,6%	12,8%	10,7%	20,4%	27,0%	18,4%	0,5%	100%
4	% within Cluster Number of Case	2,3%	4,6%	2,3%	6,9%	5,7%	16,1%	21,8%	21,8%	18,4%	100%

$X^2 = 86{,}691$, $p = 0{,}000$, $df = 24$, Cramer's $V = 0{,}241$

Table 7.41 Cross-tabulation Cluster by Habit

Cluster Number Of Case		PREFERRED SUPER MARKET: HABIT									
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**TOTAL**
1	% within Cluster Number of Case	10,9%	9,2%	10,1%	10,9%	4,2%	7,6%	9,2%	31,1%	6,7%	100%
2	% within Cluster Number of Case	20,2%	17,3%	8,7%	2,9%	8,7%	6,7%	7,7%	24,0%	3,8%	100%
3	% within Cluster Number of Case	8,6%	8,1%	3,6%	7,1%	12,7%	12,2%	14,7%	27,9%	5,1%	100%
4	% within Cluster Number of Case	41,9%	7,0%	9,3%	2,3%	0,0%	2,3%	0,0%	9,3%	27,9%	100%

$X^2 = 78{,}060$, $p = 0{,}000$, $df = 24$, Cramer's $V = 0{,}226$

The first cluster "Partially *Indifferent Shoppers*" had the second largest number of respondents, (128). Mostly married young female, living in a family of 4-5 people (65.6%) (Tables, 7.25 7.26, 7.27, 7.28) completing Gymnasium/ Lyceum (37.5%) or trade/vocational school (36.7%) (Table7.29) are represented in this segment. These people work as salaried employees (33.6%) and as business professionals (19.5%), which is the highest percentage in comparison to the four clusters (Table7.30), and their household monthly income ranged between 401,000 to 500, 000 dr. (23.4%) (Table 7.31). These people are store loyal (65.6%) (Table 7.32) and price sensitive, they consider low prices as the most important reason for shopping in their super-market (Table 7.34).

The second cluster "*Casual Shoppers With Some Positive Impression*" had the third largest number of respondents, (109). This group of people is almost equally divided between females and males (Table 7.25). Singles, young in age (19-25), educated in trade or vocational schools (30.3%), students (22%), employed as salaried employees (24.8%) and living in families with 2 to 3 people (44%) and 4-5 (45.4%), with a monthly household income of 401,000-500,000 dr.,(24,8%) are the demographic characteristics of this cluster (Tables 7.26, 7.27, 7.28, 7.29, 7.30, 7.31) These people are store loyal (58,7%,) however, this portion has the lowest rate of loyalty among the respondents of the four clusters (Table 7.32). For individuals in this cluster, low prices and the convenience of the location are considered as the most important reasons for shopping in their super-market (Tables 7.34, 7.38).

The third cluster "*Positively Impressed Shoppers*" had the largest number of respondents, (200). Married females aged between 19-25 (28.5%) and 26-35 (25.5%)

having completed Gymnasium or Lyceum (31.5%) and University (29%) working as a public servant (22.5%) or as salaried employees (20%) living in a family of 4-5 people (60.5%) were the most frequent in this category (Tables 7.25, 7.26, 7.27, 7.28, 7.29, 7.30). Their monthly household income ranged between 201,000-300,000, (28%) which is the lowest among the four clusters (Table 7.31). These people are store loyal (74.9%) (Table 7.32), and consider the low prices and the convenience of the location as the most important reasons for shopping in their supermarket (Tables 7.34, 7.38).

The fourth cluster "*Chronic Loyal Shoppers*" had the smallest number of respondents, (95). This category was made up of married females aged between 26-35 living in a family of 4-5 people (Tables 7.25, 7.26, 7.27, 7.28). Respondents in this cluster have a University degree (36.8% and 9.5% have a postgraduate degree) and earn a monthly household income of 301,000-400, 000 dr. (29,5%) (Tables 7.29, 7.31) as salaried employees (33.7%) or public servants (20%). In addition, the percentage of housewives (13.7%) is the highest when comparing all the clusters (Table 7.30). They are the most store loyal respondents (81.1%) as Table 7.31 indicates, and consider the membership, the convenience of the location and the habit as the most important reasons for shopping in their super-market (Tables 7.33, 7.38, 7.41).

7.7.3 Third stage profile of clusters

Univariate analysis of variance was used to examine the differences among the clusters for each of the variables *store interior*, *overall impression*, *overall satisfaction,* and *recommendation*. Dependent variables were compared across clusters using post hoc comparisons to determine if any statistical differences existed

(Fodness and Murray, 1997). One-way ANOVA was used to compare continuous variables across segments. Dunett T3 for unequal variances, one of the most common post hoc procedures, was used to identify which clusters have significant differences. Tables 7.42, 7.43, 7.44, 7.45, and 7.46 present the results of one way ANOVA and Dunett T3 tests for each of the variables respectively.

The statistical procedure Multiple Comparison of Means was performed for the cases where the observed significance level from ANOVA was $p<0.05$. Table 7.43 also presents the Levene's test of homogeneity of variance. For cases that the significance of the Levene's test is lower than 0.05 the researcher used the Dunett T3 test. Finally, in the clusters, where means are presented, beside every group (row-wise) for the same variable of the questionnaire, means with different letters have statistical difference effects, while means with the same letter beside them do not, at a=0.05.

The individual analyses of variance (ANOVAs) for each variable indicated significant differences between clusters. The analysis of Oneway ANOVA indicated that the four clusters were differentiated. Specifically, for the dependent variable "store interior" the respondents in cluster 3 (Positively Impressed Shoppers) have a more positive impression (mean=4.03) in comparison with the other three clusters, while the respondents in cluster 2 (Casual Shoppers with Some Positive Impression) have a more indifferent impression (mean=3.33). Regarding the dependent variables: "overall impression" the respondents in cluster 3 (Positively Impressed Shoppers) have a more positive impression (mean=4.01) in comparison with the other three clusters, while the respondents in cluster 2 have a more indifferent impression (mean=3.39). For the dependent variable, "overall satisfaction", the respondents in cluster 3 (Positively Impressed Shoppers) have a more positive impression (mean=3.96) in comparison with the other three clusters, while the respondents in cluster 2 (Casual Shoppers with Some Positive Impression) have a more indifferent impression (mean=3.36). For the dependent variable "recommendation" respondents in cluster 3 (Positively Impressed Shoppers) have the most positive impression (mean=3.98), while respondents in cluster 4 "Chronic Loyal Shoppers" have a more indifferent impression (mean=3.39).

Table 7.42 One Way ANOVA

Dependent Variable	F (3; 528)	P	Levene's test	
			F (3; 528)	p
Store Interior	40.287	.000	7.490	.000
Overall Impression of the Food and Groceries Sections	25.121	.000	9.071	.000
Overall Satisfaction with the Food and Groceries Section	27.444	.000	31.515	.000
Recommendation of Supermarket you make Purchase in	112.267	.000	8.477	.000

Table 7.43: One Way ANOVA with Dependent Variable (Store Interior)

Cluster	Mean	Standard Deviation	N
1	3.60b	.64	128
2	3.33c	.68	109
3	4.03a	.64	200
4	3.33c	.61	95

Table 7.44: One Way ANOVA with Dependent Variable (Overall Impression of the Food and Groceries Section)

Cluster	Mean	Standard Deviation	N
1	3.80b	.55	128
2	3.39c	.67	109
3	4.01a	.59	200
4	3.81ab	.61	95

Table 7.45: One Way ANOVA with Dependent Variable (Overall Satisfaction with in the Section of Food and Groceries)

Cluster	Mean	Standard Deviation	N
1	3.66b	.58	128
2	3.36c	.60	109
3	3.96a	.51	200
4	3.57b	.74	95

Table 7.46: One Way ANOVA with Dependent Variable (Recommendation of Supermarket you Make Purchases in)

Cluster	Mean	Standard Deviation	N
1	3.74ab	.97	128
2	3.45cb	.89	109
3	3.98a	.86	200
4	3.39c	1.10	95

7.7.4. Fourth stage profile

In order to enrich the profiles of clusters differentiation in connection and combination with the variables of recommendation, overall impression, overall satisfaction, and the factors of satisfaction and impression the Multiple Discriminant Analysis (MDA) was used mainly for descriptive purposes to facilitate a better interpretation of clusters (Klecka, 1980; Hair *et al.*, 1995) and not for predictive purposes. MDA followed three basic steps: 1) calculation of canonical discriminant functions, 2) calculation of canonical correlations, and 3) computation of cluster centroids. The objective of the discriminant analysis was to identify which dimensions best discriminated among the four clusters. This in turn, can facilitate interpretation of the significant differences identified.

Discriminant analysis revealed three significant canonical discriminant functions that distinguished the clusters (Function 1: Wilks' lambda=0.13, p=0.000, percentage of variance=44.1, canonical correlation=0.74, Function 2: Wilks' lambda=0.31, p=0,000, percentage of variance=33.2, canonical correlation=0.69, Function 3: Wilks' lambda=0.60, p=0.000, percentage of variance=22.7, canonical correlation=0.62). Discriminant correlations are noted in Tables 7.47 and 7.48.

Table 7.47 MDA Results: The percentages of Variances and Canonical Correlation for each of the three Functions

Function	Eigenvalue	% of Variance	Cumulative %	Canonical correlation
1	1.246	44.1	44.1	.747
2	.950	33.2	77.3	.698
3	.651	22.7	100.0	.628

Table 7.48 MDA Results: Statistical Significance of the three Functions

Test of Function(s)	Wilks' Lambda	Chi-square	Df	Sig
1 through 3	.37	1039,013	24	.000
2 through 3	.311	611,614	14	.000
3	.606	262,302	6	.000

In order to determine which variables participate in the creation of functions, varimax rotation of factors was performed to obtain a better picture of loadings. For this study, a cutoff criterion for determing loadings that are most discriminate among variables forming the clusters was not established. Table 7.49 illustrates the discriminant function variable loadings. The discriminant loadings represent the relative contribution of the variables to the respective discriminant function. The first discriminant function or dimension of discrimination loads the *convenience of location* (factor 3 of the impression scale), the second discriminant function loads the *store personnel* (factor 2 of impression scale), *the store accessibility* (factor 2 of satisfaction scale) and *the overall impression of the food and groceries section*. The third discriminant function loads the *easy to shop, dècor and variety of merchandise* (factor 1 of impression scale), *the store services, atmosphere and merchandise* (factor 1 of satisfaction scale), *the overall satisfaction with food and groceries section* and the *recommendation of the supermarket that you make purchases at.*

Table 7.49 Rotated Structure Matrix

Discriminating Variables	**Function**		
	1	2	3
Convenience of Location (Factor 3 Impression)	**,975**	,109	-,082
Store Personnel (Factor 2 Impression)	-,066	**,900**	,346
Store accessibility (Factor 2 Satisfaction)	,207	**,423**	,018
Overall Impression of Food and Groceries Section (Q12)	-,005	**,335**	,265
Easy to shop, Dècor and Variety of Merchandise (Factor 1 Impression)	,037	,008	**,950**
Store Services, Atmosphere and Merchandise (Factor 1 Satisfaction)	-,106	,257	**,606**
Overall Satisfaction With in the Section of Food and Groceries (Q13)	,012	,249	**,375**
Recommendation (Q15)	-0,45	,094	**,296**

Function 1 (Table 7.50) discriminates cluster 1 from clusters 2, 3, 4. The degree of discrimination is higher between cluster 1 (centroid=-1.83) and cluster 4 (centroid=0.818). Respondents in clusters 3 and 4 almost have similar behaviour. Consumers in cluster 4 have a very good impression regarding the feature of store image, *convenience of location* of the store that they make their purchases at (mean=4.5), meaning that the stores are very convenient to their homes, while consumers in cluster 1 characterize the convenience of location of their stores they shop at as poor (mean= 2.47), meaning that the supermarkets are not convenient.

Function 2 (Table 7.50) was also significant, best distinguishing cluster 2 centroid=-1.71; from the other clusters (cluster 1, centroid=0.14; cluster 3, centroid=0.26, cluster 4 centroid=1.24). The degree of discrimination is higher between cluster 2 (centroid=-1.83) and cluster 4 (centroid=1.24). The most discriminant variable for function 2 was store personnel (Table 7.51). Consumers in cluster 4 have a very good impression regarding the feature of store image, *store personnel, location* of the store that they make their purchases at (mean=4.02), meaning that the staff of the stores are friendly, helpful, knowledgeable or have developed good interpersonal relations with the customers and give them personal attention, and thus consumers are impressed with them. Consumers in cluster 2 have a negative to neutral impression towards the personnel of their stores (mean=2.97), meaning that the stores in this area face a problem.

Function 3 (Table 7.50) significant differentiates cluster 3 (centroid=1.01) from the other clusters (cluster 1, centroid=-0.19; cluster 2, centroid=-0.39, cluster 4, centroid =-1.45). The degree of discrimination is higher between cluster 3 (centroid=1.01) and cluster 4 (centroid=-1.45). The most discriminant variable for function 3 was *easy to shop décor and variety of merchandise* (Table 7.51). Consumers in cluster 3 have good to very good impression regarding the features of store image *easy to shop, décor, and variety of merchandise* of the store they make their purchases at (mean=4.14), meaning that the consumers have a good impression of their features, which facilitates their shopping procedure in store. Consumers in cluster 4 have an almost neutral impression towards the *easy to shop, décor, and variety of merchandise* (mean=2.98), meaning that the consumers in this cluster are not impressed with these features or they do not consider them as important features of store image.

Table 7.50 Functions at Group Centroids

Cluster Number	Function		
	1	2	3
1	-1,830	,140	-,191
2	0,045	-1,711	-,394
3	,753	,260	1,017
4	,818	1,240	-1,450

Table 7.51: Means of the Components of the Discriminant Functions per Cluster.

FUNCTIONS/ COMPONENTS	**CLUSTERS**			
	1	**2**	**3**	**4**
Function 1				
Convenience of Location	2.47	3.66	4.23	4.50
Function 2				
Store Personnel	3.84	2.97	4.01	4.02
Store Accessibility	3.59	3.36	3.94	4.17
Overall Impression of the Food and Groceries Section	3.79	3.38	4,00	3.80
Function 3				
Easy to Shop, Décor, and Variety of Merchandise	3.53	3.46	4.14	2.98
Store Services, Atmosphere and Merchandise	3.68	3.31	3.90	3.33
Overall Satisfaction with the Food and Groceries Section	3.66	3.35	3.96	3.56
Recommendation	3.74	3.44	3.98	3.38

The final step in the discriminant analysis was to test the functions ability to correctly classify respondents into the appropriate cluster. This particular solution of MDA classified correctly 83.6 % of the originally grouped cases using the U method (Norusis, 1992; Hair *et al*, 1995).

The application of cluster analysis produced both meaningful and useful groupings of store image with respect to all features that compose the factors of impression and satisfaction scales, the overall impression and overall satisfaction with the food and groceries section and the recommendation utilising their interrelationships as a segmentation base. The synopsis of the shoppers groups produced in this study is illustrated in figure 7.1. It is noteworthy that due to multi-segmentation bases these segments are not comparable with segments appeared in other food retailing studies, which used different segmentation bases such as attitudes to time (Chetthamrongchai and Davies, 2000), leisure time in shopping (Boedeker, 1995; Bellenger and Korgaonkar, 1980), price and customer service (Williams *et al.*, 1978).

7.7.5. Comments on cluster analysis

Cluster Analysis is a descriptive method which in most circumstances is not supported by a powerful theoretical frame of inferential statistics (Hair et al., 1995). Formulation of groups- clusters is based on ad hoc simple calculation routines (Kinnear and Taylor, 1996), which despite possessing noticeable mathematical attributes, still do not consist of anything more than smart algorithms, the outcome of which is interpreted mainly with the help of practical norms and heuristics, which are more often subjective.

Figure 7.1 ***Main Characteristics of the Four Clusters***

Cluster 1:
Partially Indifferent Shoppers

N=128

Demographics
Females
Married
Family of 4-5
Secondary education
Salaried employees
Income of 401,000-500,000dr.

Shopping Behaviour
Consumers are impressed more by the quality of the products and their shopping behaviour is influenced mainly by the low prices. They express a quite positive impression (overall) and satisfaction (overall) with the food and groceries section and they are willing to recommend their store.

Cluster 2
Casual Shoppers With Some Positive Impression

N=109

Demographics
Females- Males
Singles
Family of 4-5 and 2-3
Trade –Vocational Schools
Salaried employees
Students
Income of 401,000-500,000dr.

Shopping Behaviour
Consumers are impressed mainly by the variety of products and they are influenced by the low prices and the convenience of location. They have a moderate degree of impression and satisfaction with the food and groceries section.

Cluster 3:
Positive Impressed Shoppers

N=200

Demographics
Females
Married
Family of 4-5
Secondary education, University
Public Servants
Income of 201,000-300000dr/.

Shopping Behaviour
Consumers are impressed by merchandise quality and variety and by the services offered. Their shopping behaviour is influenced by the low prices, the convenience of location and the store interior. They have the most positive impression and satisfaction (overall) with the food and groceries section and they would likely recommend their store.

Cluster 4:
Chronic Loyal Shoppers

N=95

Demographics
Females
Married
Family of 4-5
University Degrees
Salaried employees, Housewives
Income of 301,000-400000dr.

Shopping Behaviour
Consumers are the most store loyal and are impressed by the merchandise quality and the helpfulness of personnel. Their shopping behaviour is influenced by their membership, habit and store accessibility and convenience of location. However, they express a moderate overall impression and satisfaction with the food and groceries section.

Cluster Analysis is applied in many scientific fields and this results the bias and the "tradition" of these scientific fields to incorporate so much in the calculation part of the analysis as much as in the interpretation part. In every scientific field, there are some "preferences" concerning the research questions that are formulated, the type of data that are considered suitable for the development of a taxonomy and in the

constructs of these taxonomies so that they are considered useful so much as from the theoretical as much as the practical point of view. What is useful for a psychologist might not be useful for a biologist. In the field of market research the method of Cluster Analysis used more often is K-means Cluster Analysis or Quick Cluster (Churchill, 1995).

Different methods of Cluster Analysis can give different solutions for the same set of data. To avoid this it is necessary to use a criterion to be used so that the method of Cluster Analysis which gave the most "natural" and logical groups of data can be observed. There is no general accepted superior method of Cluster Analysis (Manly, 1994).

The strategy of Cluster Analysis is the tracing of constructs which are not evident in the data. However application seems to be in the end the enforcement of a construct. Cluster Analysis always gives a solution no matter if the sample comes from a population for which we know that there is no existence of groups or clusters. This means that whatever method of Cluster Analysis we use should always have taxonomy – grouping that can be different depending on the method and/or the distance which will be used. Thus, the key in the interpretation of the solution is the knowledge of the researcher relatively to if the groups that are formed are real and are not imposed from the specific method used.

Cluster Analysis is applied under the following circumstances either solely or in combination:

- For the development of a typology or taxonomy or segmentation.
- In the examination of useful conceptual schemes or prototypes for grouping objects or subjects.
- In formulating hypothesis through examination of data.
- In verifying and checking hypotheses that concern existing data, with the meaning of discovering constructs and typologies that are assumed or defined from other procedures.
- As a technique of limiting data or data reduction.

7.7.6. Validity criteria for this research

The criteria for the validity of the solution of Cluster Analysis that was proposed for the specific research was the following:

- In the first phase, application of hierarchical Cluster Analysis to get a picture of the constructs of the data and to get a first estimation of the number of clusters and their centroids.
- Comparison of the solution with others that are derived from randomly selected subsets of data.
- Comparison of the solution with others that are derived from the application of fewer variables.

- Significance tests (ANOVA, X^2 tests) and analysis of the profile of the clusters as to external variables (e.g. Demographic variables, attitude variables etc.).
- Other solutions with different number of clusters were examined.
- The solution was examined within the context of the theoretical background of the research for its physical interpretation and its practical meaningfulness.
- The solution satisfied the research criteria of the researcher.

7.8 Presentation and Analysis of the Model

Based on this study, store image is a function of impression, which is synthesised by three factors and satisfaction by two factors. Using these factors a revised model of store image in food retailing was derived. By employing the AMOS program version 3.6 (Arbuckle, 1997) an evaluation was made of how well the proposed model fits the data. All main effects and interactions included in this model are visually illustrated in Figure 7.2.

A chi-square goodness of fit test was conducted in order to statistically evaluate the null hypothesis, H_o= the given model provides an acceptable fit to the observed data. The Chi square goodness of fit test statistic of this model (X^2= 72.088 with df=52, and p=0.034) indicated that the null hypothesis must be rejected at α=0.05 but is not rejected at α=0.01. However, Sharma, (1996) and Hair *et al.*, (1995) point out that the chi square test is sensitive to sample size with a result of even a small deviation of data from the theoretical model to appear as statistically significant. Thus, many researchers such as Bearden *et al.*, (1982); Hair *et al.*, (1995) and Sharma, (1996) have suggested some other weighted fit indices for the evaluation of the model (if it appropriately fits the data). The most common fit indices used, are the Goodness of

Fit Index (GFI), the Adjusted Goodness of Fit Index (AGFI) and Root Mean Square Error (RMSE).

For the proposed model these indices had the following values: GFI=0.979, AGFI=0.969, and RMSE=0.027. These values were greater than the equivalent cutoff values of 0.90, 0.80 (Sharma, 1996). Regarding the RMSE, Sharma (1996) argues that the larger the RMSE, the less the fit is between the model and the data and vice versa. An acceptable RMSE value is <0.05.

The numbers on the arrows express the loadings (estimates standardised regression weights) are statistically significant at a=0.05 and the numbers in the boxes or ellipses express the estimates of the square multiple correlation (R^2). These numbers have been estimated with the method of maximum likelihood (Long, 1983).

Finally, it is important to interpret the results of this model. Regarding the impression component, it seems that factor 1 (easy to shop, décor and variety of merchandise) and factor 3 (convenience of location) are the most important determiners of store image, while factor 2 (store personnel) was the least important. The store features of these factors that determine the store image are consistent with previous studies. In particular, easy to shop (Samli *et al*, 1998), décor (Samli *et al*, 1998), variety of merchandise (Malhotra, 1983; Mazursky and Jacoby, 1986) store personnel (Kunkel and Berry, 1967; Marks, 1976; Baker et al, 1994; Joyce and Lambert, 1996; Samli *et al*, 1998), and convenience of location (Lindiquist, 1974; Pessemier, 1980; Mazursky and Jacoby, 1986).

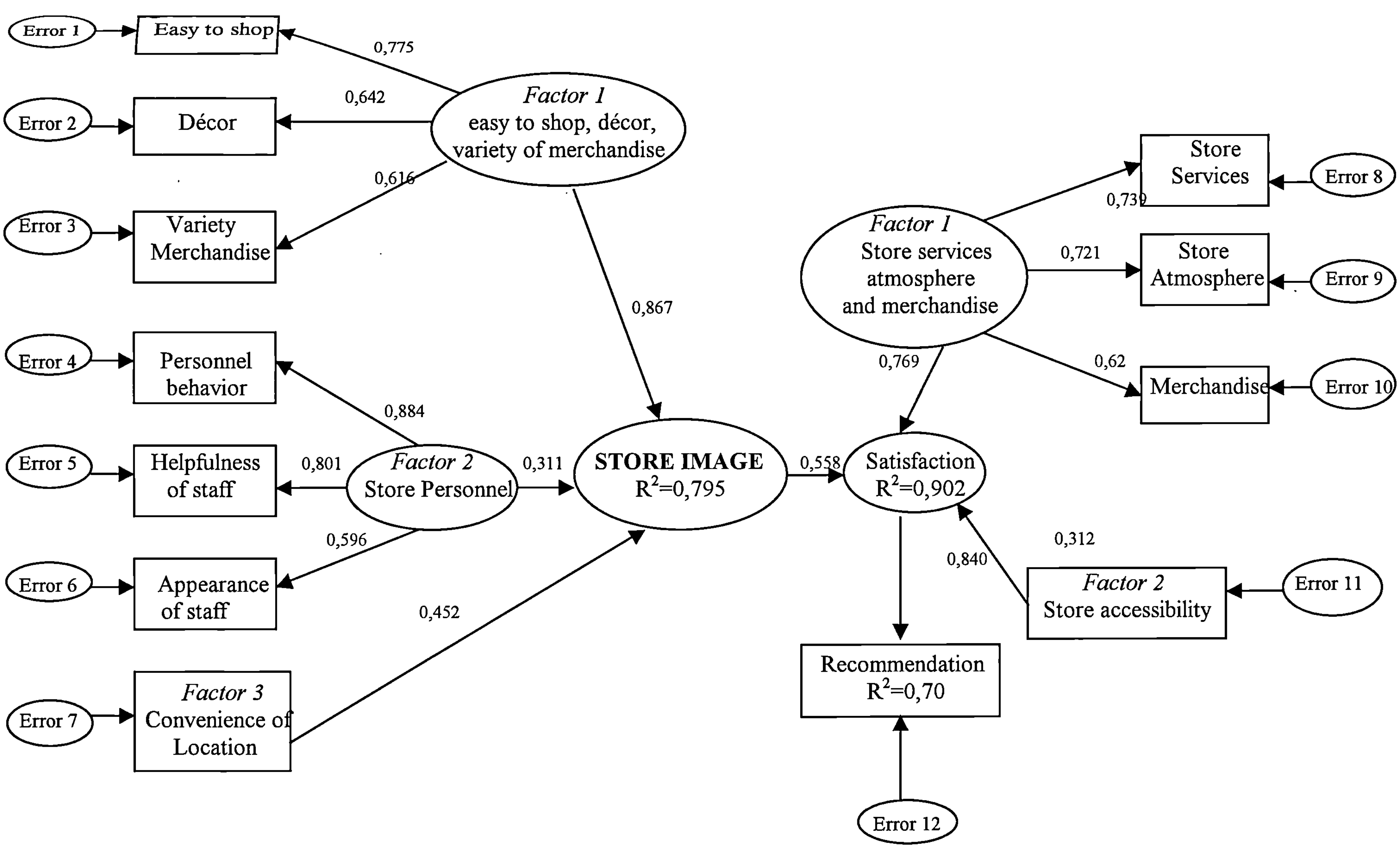

Figure 2. Store Image Formation in Food Relailing

Regarding the satisfaction component, factor 1 (store services, atmosphere and merchandise) contributes more than factor 2 (store accessibility). An emphasis probably is plaçed on store services, store atmosphere and merchandise due to intense competition among supermarket chains, especially between the foreign ones. The plethora of supermarkets make the consumers more demanding in their shopping behaviour, seeking better services, a pleasant atmosphere and a wide variety of merchandise, since they are provided with more shopping choices. Besides, Foxall and Goldsmith (1994) argue that the process of constantly improving services offered by a store can increase satisfaction.

90.2 percent of the variability of satisfaction is interpreted by the store image and the two factors of the satisfaction component. The impact of store image on satisfaction is high (0.558). 70.0 percent of the variability of recommendation is interpreted by the satisfaction.

These findings revealed that store image is created by impression. Darley and Lim (1999) point out that consumers form impressions of stores (store image) and these impressions have a significant impact on shopping behaviour at a particular store. Satisfaction is directly affected by store image. In essence, a more favourable store image leads to higher satisfaction, while higher satisfaction leads to a higher likelihood of recommendation. This outcome is consistent with the studies (Anderson *et al*, 1994; Reichheld and Sasser, 1990) that showed a relationship between satisfaction and positive word of mouth (recommendation). Finally, some other similar models were tested, however, with poor fit to the observed data.

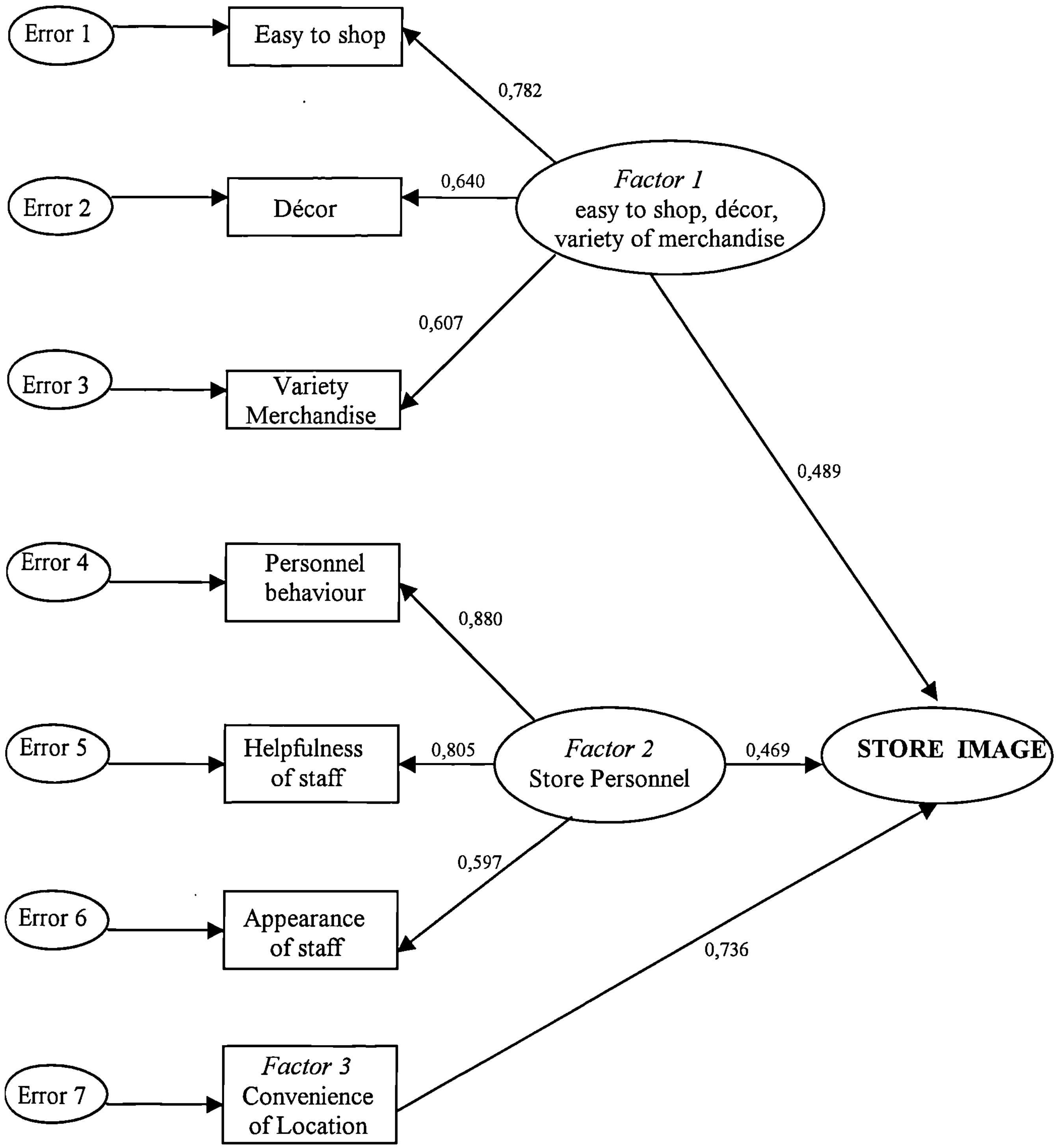

Figure 1: Submodel A
(x^2 = 29,465, df = 15, p = 0,014, GFI = 0,946, AGFI = 0,899, RMSE = 0,063)

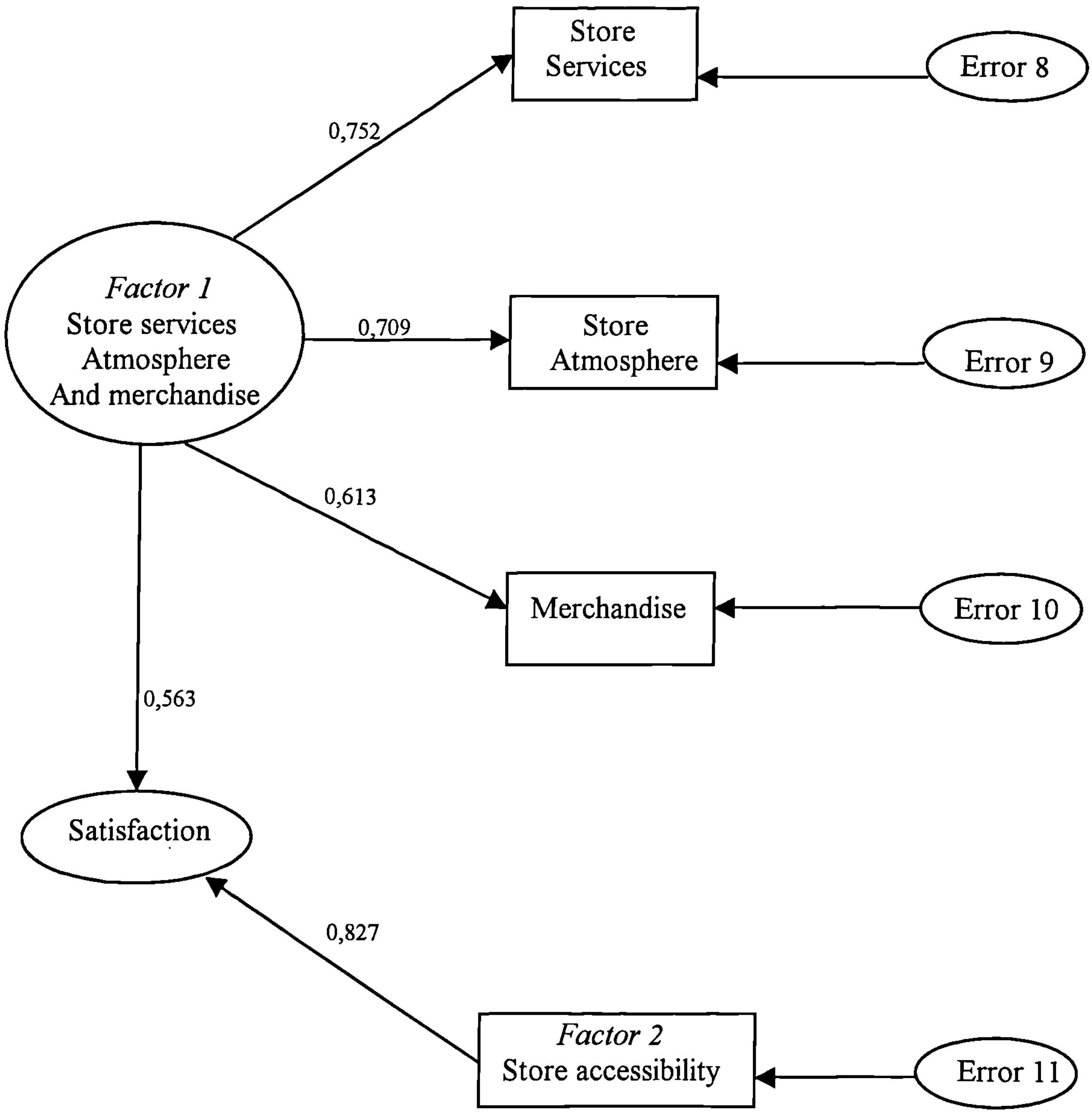

Figure 2: Submodel B
($x^2 = 8{,}425$, $df = 3$, $p = 0{,}038$, GFI = 0,989, AGFI = 0,962, RMSE = 0,046)

In order to show that latent constructs (unobserved variables, ie., store personnel) measured satisfactory by the observed variables (Klem, 2000; Thomson, 2000) two distinct measurement sub-models (Sub-model A, Sub-model B) were examined. Figures 7.3 and 7.4 The satisfactory adaptation of the data in the two sub-models confirms the measurement model of the proposed full structural equation model. Table 7.52 outlines the results of the measurement model.

Table 7.52: Results of Measurement Model

	X^2	Df	P	GFI	AGFI	RMSE
Submodel A	29.465	15	0.014	0.946	0.899	0.063
Submodel B	8.425	3	0.038	0.989	0.962	0.046

7.9 Results from Hypothesis Testing

Table 7.53 presents centralised results from hypothesis tests with contingency tables.

Table 7.53: Statistical Differences of Chi Square Test

Dependent	Independent	Pearson's X2	D.F	P	Degree of Consistency
Store Loyalty	Membership	17.799	8	0.023*	Cramer's V=0.301
Overall Impression	Membership	23.753	24	0.395	-
Overall Satisfaction	Membership	33.887	24	0.152	-
Overall Satisfaction	Overall Impression	408.720	12	0.000**	Gamma=0.812
Recommendation to others	Overall Impression	66.609	16	0.000**	Gamma=0.445
Recommendation to others	Overall Satisfaction	81.907	12	0.000**	Gamma=0.523
Store Loyalty	Overall Satisfaction	26.516	3	0.000**	Cramer's V=0.223
Store Loyalty	Overall Impression	18.447	4	0.001**	Cramer's V=0.186

1) H_o = *There is no degree of association between consumers' membership in a supermarket and store loyalty (a=0.05).*

H_1 = *There is a degree of association between consumers' membership in a supermarket and store loyalty (a=0.05).*

The analysis of the contingency table of the hypothesis test shows that statistical differences exist between the variable membership and store loyalty (X^2 =17.799, p= 0.023). The degree of consistency is moderate because of the Cramers V=0.30.

Of those that are members of a supermarket 77.2 percent answered that they are store loyal. Of the store loyal, 25.7 percent stated that membership was the main reason for store loyalty, while 43.4 percent answered that membership was the least important reason for store loyalty.

2) H_o = *There is no degree of association between consumers' membership in a supermarket and overall impression with the food and groceries section (a=0.05).*

H_1 = *There is a degree of association between consumers' membership in a supermarket and overall impression of the food and groceries section (a=0.05)*

The analysis of the contingency table of the hypothesis test shows that there is not enough evidence to reject the null hypothesis that membership and overall impression of the food and groceries section are two independent variables (X^2 =23.753, p= 0.395).

This could be due to the fact that the member shoppers believe they can find a high quality of food and groceries. In addition, shoppers became more demanding as their personal income increased.

3) H_o = *There is no degree of association between membership and overall satisfaction with the food and groceries section (a=0.05).*

H_1 = *There. is a degree of association between membership and overall satisfaction with the food and groceries section (a=0.05)*

The analysis of the contingency table of the hypothesis test shows that there is not enough evidence to reject the null hypothesis that membership and overall satisfaction with the food and groceries section are two independent variables (X^2 =33.887, p= 0.152).

This could be due to the fact that the member shoppers simply shop there by wanting to benefit from other offers that they have by using their membership. In addition, every customer has the right to be satisfied with his/her purchases.

4) H_0 = *There is no degree of association between overall impression of the food and groceries section and overall satisfaction with the food and groceries section (a=0.05).*

H_1 = *There is a degree of association between overall impression of food and groceries section and overall satisfaction with the food and groceries section (a=0.05).*

The analysis of the contingency table of the hypothesis test, indicates that statistical differences exist between the variable overall impression of food and groceries section and overall satisfaction with the section of food and groceries (X^2 =17.799, p= 0.023). The degree of consistency is very high because Gamma=0.812.

From the 335 respondents that had a good impression of the food and groceries section, 77.9 percent was satisfied, while 19.4 percent was neither satisfied nor unsatisfied.

Of the 51 respondents that had a very good impression of the food and groceries section, 56.9 percent was very satisfied, while 39.2 percent was satisfied. Of the 137 respondents that had neither a poor nor a good impression of the food and groceries section, 31.4 percent was satisfied, while 63.5 percent was neither satisfied nor unsatisfied.

5) H_o = There is no degree of association between overall impression of food and groceries section and recommendation of a regular supermarket to others (a=0.05).

H_1= There is a degree of association between overall impression of food and groceries section and recommendation of regular supermarket to others (a=0.05).

The analysis of the contingency table of the hypothesis test shows that statistical differences exist between the variable of overall impression of food and groceries section and its recommendation to others (X^2 =66.609, p= 0.000). The degree of consistency is quite high because Gamma=0.445.

Of the 335 respondents that had a good impression of the food and groceries section, 54 percent would likely recommend their regular supermarket to friends and relatives, while the 20 percent would very likely recommend their regular supermarket to friends and relatives.

Of the 51 respondents that had a very good impression of the food and groceries section, 43.1 percent would likely recommend their regular supermarket to friends and relatives, while 41.2 percent would very likely recommend their regular supermarket to friends and relatives.

From the 137 respondents that had neither a poor nor a good impression of the food and groceries section, 45.3 percent would likely recommend their regular supermarket to friends and relatives, while 35.8 percent would be neither likely nor unlikely to recommend their regular supermarket to friends and relatives.

6) Ho = There is no degree of association between overall satisfaction with the food and groceries section and recommendation of regular supermarket to others (a=0.05).

H_1 = There is a degree of association between overall satisfaction with the food and groceries section and recommendation of regular supermarket to others (a=0.05).

The analysis of the contingency table of the hypothesis test which gives the distribution of the respondents shows that statistical differences exist between the variable of overall satisfaction with the food and groceries section and its recommendations to others (X^2 =81.907, p= 0.000). The degree of consistency is high because Gamma=0.523.

Of the 326 respondents (60.9 percent of total respondents) that were satisfied with the food and groceries section, 55.8 percent stated that they would likely recommend their regular supermarket to friends and relatives. 22.1 percent would very likely recommend their regular supermarket to friends and relatives, while 15.3 percent would be neither likely nor unlikely to recommend their regular supermarket to friends and relatives.

Of the 159 respondents (29.7 percent of total respondents) that were neither satisfied nor unsatisfied with the food and groceries section, 26.3 percent would likely recommend their regular supermarket to friends and relatives, 57 percent would very likely. recommend their regular supermarket to friends and relatives, while 33.3 percent would neither likely nor unlikely recommend their regular supermarket to friends and relatives.

Of the 32 respondents (6 percent of total respondents) 43.8 percent would very likely. recommend their regular supermarket to friends and relatives, the 40.6 percent would likely. recommend their regular supermarket to friends and relatives, while the 9.4 percent would neither likely nor unlikely recommend their regular supermarket to friends and relatives.

7) H_o = *There is no degree of association between overall satisfaction with the section of food and groceries and store loyalty (a=0.05).*

H_1= *There is a degree of association between overall satisfaction with the section of food and groceries and store loyalty (a=0.05).*

The analysis of the contingency table of the hypothesis test shows that statistical differences exist between the variable of overall impression of food and groceries section and store loyalty (X^2 =26.516, p= 0.000). The degree of consistency is weak because the Cramers V=0.223.

Of the 535 respondents, 376 were store loyal. Of these respondents the 66 percent was satisfied with the food and groceries section, 7.4 percent was very satisfied with the food and groceries section, while 23.4 percent was neither satisfied nor unsatisfied with the section of food and groceries section, and only the 3.2 percent was unsatisfied.

Of the 157 respondents that were not store loyal, 49 percent was satisfied with the food and groceries section, 2.5 percent was very satisfied with the food and groceries section, while 44.6 percent was neither satisfied nor unsatisfied with the section of food and groceries, and only the 3.8 percent was unsatisfied.

8) H_o = *There is no degree of association between overall impression of food and groceries section and store loyalty (a=0.05).*

H_1= *There is a degree of association between overall impression of food and groceries section and store loyalty (a=0.05).*

The analysis of the contingency table of the hypothesis test shows that statistical differences exist between the variable of overall impression of food and groceries section and store loyalty (X^2 =18.447, p= 0.001). The degree of consistency is weak, because the Cramers V=0.186.

Of the 535 respondents the 376 were store loyal. Of these respondents 65.7 percent had a good overall impression of the food and groceries section, 11.4 percent had very good overall impression of food and groceries section, while 21.4 percent had neither good nor poor overall impression of food and groceries section. Only 1.9 percent had very poor and poor overall impression of food and groceries section.

Of the 157 respondents that were not store loyal, 55.4 percent had a good overall impression of food and groceries section, 5.1 percent had a very good overall impression of food and groceries section, while 36.3 percent had neither good nor a poor overall impression of the food and groceries section. Only 3.2 percent had a poor overall impression of the food and groceries section.

7.10 Conclusions

This chapter presented the findings and results of this study. It presented the characteristics of the respondents and the evaluation of the respondents' impression and levels of satisfaction towards the store image attributes and the section of food and groceries. Also, the study identified consumer groups and provided insights into store image aspects by market segment. In addition, the proposed model interpreted the dynamic connection of store image, satisfaction and the likelihood of recommendation.

After the descriptive statistics, the analysis of the data continued with the use of the analytical method of factor analysis. This technique dealt with shoppers' importance ratings of store attribute and customer satisfaction. Factor analysis for impression scale (store image) produced three factors: 1) *easy to shop, décor and variety of* *merchandise,* 2) store personnel and 3) *convenience of location.* The findings revealed that these store factors are quite similar with factors in past studies and the store image attributes included in these factors have been used and recognised as important elements of store image (Martineau, 1958; Lindiquist, 1974-1975, Pessemier, 1980; Jacoby and Mazursky, 1986; Joyce and Lambert, 1996, Samli *et al.,* 1998). The factors generated by the factor analysis were subject to cluster analysis in order to investigate the existence of distinctive groups of consumers based mainly on the store image attributes, which they considered most important. The study has focused on the possible relationships between shopping behaviour, store image and satisfaction. Cluster analysis produced four unique groups: *partially indifferent shoppers, casual shoppers with some positive impression, positive impressed shoppers, chronic loyal shoppers.* However, these segments are not comparable with segments of other studies in retailing and especially in food retailing.

The results from the structural equation model were also presented as well as explanations of the findings. The model store image → customer satisfaction→ recommendation was well supported by the results from the sample tested in this study. The hypotheses were tested for significance and the results were reported. The next chapter, the final chapter, will summarise the findings of this study and conclude with implications of the results and suggestions for future research.

CHAPTER 8. CONCLUSIONS, LIMITATIONS AND IMPLICATIONS

8.1 Introduction

The dissertation study investigated and conceptualised the relationship between store image and consumer behaviour, especially customer satisfaction, in retailing. This study, deeply rooted in both store image and marketing literature, attempted to develop and test a model of store image formation. Additionally, an examination of different shopper segments was performed to examine if there were important differences among these segments. Empirical evidence were presented to support the findings. The results of this research have broad implications for both researchers and practitioners.

This chapter attempts to draw some conclusions about the adequacy and usefulness of the study. Moreover, limitations and implications of these findings along with recommendations for future research are also presented. Prior to discussing the implications and the limitations, the summary of the study and findings of the study are presented.

8.2 Summary of the Study

Food retailing is one of the most dynamic economic sectors in Greece and a major pole of financial activity. Especially the entrance of foreign retail groups in the Greek market has ignited important changes in the structure of the Greek retailing in the 1990s. The formation of a few powerful retail groups through mergers and acquisitions, the decreasing numbers of food stores, investments in technology, modern management techniques and the dominance of foreign retail groups are included in these changes. Further, these changes forced the Greek retailers to be in tune with the new market situation in order to be more competitive. Thessaloniki, the area under investigation, is the second largest city in Greece with one million inhabitants, and it is considered as a major trade centre in South-eastern Europe. In Thessaloniki's food retailing, the dominance of the powerful local retail groups and the store concentration among others are the most interesting points that make competition very stiff and it can distinguish itself from that of Athens and other major cities in Greece.

This study attempted to analyse and conceptualise the relationship between store image and consumer behaviour, especially customer satisfaction in food retailing. This research will focus on the role of store image in food retailing with regard to consumers' impression and satisfaction. Store image plays a significant role in influencing store patronage and, on the other hand, customer satisfaction affects the customer- store relationship.

The study was based on primary data and developed in two axes. The first axis consisted of the qualitative research, where it took place in the form of focus groups in June 1999 in the city of Thessaloniki. Three focus groups were conducted and twenty one people participated. Qualitative research was conducted in order to explore shoppers' attitudes towards store image in food retailing. In addition, it included questions regarding shopping behaviour, habits and customer satisfaction. The findings of focus group discussions were the basis for the development of the quantitative research questionnaire.

The second axis included the field research which was conducted in December1999-February 2000 in metropolitan Thessaloniki. A convenience sample of 535 shoppers was used for data collection. The method of personal interviews was employed. The quantitative research questionnaire included 22 questions grouped in three parts. The first one referred to shopping behaviour in general (store patronage, frequency of shopping, and use of shopping list). The second part included questions to measure store image directly and subjectively, with regard to the 13 functional attributes of store features, and customer satisfaction. The attributes in this study are the outcome of qualitative research, experts' opinions and literature review. For the purpose of measuring store image and customer satisfaction a five point Likert scale was used in this study. The five point scale used as a scoring method a 1,2,3,4,5 rating from "very unfavourable" to "very favourable" statements. The third part included demographic questions to determine shoppers' socio-economic and demographic status.

For the statistical analysis of the primary data, descriptive analysis was used initially (frequencies, percentages). Factor analysis (PCA), item analysis, cluster analysis, ANOVA, MDA, formal testing of the proposed model and hypothesis testing were employed in the analysis and the presentation of the findings of this dissertation study.

8.3 Summary of Findings

The first objective of the research was to identify unique groups of shoppers based on the factors of impression and satisfaction components to better understand the relationship between different customer groups and store image. Overall, the empirical findings in the store image formation process distinguish four segments. These groups differed in the importance of store attributes, shopping behaviour and partially in demographics. Taking into account the methodology of investigation of clusters' profiles, which when applied for the first time, these segments may constitute a major contribution of the study, and can be used as a basis for a useful conceptual scheme for market segmentation purpose. However, these segments are not comparable with segments produced in other retail segmentation studies (Chetthamrongchai and Davies, 2000; Boedeker, 1995; Hermann and Warland, 1990; Bellenger and Korgaonkar, 1980) due to different segmentation bases.

The second objective of the study was to propose and empirically test a model of store image formation. Structural equation modelling was selected for its ability to test linear relationships with latent variables and measurement error (Testa, 1999). The model store image→ customer satisfaction→ recommendation was well supported by the results from this sample tested in this study. Several fit indices were used to assess this model, including X^2, GFI, AGFI, and RMSE. In addition to the positive fit indices, factor loadings from 0.312 to 0.884 supported the measurement properties of the model. It was found that store image has an impact on shoppers' satisfaction and the likelihood of recommendation is directly determined by satisfaction. In this sense, the study shed some light on image formation theory, which is the most important contribution of this dissertation study.

Also, it found that major determinants of store image were the factors or store attributes: easy to shop, décor, variety of merchandise, store personnel and convenience of location. These findings were consistent with previous studies (Samli *et al.*, 1998; Baker *et al.*, 1994; Mazursky and Jacoby, 1986; Lindiquist, 1974; Malhotra 1983). Regarding customer satisfaction store attributes such as store services, store atmosphere, merchandise and store accessibility appeared to be the main predictors of store satisfaction. These findings partially revealed Westbrook's findings (1981) in his work for consumer satisfaction with retail outlets.

Other important findings are summarised below:

The majority of the respondents purchase fruits and vegetables from laikes (open markets) and meat, bread, and fish from specialised stores. Presumably, the respondents prefer laikes and neighbourhood specialised stores because of tradition, out of habit, personal relations and trust they share with vendors/store owners (they shop only fresh products) or because, in supermarkets, they cannot choose, on their own, the fruits and vegetables that they want. Nonetheless, some of the big supermarkets carry all fruits. However, there is a good portion of the sample that purchase these categories of food from supermarkets, due to time constraints and the lack of an available free person in the household to shop from open air markets and specialised stores (as it has been discussed in the qualitative research). Regarding the other categories of food (dairy products, packaged foods, etc) the vast majority purchase these from supermarkets.

There is an obvious preference for shopping in supermarkets rather than in Hypermarkets. Probably, this is due to the close proximity of the supermarkets to the residences of the respondents. Besides, in every neighbourhood there are numerous supermarkets to shop in, while hypermarkets are outside the city limits and accessible by vehicle only. This is time consuming for daily or even for weekly shopping, especially if shoppers work every day. In addition, some people avoid shopping in hypermarkets, because of their huge size and if they are not able to find something they must go to the central information desk in order to be served.

The majority of the respondents are store loyal, particularly those who are members of a supermarket or supermarket chain. The members enjoy certain benefits from their membership (i.e. points, derivatives, special coupons, etc), while the non-members are store loyal likely, because of store accessibility (e.g. elderly population increasing in Greece), and the personal relationships with the store's personnel which is associated with the Greek mentality.

8.4 Limitations of the Study

The results should be interpreted with several unavoidable limitations in mind.

First, although the sample of respondents used in this study was adequate for the purposes of this study, it cannot be considered representative of the general population. This limits the generalisability of the results. The analysis of the scale items needs to be examined using a more representative sample of the population in terms of age, occupation, and income distribution. Although the findings of this study may not be generalised without further empirical testing, this study adds to the overall knowledge about store image and it does provide a foundation for further studies of store image.

Second, another limitation is that there may be other factors influencing the development of store image. This study was limited to the variables, which are mentioned as the most important factors in the focus groups study in Thessaloniki, and also consistently and repeatedly mentioned and partially supported by empirical results in the literature. They are also recognised as key items affecting store image.

Finally, the number of questions measuring some constructs in this study are constrained by the practical needs to develop a parsimonious questionnaire. The findings are limited to the selected items measuring the related constructs.

8.5 Implications for Future Research

This study was exploratory in nature and more research is needed to delineate the formation of store image. In light of the findings from this study, future research should be carried out to confirm these findings.

The variables determining the store image included in this study were limited. Future research should consider other variables which include the explanatory power of the findings.

The ability of respondents to differentiate between very similar stores would be another interesting application of the store image measurement technique.

A replication of this study could be made to identify the change in perceptions from the perspective of store management. The changes over time will be meaningful for the management itself and the consumers.

Further study should use a broader sampling method by using a more representative sample in terms of demographics. Also, a nation based representative sample in terms of geography and demographics could achieve greater generalisability.

Finally, future research should be carried out to confirm the findings of the current study. The relationships between store image formation and their determinants can be extended to other areas to further assess the external validity of the model.

8.6 Recommendations

In wake of the increasing competition in retailing a pointed marketing approach is undoubtedly required to assess consumer perception of store image and to formulate effective marketing strategies. Researching consumers' perceptions can assist retailers in identifying strengths and weaknesses of their stores and in an improved focus on their marketing strategies to attract potential customers.

Retailers spend considerable time and money creating and enhancing a favourable image. This study provides retailers with important variables that should be taken into consideration in store image development efforts. Retailers should understand that in order to influence affective evaluation of their stores, both store attributes and shoppers' motivations should be taken into account.

Several recommendations for marketing and retailing practices naturally resulted from this study:

First, continually monitor the effectiveness of service systems in retailing to ensure that the store or the store chain stays on par and competitive. This is crucial since neighbourhoods change in terms of population synthesis (e.g. different lifestyles and status).

Second, devote resources of the store among the store's attributes and enhancement of the reputation of the store. In essence, each store must position itself strategically in order to gain a competitive advantage over the other supermarkets.

Third, the relevant stores or supermarket chain can mail information to the potential shoppers-customers about new products or major retailing events in their stores and provide them with the latest retailing developments.

Fourth, regularly survey the regular customers (members) regarding the image of the store, and the "special" products carried in the food and groceries section (i.e., cookies for diabetics). In addition, the presence of customers of the various ethnic backgrounds will create a need for the supermarkets to carry ethnic food in order to gain this increasing market.

Finally, improve customer satisfaction. To improve customer satisfaction the supermarkets must build a new level of customer service providing various services such as the use of credit cards, ATM machines and a full service store such as gift wrapping service, restrooms, return policies and even delivery service, especially for elderly customers. Customer service is very important since the vast majority of retailers have similar trade handling practices, merchandise, and prices. Thus, they attempt to achieve a distinctive character and consequently a competitive advantage by adding services or adjusting them to new market trends. Besides, store service policies can be very powerful selling tools in maintaining general high customer satisfaction.

8.7 Conclusion

The results of this study revealed that store image is dynamic and developed by a chain of influences. Store image is a vital component in retailing strategy influencing customers to continue the customer store relationship. By understanding which factors contribute to store image and further to customer satisfaction, retailers can focus their efforts and investments to create a powerful store image and to increase satisfaction and loyalty. Retailers must make significant investments to acquire and maintain loyal customers. Satisfied customers are more likely to be loyal customers. The study contributed to the theoretical advancement of store image formation. It also contributed to retailing and marketing by providing an empirical treatment of the elements influencing store image. In addition, suggestions for further theory development were proposed.

This chapter discussed the summary of the conclusions drawn from this study, the implications for future research, limitations of the study, and recommendations for marketing strategies. The implications and insights that have been presented can be valuable to both researchers and practitioners.

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APPENDIX A

SCHEDULE OF QUALITATIVE QUESTIONNAIRE

POINT OF PURCHASING FOOD

1) From where do you usually buy your food?

2) At your neighbourhood' s S/M what goods do you buy?

3) Do you usually use any transportation mode when you go for shopping?

4) Do you buy food only from one point of purchasing or /and from somewhere else?

SHOPPING BEHAVIOUR

5) Who usually buys the food in your family?

6) How often do you shop?

7) Do you use a shopping list?

8) Do you always follow your shopping list?

SHOPPING EXPERIENCE AND STORE SERVICES

9) For what reasons do you shop from this particular point of purchasing?

10) Which store factors satisfy you in this particular point of purchasing?

11) Are you satisfied with the particular store that you often shop at?

12) What would you like a store to provide you with in order to shop there often?

FOOD EXPENDITURES

13) How much money do you spend on food every month?

14) Do you consider the amount that you spend on food small or big?

15) Is The expenditure on food for you your first priority?

16) Do you think that you could spend more on food?

DEMOGRAPHICS

1) Name

2) Address

3) Owner of a car

4) Own an apartment/house

5) Amount of rent

6) Education

7) Profession

8) Marital Status

9) Family size

10) Family Income

11) Age

12) Gender

APPENDIX B

QUESTIONNAIRE

UNIVERSITY OF NEWCASTLE UPON TYNE
RESEARCHER: CONSTANTINOS PRIPORAS

QUESTIONNAIRE FOR STORE IMAGE AND FOOD RETAILING IN THESSALONIKI CITY

I am studying at the University of Newcastle Upon Tyne, of the UK where I am a PhD candidate. The following questionnaire refers to store image and food shopping behaviour and I would be very grateful if you could spare a few minutes of your time to answer some questions related to this aspects. The questionnaire will take about twenty (20) minutes to complete. I would like to ensure you that all information you provide is strictly confidential and you will be identified only by a code number. I would also like to emphasise that I am interested in your opinions and that there are no right or wrong answers.

Thank you for your thoughtfulness and participation.

Name...

Address...
...

Date of Interview..................................

Code.........

Thessaloniki 2000

SHOPPING BEHAVIOUR

This introductory section deals with decisions you make concerning your shopping behaviour. Please answer as accurately as possible.

Q1. Where do you usually buy food? *(MULTIPLE CODES)*

	Laikes [1]	Super Market [2]	Greengrocer [3]	Hypermarket [4]	Specialty store [5]	Other [6]
Fruits & Vegetables	❐	❐	❐	❐	❐	❐
Meat	❐	❐	❐	❐	❐	❐
Fish	❐	❐	❐	❐	❐	❐
Milk	❐	❐	❐	❐	❐	❐
Dairy Products	❐	❐	❐	❐	❐	❐
Cooked pork meats	❐	❐	❐	❐	❐	❐
Packaged Foods	❐	❐	❐	❐	❐	❐
Bread	❐	❐	❐	❐	❐	❐
Juices/ Sodas	❐	❐	❐	❐	❐	❐

Q2. Do you usually buy your groceries from any particular supermarket? *(SINGLE CODE)*

[1] Yes ❐ [2] No ❐ ____

Q3. In which supermarket do you usually shop for your groceries and other household goods? *(SINGLE CODE)*

[1] KATANALOTIS	❐	[5] ALFA-DELTA	❐	Code
[2] MASOUTIS	❐	[6] MARINOPOULOS	❐	____
[3] BISKAS	❐	[7] CONTINENT	❐	
[4] GALAXIAS	❐	[8] Other	❐	

If Other please specify...

Q4. How do you travel to this particular supermarket? *(SINGLE CODE)*

[1] On Foot	❒	[3] By Bus	❒	Code
[2] By Car	❒	[4] Other	❒	____

Q5. How important are the following reasons for shopping in the above supermarket? *Please tick 1 for the most important reason to 9 for the least important reason for preference in the above supermarket.* (MULTIPLE CODES)

[1] Membership	
[2] Low Prices	
[3] Variety of Merchandise	
[4] Quality of Merchandise	
[5] Helpful personnel	
[6] Convenience of location	
[7] Frequent special promotions	
[8] Offer services that other Supermarkets do not offer	
[9] Habit	

Q6. How often do you do your main grocery shopping? (MULTIPLE CODES)

	Once per week or more [1]	Every week [2]	Once per two weeks [3]	Once per month [4]	No regular frequency [5]
Fruits & Vegetables	❒	❒	❒	❒	❒
Meat	❒	❒	❒	❒	❒
Fish	❒	❒	❒	❒	❒
Milk	❒	❒	❒	❒	❒
Diary Products	❒	❒	❒	❒	❒
Cooked pork meats	❒	❒	❒	❒	❒
Packaged Foods	❒	❒	❒	❒	❒
Bread	❒	❒	❒	❒	❒
Juices/ Sodas	❒	❒	❒	❒	❒

Q7. Do you usually shop according to a shopping list? *(SINGLE CODE)*

[1] Yes ❒ [2] No ❒ [3] Sometimes ❒ ____

Q8. If Yes, do you always follow your shopping list? *(SINGLE CODE)*

[1] Yes ❒ [2] No ❒ [3] Sometimes ❒ ___

Q9. How much do you spend every month on all food categories? *(SINGLE CODE)*

[1] less than 80,000	❒	[3] 101,000-120,000	❒	Code
[2] 81,000-120000	❒	[4] 121,000 & over	❒	___

YOUR SHOPPING EXPERIENCE

The following statements pertain to store features that you may consider during your shopping experience at your regular supermarket. Please indicate your opinion for each statement.

Q10. How would you characterise the store interior? *(SINGLE CODE)*

Very Unpleasant	Unpleasant	Neither Unpleasant/ Pleasant	Pleasant	Very Pleasant
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

Q11. How would you characterise the shopping in the store? *(Please give your overall impressions for each feature below.) (SINGLE CODE)*

11.1 Easy to shop in store:

Not Very Easy	Not Easy	Average	Easy	Very Easy
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

11.2 Décor (colours & materials):

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

11.3 Store Layout:

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.4 Merchandise quality:

Very Low	Low	Neither Low/High	High	Very High
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.5 Variety of merchandise:

Very Narrow	Narrow	Neither Narrow/Wide	Wide	Very Wide
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.6 Prices relative to other stores:

Very Unfair	Low	Neither Unfair/Fair	High	Very Fair
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.7 Sales people behaviour (conduct):

Very Unfriendly	Unfriendly	Neither Unfriendly/ Friendly	Friendly	Very Friendly
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.8 Helpfulness of Sales people:

Very Unhelpful	Unhelpful	Neither Unhelpful/ Helpful	Helpful	Very Helpful
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.9 Appearance of Staff:

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❐	❐	❐	❐	❐

11.10 Convenience of location:

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

11.11 Presentation of information (e.g. pries etc):

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

11.12 Service offered:

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

11.13 Speed of service at checkout:

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

Q12. Please indicate your overall impression of the food and groceries section. *(Please try to give your impression even if you have not purchased items from this section.) (SINGLE CODE)*

Very Poor	Poor	Neither Poor/Good	Good	Very Good
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

Q13. Please indicate your overall level of satisfaction with your purchases in the section of food and groceries section. *(SINGLE CODE)*

Very Unsatisfied	Unsatisfied	Neither Unsatisfied/ Satisfied	Satisfied	Very Satisfied
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

Q14. How satisfied are you with the following store image features of your regular S/M? *Please indicate your rated importance of the item listed below. (SINGLE CODE)*

Very Unsatisfied	. Unsatisfied	Neither Unsatisfied/ Satisfied	Satisfied	Very Satisfied
[1]	[2]	[3]	[4]	[5]

	[1]	[2]	[3]	[4]	[5]
14.1 Store Accessibility	❒	❒	❒	❒	❒
14.2 Store Facilities	❒	❒	❒	❒	❒
14.3 Store Services	❒	❒	❒	❒	❒
14.4 Store Atmosphere	❒	❒	❒	❒	❒
14.5 Merchandise (Quality & Quantity)	❒	❒	❒	❒	❒
14.6 Prices	❒	❒	❒	❒	❒
14.7 Personnel	❒	❒	❒	❒	❒
14.8 Promotions/Information	❒	❒	❒	❒	❒

Q15. Based on your shopping experience how likely are you to recommend your regular supermarket to your friends and relatives as a good place to shop? *(SINGLE CODE)*

Very Unlikely	Unlikely	Neither Unlikely/Likely		Very Satisfied
[1]	[2]	[3]	[4]	[5]
❒	❒	❒	❒	❒

YOUR PERSONAL DETAILS

In order to complete the survey, please provide us with some information about your self. Keep in mind that these questions are asked for statistical purposes only. Your privacy is assured.

Q16. Please indicate your monthly household income category (the total net income of all household members in drachmas) *(SINGLE CODE)*

[1] less than 200,000	❒	[4] 601,000-800,000	❒	Code
[2] 201,000-400,000	❒	[5] 801,000-1,000,000	❒	___
[3] 401,000-600,000	❒	[6] 1,000,000 & over	❒	

Q17. Please indicate what your present occupation is. *(SINGLE CODE)*

[1] Business & Professional	❐	[5] Student	❐	Code
[2] Public servant	❐	[6] Retired	❐	___
[3] Salaried & semi-professional	❐	[7] Housewife	❐	
[4] Skilled worker – Labourer	❐	[8] Unemployed	❐	

Q18. Please indicate the size of your family including yourself. *(SINGLE CODE)*

[1] 1member	❐	[3] 4-5 members	❐	Code
[2] 2-3 members	❐	[4] 6 & over	❐	___

Q19. Please indicate the highest level of education you have completed. *(SINGLE CODE)*

[1] Elementary school	❐	[4] TEI Degree	❐	Code
[2] Gymnasium – Lyceum	❐	[5] University Degree	❐	___
[3] Trade or vocational school	❐	[6] Graduate Degree(s)	❐	

Q20. Please indicate your marital status. *(SINGLE CODE)*

[1] Single	❐	[3] Divorced – Separated	❐	Code
[2] Married	❐	[4] Widowed	❐	___

Q21. Please indicate your age group. *(SINGLE CODE)*

[1] 19-25	❐	[4] 46-55	❐	Code
[2] 26-35	❐	[5] 56-65	❐	___
[3] 36-45	❐	[6] over 65	❐	

Q22. Gender

[1] Male ❐ [2] Female ❐ ___

End of Questionnaire

Thank you very much for your co-operation