



The store-as-a-brand strategy: The effect of store environment on customer responses



Archana Kumar^{a,*}, Youn-Kyung Kim^b

^a Montclair State University, Department of Marketing, 1, Normal Avenue, PA 434, Montclair, NJ 07043, USA

^b University of Tennessee, Department of Retail, Hospitality, and Tourism Management, 110, Jessie Harris Building, 1215, West Cumberland Avenue., Knoxville, TN 37996, USA

ARTICLE INFO

Article history:

Received 14 January 2014

Received in revised form

30 March 2014

Accepted 16 April 2014

Available online 11 June 2014

Keywords:

Single-brand apparel retailer

Stimulus-organism-response model

Store environment

ABSTRACT

Despite their significance within the apparel industry, retailers selling just their own brand of apparel (single-brand apparel retailers) have not been examined for the relationship between their store environment and customer responses. This study explores the effect of store environment on customers' internal evaluations and behavior toward single-brand apparel retailers. Further, to understand the store-as-a-brand strategy, this study examined whether customers have similar cognitive and affective perceptions toward the store versus merchandise. A mall intercept survey was conducted and a non-recursive structural equation model was employed to test the proposed hypotheses. This study found that social, design, and ambient cues as well as merchandise cues influence internal evaluations and ultimately approach behavior toward single-brand apparel retailers. This study also affirmed that the store-as-a-brand concept is valid for a single-brand apparel retailer.

© 2014 Elsevier Ltd. All rights reserved.

1. Introduction

With the abundance of retailers selling similar products, customers choose one retailer over another, driven by their desire to receive unique shopping experiences and products. In such a competitive situation, the retail store must define what is distinctive and special about its offerings to better compete with other stores (Floor, 2007). In an effort to differentiate themselves from others in terms of product offerings, retailers have introduced private brands which are exclusive to the retailers. These private brands directly compete with other private brands and major national brands in that product category (Ailawadi and Keller, 2004; Kumar and Steenkamp, 2007). However, an increasing number of retailers offer private brands and thus private brands may no longer provide a competitive advantage for the retailers. In this situation, the retailers' sustainable competitive advantage can be achieved by offering unique shopping experiences as well as exclusive products. This could be accomplished by implementing the store-as-a-brand strategy, which requires the retailers to integrate store atmosphere and merchandise image to form cohesive experiences for their customers (Burt and Davies, 2010).

A store-as-a-brand strategy, particularly in the apparel sector, is one of the most important recent developments in the US retail

industry (Floor, 2007; Grewal and Levy, 2009) and has been adopted by several apparel retailers who sell only their own private brands. Such retailers are called single-brand apparel (SBA) retailers and are the focus of this study. Among the SBA retailers adopting the store-as-a-brand strategy are Abercrombie & Fitch, American Eagle, Aeropostale, and Victoria's Secret in the United States and Zara, H&M, and Top Shop in Europe.

SBA retailers have developed an unique image through their merchandise and marketing efforts such as the planned manipulation of the store atmosphere and creation of distinctive shopping experiences for customers. These retailers try to create a holistic image from the store atmosphere and the products in order to prevent any confusion in the customer's minds that might result from the lack of fit between the store image and product image (Grewal and Levy, 2009; Jones and Kim, 2011). Though retailers selling multiple brands (e.g., Home Depot, Target) have been working toward developing a strong brand (Ailawadi and Keller, 2004; Swoboda et al., 2013), there is a difference between SBA retailer branding and branding by retailers selling multiple products. In the case of SBA retailers, one of the core branding components is carrying the single brand of merchandise that cannot be purchased anywhere else (Koo and Kim, 2013). Retailers selling multiple brands have a limited control on the branding activities of the merchandise that they sell (Mathews-Lefebvre and Dubois, 2013), whereas SBA retailers have complete control on their merchandise brand.

Although SBA retailers are growing in number, there is a lack of empirical studies that examine consumer motivations to shop at

* Corresponding author.

E-mail address: kumara@mail.montclair.edu (A. Kumar).

these retail stores. There have been several studies that have evaluated consumer behavior toward store brands in general (e.g., Diallo et al., 2013; Diallo, 2012; Wu et al., 2011), but very few that consider the branding process of SBA retailers as a whole (Moller and Herm, 2013). In order to investigate the issue, this study has several objectives. First, this study will determine the impacts of store environment cues (i.e., social, design, ambient and merchandise cues) on customers' internal evaluative states (i.e., cognitive and affective evaluations). Second, this study will examine the relationship between cognitive and affective evaluations toward both store and merchandise. Third, this study will examine the impacts of internal evaluative states on approach behavior. Last, it will test the store-as-a-brand concept to determine whether customers indeed view the store and the merchandise as a holistic entity or not.

2. Literature review

2.1. Store-as-a-brand strategy

A retailer who is a brand itself will have the opportunity to strengthen its emotional as well as rational relationship with its customers. The rational relationship could be achieved if the shopping process is made easier or if the customer perceives value from her purchase. On the other hand, emotional relationship could be achieved if shopping results in a fun and memorable experience for the customer. By attaining both rational and emotional relationships, a retail store can move from being a mere distributor of products to becoming a strong brand that differentiates it from other retailers (Floor, 2007).

Several single-brand apparel retailers have taken the lead and branded their stores. For example, Victoria's Secret, the specialty intimate apparel store, offers a diverse product line inspired from the Victorian era. The merchandise design and styling are inspired by the nineteenth century themes with the store atmosphere replicating a spacious, bedroom-like ambience to evoke a personal intimacy rather than a sales display area (Workman, 1996). Similarly, Abercrombie & Fitch stands out with a distinctive store image of the contemporary look surrounded by hardwood floors, rich wood fixtures, dim lighting, loud music, and strong scent.

As such, SBA retailers can implement the store-as-a-brand strategy by focusing not only on the factors that affect customers' senses (i.e., the atmospheric stimuli) but also on the range of products within the store (i.e., the merchandise) (Floor, 2007). If customers perceive a disconnect between the merchandise and the store atmosphere, they might switch to a different store, translating into a loss of sale to the retailer. In this study, store atmospheric variables (i.e., social, design, and ambient cues) and merchandise are placed under an umbrella construct, store environment.

2.2. Theoretical background

The effect of store atmosphere on customer behavior has been demonstrated by several researchers who argued that the physical and service environment plays an important part in creating the retailer's image (Kotler, 1973), generates cognitive and emotional evaluations leading to behavioral responses (Bitner, 1992), and communicates the identity of the retailer and its image to customers (Hyllgard et al., 2006). The same line of argument can be found in Mehrabian-Russell's (1974) Stimulus-Organism-Response model. In fact, the Mehrabian-Russell model has been applied to a number of store atmospheric studies (e.g., Anderson, 1986; Eroglu and Machleit, 1990; Lam, 2001). When the Mehrabian-Russell model of environmental psychology model is

applied in the retail context, stimuli (S) are the store environmental cues that affect the internal states (O) of the customer, which then have an effect on approach-avoidance response behavior (R).

When the SOR model is applied in the retail context, stimuli are the store atmospheric cues that affect the internal states of the consumer. A cue is defined as a characteristic, event, or object, external to a person that can be predetermined and used to categorize a stimulus object (Schellinck, 1980). Specifically, stimuli (S) in the retailing context refer to all the physical and non-physical elements of a store, which are within the retailer's control to enhance customers' shopping experience (Eroglu and Machleit, 1990; Turley and Chebat, 2002). Examples of stimuli in a retail store setting are the number of employees present, overhead music, color scheme of the store, temperature within the store, and layout of the store. For a SBA retailer, the store atmospheric cues, along with the exclusive merchandise, become a major reason for customers to visit the store because it is not available in many other retailers. In this study, merchandise (apparel) is considered to be a stimulus for SBA retailers and is posited to have a similar positive impact on cognitive evaluations as the atmospheric stimuli (i.e., social, design, and ambient cues).

Organism (O) refers to the "internal processes and structures intervening between stimuli external to the person and the final actions, reactions, or responses emitted," which consist of perceptual, physiological, feeling, and thinking activities (Bagozzi, 1986, p. 46). Bagozzi (1986) states that the intervening processes and structures consist of perceptual, physiological, feeling, and thinking activities. Researchers have identified two types of individuals' internal evaluation states that are induced by the physical environment: cognitive and affective evaluation (Bellizzi and Hite, 1992; Proshansky et al., 1983; Ward et al., 1992). Cognitive evaluation is associated with a consumer perception process, which originates from information-processing and inference theories (Bettman, 1979; Zeithaml, 1988). Perception is a physiological activity in which sensory stimulation cues are converted into meaningful information (Bettman, 1979). Atmospheric cues provide some important informational cues, based on which consumers can come to a conclusion about price, product, or service quality in the store (Baker et al., 2002). Affective evaluation is associated with emotions and feelings toward an object (Bagozzi, 1986; Ward and Russel, 1981) and is a judgment whether an object is pleasant, attractive, valuable, likable, or preferable (Russell and Snodgrass, 1987). Mehrabian and Russell (1974) hypothesized that any environment is capable of inducing and producing different emotional states to individuals.

Over the years, immense literature has been developed on whether customers first experience cognition or affect when they encounter an environment. Some researchers argue that cognitive states precede emotional states (cognition-emotion sequence) (Lazarus, 1991; Bandura, 1978), while others argue that emotional states precede cognitive states (emotion-cognition sequence) during the process of evaluation (Pham et al., 2001; Swinyard, 1993). In the literature pertaining to store atmosphere, several studies examined only the affective component while not taking into account the cognitive component (e.g., Donovan and Rossiter; 1982; Kaltcheva and Weitz, 2006; Yoo et al., 1998). Of the few studies that examined both affective and cognitive components, most of them tested only the emotion-cognition sequence model (e.g., Bitner, 1992; Gulas and Bloch, 1995). However, this model has been challenged because the effect of atmospheric cues on emotions has been found to be not direct but indirect through cognition (e.g., Bone and Ellen, 1999; Chebat and Michon, 2003; Spangenberg et al., 1996). Lazarus (1991) also claimed that cognition is a required condition to generate emotions. In other words, an individual cannot have an emotional reaction to a stimulus in

Download English Version:

<https://daneshyari.com/en/article/1028997>

Download Persian Version:

<https://daneshyari.com/article/1028997>

[Daneshyari.com](https://daneshyari.com)