



Examining the role of store design on consumers' cross-sectional perceptions of retail brand loyalty



John Murray^{a,*}, Jonathan Elms^b, Christoph Teller^c

^a School of Retail & Services Management, College of Business, Dublin Institute of Technology, Aungier Street, Dublin 2, Ireland

^b Centre for Advanced Retail Studies (CARS), Massey Business School (Albany), Massey University, Private Bag 102904, North Shore, Auckland 0745, New Zealand

^c Department of Marketing and Retailing, Surrey Business School, University of Surrey, Guildford, Surrey GU2 7XH, UK

ARTICLE INFO

Keywords:

Novelty
Complexity
Design
Structural equations modeling
Price
Retail brand loyalty

ABSTRACT

This paper compares new and established store design prototypes of the same retailer to examine the role of consumers' cross-sectional perceptions of retail brand loyalty. In-store surveys were administered to capture consumers' store-level perceptions towards a new store prototype and an older established prototype of the same fast fashion retailer. The data was subjected to multi-group analyses with structural equations modeling. The findings suggest that store novelty and complexity promote both store design pleasure and retail brand loyalty outcomes. The different store designs do not, however, account for differences in brand loyalty perceptions at the overall retailer level when multi-group comparisons of both store designs are made. Consumers of newer store designs are found to possess a heightened sensitivity to price perceptions. Managerial implications of the effects of store novelty and complexity on retail brand loyalty are also presented.

1. Introduction

Studies have examined the role of store design in the development of successful store environments (e.g. Sharma and Stafford, 2000; Kumar and Kim, 2014; Oh et al., 2008; Baker et al., 1994; Wakefield and Baker, 1998; Baker Parasuraman et al., 2002; Garaus et al., 2015). Nevertheless, how, and to what extent, consumers' brand preferences are affected by attractive designs remains limited in the extant literature (see, Landwehr et al., 2012; Landwehr et al., 2011). How does, for example, the introduction of novel or more complex store design affect consumers' perceptions of an existing prototype? What degree of novelty and/or complexity does a newly introduced store prototype need to exhibit to affect consumers' perceptions towards an established and familiar prototype? The study presented in this paper addresses such questions, and, to the best of the authors' knowledge, it is the first to compare new and established store prototypes of the same retailer for this particular purpose.

This paper addresses calls for studies of the store environment to progress beyond the employment of singular atmospheric variables, e.g. lighting, color, temperature, music (Eroglu and Machleit, 2008; Teller and Dennis, 2012). It also complements studies that examine the impacts of flagship stores on consumers' retail brand perceptions based on offering novel experiences (e.g. Dolbec and Chetbat, 2013; Kozinets et al., 2002; Joy et al., 2014; Hollenbeck et al., 2008). Accordingly, the

aims of this paper are twofold. First, to examine consumers' perceptions of what constitutes novel and complex store design across two prototype generations of the same retailer. Second, to provide an improved managerial understanding of how novel design introductions effect differences in design pleasure and price perceptions. Consequently, this paper contributes to the extant store environments literature by examining, in a multi-group structural equations modeling study, if store design promotes design pleasure and price perception differences that in-turn help account for different perceptions of retail brand loyalty. The findings of this paper could also aid retail managers to better appreciate how and why differences in retail brand loyalty are evident upon the introduction of new prototype design (when prototype designs are the only material change present across the store network), and the extent that loyalty differences can be explained by the design strategies retailers' employ.

The paper's structure is organized as follows. We begin with a review and synthesis of relevant literature in order to provide a theoretical background for the paper. To this end, a conceptual model is proposed whereupon we can examine how different store designs can influence different perceptions of retail brand loyalty across the two prototype designs. This is followed by a brief discussion of the methodology employed in the study. Thereafter, the results of the study are presented, which are then described and discussed with reference to the extant literature. The subsequent managerial implications are then

* Corresponding author.

E-mail addresses: john.murray@dit.ie (J. Murray), j.r.elms@massey.ac.nz (J. Elms), c.teller@surrey.ac.uk (C. Teller).

outlined, followed by a discussion of the main limitations of the study, and suggestions for further research.

2. Theoretical background

2.1. Store Novelty, familiarity and store design pleasure

Store novelty involves the unexpected, the surprising, the new, and unfamiliar (Donovan and Rossiter, 1982), and is described as an underlying measure of originality (Hirschman, 1980) that reflects one of the key aspects of a firm's innovativeness (Pappu and Quester, 2016). Novel designs that are new and original are more appreciated (Snelders and Hekkert, 1999), with improved recall and recognition benefits arising from achieved differentiation (Foster and McLelland, 2015). Thus, consumers are more likely to remember more novel, branded store environments that better communicate differentiated value (Ponsonby-McCabe and Boyle, 2006), and where expectations disconfirmations induce satisfaction with the environment (Oliver, 1980, 2014). Consumers also derive design pleasure from viewing novelty when they can identify, and successfully process, what they see, and when the design is not too dissimilar to what they have previously encountered (Hekkert and Leder, 2008; Biederman and Vessel, 2006; Stocchi et al., 2016).

The current research proposes that consumers' familiarity and knowledge of different store prototype designs of a same retailer gives rise to consumers' future expectations of the kinds of store design that they could encounter. Thus, a disconfirmed expectation (Oliver, 1980, 2014; Oliver and Winer, 1987) is more likely to arise when the consumer, in viewing other stores of the same retailer, appreciates the introduction of novelty in the current instance.

Accordingly, hypothesis number one states that higher levels of consumers' familiarity with other stores of the retailer informs their understanding of what constitutes novel store design for the retailer in question. Consumers who shop across multiple stores of the retailer will be better informed as to what constitutes novel design. Consumers who identify the store design as novel, it is argued in hypothesis number two, generally tend to evidence greater store design pleasure, particularly when perceptual fluency effects allow consumers to reconcile their knowledge of novel to existing designs.

H1: *The more that consumers are familiar with pre-existing designs of the retailer, the more knowledgeable they are about the novel design properties of the new prototype.*

H2: *Reconciliations of store novelty introductions to pre-existing knowledge positively affects consumers' store design pleasure.*

2.2. Store Novelty, complexity and design pleasure

Complexity is described as involving the identification of: larger numbers of independently selected units that suggest greater dissimilarity and less redundancy; design that promotes variation; and design that increases tension, ambiguity, or arousal (Berlyne, 1971). Complexity, and the related dimensions of order, redundancy, and contrast have been variously considered in the extant literature (e.g. Cox and Cox, 2002; Hekkert and van Wieringen, 1990; Mehrabian and Russell, 1974; Donovan and Rossiter, 1982; Garaus et al., 2015). It remains unclear though how these dimensions of complexity perform to determine a consumer's affective response to a set of environmental or product design stimuli (Donovan and Rossiter, 1982; Cox and Cox, 2002).

The current research argues that store complexity is a category-based evaluative response that supplements piecemeal-based evaluative processes where both modes of processing are contingent upon the matching and mis-matching of information to pre-existing knowledge (Sujan, 1985). In general, more simple, novel designs are preferred for

their ability to induce harmony with less information to process (Frith and Nias, 1974). Simpler, novel designs also increase attention, familiarity, and affect (Kumar and Garg, 2010), thus giving rise to design pleasure (Martindale, 1984; Martindale and Moore, 1988). Greater novelty introductions often require consumers to subordinate the competing tensions present in the design's complexity (Berlyne, 1971), and influence consumers' conscious and unconscious responses as they expend cognitive effort to process the complexity contained in the novelty introduction. It is therefore possible for a consumer, in low store novelty introduction contexts, to more easily perceive familiarity towards design stimuli, given their knowledge of pre-existing prototypes, and to also simultaneously perceive the design as less complex.

Accordingly, hypotheses numbers three and four state that consumers will perceive higher levels of store complexity when they are exposed to and perceive new store designs (hypothesis three). Consumers will also evidence greater store design pleasure when the design is simpler and is therefore more easily reconciled (less cognitive effort expended) to their existing expectations of the retailer's approach to design (hypothesis four).

H3: *Store novelty introductions positively affect consumers' store design complexity perceptions*

H4: *More simple (less complex) design perceptions positively affect consumers' store design pleasure.*

2.3. Store Novelty, complexity and retail brand loyalty responses

Two broad dimensions of loyalty (behavioral and attitudinal) emerge in the literature (Dick and Basu, 1994; Day, 1969; Jacoby and Chestnut, 1978). The majority of extant loyalty research focuses on attitudinal loyalty, and tends to include revisit intentions and preparedness to recommend to others in attitudinal measurement (e.g. Duarte et al., 2004; Yi and La, 2004). The distinction between behavioral and attitudinal loyalty closely resembles two of the four phases of Oliver's (1997) loyalty development process. Cognitive and affective loyalty consider the costs, benefits, imagery, and associations that underpin loyalty, whereas conative and action loyalty evidence higher-level belief, affect, and intentions to repurchase and brand commitments as states of action readiness that involve choosing one offering over another (Oliver, 1997).

Retail brand loyalty, in this research, reflects consumers' brand information and beliefs about the brand that are superior to competitive offerings (Yoo et al., 2000; Yoo and Donthu, 2001; Oliver, 2014). Given that the prototype context has changed, with the introduction of novel design elements, it is possible to compare if the newer prototype generation, as mediated by store design pleasure, can partly account for differences in loyalty perception across the surveyed stores. We argue that because the only element that is significantly different across the retailers' stores is the prototype design, that changes to the stability of these design contextual cues poses potential impacts for consumers who both repeatedly purchase or have affective responses towards the retailer. A change in consumers' design pleasure towards novel design on account of novel design introductions in effect alters the set of contextual cues that consumers' employ that could be positive or negative depending on preferences for the new design. Where purchases are contingent on the presence of recurring contextual cues, the new design may not permit a practicing of the same habitual response each time, for example, if the design is not preferred. However, novel designs that induce greater store design pleasure may also attract additional consumers and enhance loyalty prospects owing to its improved competitive potential compared to alternatives.

It is argued in the current research that store novelty thus secures levels of affective differentiation and loyalty when easily and fluently processed, and encourages favorable brand evaluations and brand knowledge (Littel and Orth, 2013; Lee and Labroo, 2004; Reber et al.,

Download English Version:

<https://daneshyari.com/en/article/5111368>

Download Persian Version:

<https://daneshyari.com/article/5111368>

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