

An Empirical Study of Store Environment Influence on Consumer Multi-Perceived Values toward Patronage Intentions

Tsuen-Ho Hsu, Yen-Ting Helena Chiu and Yi-Jung Lee

Abstract

Consumers seek not only the merchandise value, but also enjoy the shopping experience while purchasing. However, little is known about the impact of transactional and experienced values on patronage intentions. Further, in the past, merchandise and emotional value perceptions were mostly investigated as two separate issues. This study uses exploratory and confirmatory methodology to examine the interrelations among store environment, value content, multi-value perceptions, and patronage intentions. The findings suggest that the determinants of patronage intentions are hedonic and utilitarian shopping value that could be achieved effectively by mall tenant variety and store ambient dimensions. Moreover, an attractive store environment positively affects the perception of merchandise and service quality, induces a stronger monetary price perception, and reduces the evaluation of merchandise value. This research emphasizes the influence of an enjoyable store environment on perceived value, shopping experiences and consequently consumers' patronage intentions.

Keywords

Store environment, merchandise value, hedonic shopping value, utilitarian shopping value, patronage intentions

Tsuen-Ho Hsu (*corresponding author*)

Department of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology, Taiwan
(+886 7 601 1000, E-Mail: thhsu@nkfust.edu.tw)

Yen-Ting Helena Chiu

Department of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology, Taiwan

Yi-Jung Lee

Department of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology, Taiwan

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1 Introduction

Retailers are gradually switching from competitive strategies based on price and promotion to providing customers with a unique shopping experience. The reason can be seen in the fact that conventional pricing and promotion based strategies offer little possibilities in terms of differentiation. From the viewpoint of long-term customer profitability, this may even result in attracting the wrong customer segments (Reichheld 1996). Secondly, “shopping” itself has evolved into a popular leisure activity (Michon/Yu/Smith 2008; Rintamäki et al. 2006; Sweeney/Soutar 2001; Mathwick/Malhotra/Rigdon 2001; Chandon/Wansink/Laurent 2000; Holbrook 1994, 1999; Babin/Darden/Griffin 1994; Sheth/Newman/Gross 1991).

Previous research on consumer value (Michon/Yu/Smith 2008; Rintamäki et al. 2006; Baker/Parasuraman/Grewal 2002; Chandon/Wansink/Laurent 2000; Babin/Darden/Griffin 1994; Zeithaml 1988), all define clearly that trade value (i.e. merchandise perceived value) or/and emotional value (i.e. hedonic shopping value, utilitarian shopping value) positively influence consumers’ patronage intentions. However, none of the studies have focused on both consumers’ perceived merchandise value and emotional value to explain patronage intentions. Extant research of store environment impact on consumer behaviour can be categorized into two groups: one is the efforts of store environment upon consumers’ emotions found positively (Lin/Wang/Zhang 2010; Baker/Levy/Grewal 1992; Wakefield/Baker 1998); the other is the effects of store environment upon the consumers’ merchandise perceived value (Baker/Parasuraman/Grewal 2002; Sirohi/McLaughlin/Wittink 1998) and the purchasing decision-making (Hsu/Lin 2011).

In recent studies, value is considered to be a key indicator for consumer’s patronage intentions (Parasuraman/Grewal 2000). Despite the multitude of research about this topic, none can offer a satisfactory explanation for consumer patronage. Although, devoting to the research of in-store image characteristics and their influences on both hedonic and utilitarian shopping value (Weitzl/Zniva 2010), the perceptions of value content were not included. In fact, so far, there is no research to examine store environment via value content impact on trade value (i.e. merchandise value) and consumer experienced value (i.e. emotional value includes hedonic shopping value and utilitarian shopping value), simultaneously.

In view of this research gap, this study attempts to investigate the concept of multiple value perceptions and build a comprehensive model to describe the relationships between store environment, consumers’ value perception (i.e. merchandise, hedonic, utilitarian), value content, and patronage intentions. Based on a mixed methodological approach, the research tools include expert interviews, literature review, and a questionnaire survey to empirically validate the proposed research model.

The theoretical contributions of this study can be seen in clarifying the differences among merchandise value, hedonic shopping value, and utilitarian shopping value, as well as integrating these constructs into different levels and establishing a comprehensive research framework. The practical contribution is to provide suggestions to practitioners on how to create a better store environment in order to enhance consumers' perceived value and their patronage intentions.

2 Theoretical Background and Research Hypotheses

2.1 Store Environment

With increased competition in the retail industry in recent years, retail practitioners are searching for effective strategies to attract and retain the right customers (Sirohi/McLaughlin/Wittink 1998). Retailers find it gradually difficult to create sales advantages solely through their marketing mix variables. In the three stages of the marketing strategic alliances, the second stage "long-term relationship development" is the most important in determining the success or failure of long-term relationships and further gain competitive advantages (Hsu/Tang 2010). Therefore, changing the store environment offers a new possibility to differentiate oneself from competition (Baker/Levy/Grewal 1992). Most of the previous research about store environment is focused on how store environment influences consumers' experiences and shopping response (Hsu/Lin 2011; Lin/Wang/Zhang 2010; Babin/Attaway 2000; Wakefield/Baker 1998; Baker/Levy/Grewal 1992; Zeithaml 1988). This research indicates that store environment has an impact on consumers' staying length and patronage intentions.

Due to the growing importance of consumer value, researchers emphasize the influence of store environment on consumers' multiple perceived value and thus toward patronage decision. Grönroos (2002) differentiated between core value and added value, the former means the benefits of a core solution paid for, and the latter is created by additional services in the relationship costs. Interpersonal services (e.g. employees' quick delivery, attentive, supportive services) are an important source of added value; hence, we adopt this concept as store social dimension to influence customers' perceptions in this study. Baker/Parasuraman/Grewal (2002) classified the three dimensions of store environment as social, design, and ambient dimensions. The social dimension includes employees' well-dressed, friendliness, and helpfulness. The design dimension includes pleasing colour scheme, attractive facilities, and organized merchandise. The ambient dimension includes pleasant music, appropriate music, and bothersome music. Wakefield/Baker (1998) proposed the environment can be differentiated from mall tenant variety, mall physical environment, and involvement with shopping as ante-

cedent factors. The retail responses such as excitement, desire to stay, and re-patronage intention are positively influenced by the physical mall environment (i.e. architectural design, layout, music, interior decor) and mall tenant variety (i.e. an excellent variety of stores, food, entertainment).

Based on the research of Baker/Parasuraman/Grewal (2002), Grönroos (2002), and Wakefield/Baker (1998), this study included four dimensions of store environment which effects on shopping response. Therefore, we classify store environment into four dimensions as design, ambience, society, and mall tenant variety to examine their influence on consumers' perceived values and toward their patronage intentions.

2.2 Perceived Values

The concept of perceived value is one of the major strategies for enterprises to enhance competitive advantage; and it is the most important index of patronage intentions. In addition, some scholars utilize the concept of perceived value to explain the influence of store environment on patronage intentions and patronage decision (Michon/Smith 2008; Rintamäki et al. 2006; Baker/Parasuraman/Grewal 2002).

Multi-Value Perception

Parasuraman/Grewal (2000) considered that the components of perceived value as a dynamic model consists of four value types: 1) acquisition value describes the benefits relative to monetary cost that buyers gain by acquiring a product/service; 2) transaction value describes the pleasure of getting a good deal; 3) in-use value reflects the utility derived from using the product/service; and 4) redemption value describes the residual benefit at the time of trade-in or end of products life or services termination. Sweeney/Soutar (2000) divided value into four dimensions, namely emotional, social, quality/performance, and price value for money, are significant in explaining attitudes and behaviour. Emotional value is the enjoyment or pleasure derived from product and social value address in terms of its consequences of what the product communicates to others. Consumers can obtain two kinds of values from shopping. One is experience value such as in-use value (Parasuraman/Grewal 2000), emotional value, social values (Sweeney/Soutar 2000), hedonic shopping value, and utilitarian shopping value (Babin/Darden/Griffin 1994; Babin/Attaway 2000). The other kind of value is trade-based value such as acquisition, transaction, redemption (Parasuraman/Grewal 2000), quality/performance, and monetary price (Sweeney/Soutar 2000).

When the consumer has the different ideas about shopping, the experience about shopping would be different. Babin/Darden/Griffin (1994), Babin/Attaway (2000) believed that consumers might consider shopping as a work or an enjoyment. Hedonic shopping value and utilitarian shopping value summarize as perceived shopping value and can be employed to explain the shopping experience (Michon/Smith 2008; Chandon/Wansink/Laurent 2000; Babin/Attaway 2000; Babin/Darden/Griffin 1994). Utilitarian shopping value takes a more rational viewpoint as problem solution (Bettman 1979) and more task orientation by emphasizing efficiency (Blackwell/Miniard/Engel 2000; Babin/Attaway 2000). In contrast, hedonic shopping value is characterized as self-oriented (Holbrook 1999; Babin/Darden/Griffin 1994) and subjective, and it inherently also focuses on the potential of acquiring enjoyment and other sensual delights derived from the shopping task (Chandon/Wansink/Laurent 2000; Blackwell/Miniard/Engel 2000). According to the above classified criterion, the multi-value perceptions stimulated by store environment can be firstly classified into two groups in consumer's shopping experience: one is trade value (i.e. merchandise value perception), the other is experience value (i.e. hedonic shopping value, utilitarian shopping value).

Value content

Academic discussion on customer perceived value is becoming broader in scope and the value content goes beyond quality and price (Sweeney/Soutar 2000). In this study, we discuss value content in terms of three multi-value perceptions at the store environment such as service quality perception, merchandise quality perception, monetary price perception, time/effort cost perception, and psychic cost perception. As such, the components of value content are integrated with other constructs to develop the interrelated research framework.

Sirohi/McLaughlin/Wittink (1998) found in their research on supermarket channels that the service quality constructs is composed of store operations perceptions, personnel service perceptions, and store appearance perceptions. Service quality perception has a highly positive effect on perceptions of merchandise quality, but the perceived value for money does not play an important role in customers' perception of merchandise quality. Baker/Parasuraman/Grewal (2002) concluded that perceived value is mainly influenced by merchandise quality perceptions and monetary price perception.

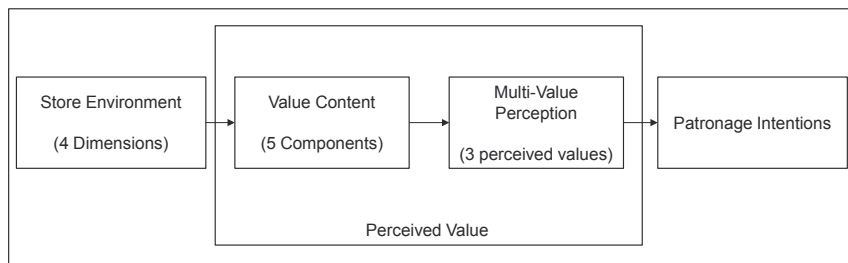
Since perceived value is an abstract concept, the formalization of this concept mainly comes from perceived quality and perceived sacrifice. Perceived quality is inferred by the inner and outer attributes, i.e. service quality perception, and merchandise quality perception. Perceived sacrifice mainly comes from the consumers' monetary price perceptions and non-monetary perceptions, i.e. time/effort cost perception, psychic cost perception. Price for consumer is what is given up or sacrificed to obtain a product, however Ahtola (1984) argued that mone-

tary price is a lower level attribute in multi-attribute models because price is a “give” component rather than a “get” component. Dodds et al. (1991) indicated that actual price is an objective external characteristic of merchandise that consumers perceived as a stimulus in the model of the conceptualization of value perception (Monroe/Krishnan 1985). Thus, price for consumers means both objective external properties and subjective internal representations that are derived from monetary price perception.

Often consumers’ perceived value depends on the price of the desired product or service (e.g. a lower price increases the perceived value). In this context consumers’ price perceptions will equal their value perception. But, this perspective is very limited and does not cover all necessary dimensions which could have an impact on consumers’ value perceptions. As the results of Zeithaml (1988) show the consumers’ perception of value refers to a balance between quality and price. Furthermore, other shopping costs such as non-monetary price perceptions (i.e. time/effort cost perception, psychic cost perception) could have an impact on value perceptions. The consumers’ evaluations of these dimensions are often influenced by store environment (Zeithaml 1988; Baker/Parasuraman/Grewal 2002). Customers respond negatively to factors such as poor store environment, improper interpersonal service-quality, long searching time, and too much effort spending.

Therefore, to cover all important aspects which are relevant for the consumers’ perception and evaluation of value content we used the dimensions proposed by Zeithaml (1988) and Baker/Parasuraman/Grewal (2002) and included them as mediator variables in our conceptual model (Figure 1). Value content, hence, is composed of “the gain” - that is, service quality perception and merchandise quality perception - and “the sacrifice” - that is, monetary price perception and non-monetary price perception. Overall, the four dimensions of store environment as antecedents affect three multi-value perceptions, which are mediated by five components of value content. Based on this understanding of consumer’s shopping experience, customers’ perceived value is stimulated by store environment and will affect customers’ patronage intentions.

Figure 1: The Conceptual Model



2.3 Research Hypotheses: Influence of Store Environment on Value Content

Influence of Store Environment on Service Quality Perception

The consumers' evaluation for the service personnel and service environment is an important factor in formulating service quality perception (Sirohi/McLaughlin/Wittink 1998). As discovered by Bitner (1990), service personnel's attitude and behaviour have an enormous influence on consumers' functional quality perception. Besides, service is intangible and it requires customers' involvement in the process so that the surrounding environment has a prominent impact on the quality perception of the overall tangible service (Bitner 1992). Also, the shopping environment and employee service positively influence retailer perceived quality which leads to consumer's biased behavioural response (Wu 2009). Interpersonal service has the largest influence on communicating service quality perception (Bitner/Booms/Mohr 1994). From the above discussion, the general consensus is that store social dimension is a major factor to shape service quality perception. Store design dimension concludes a positive influence on service quality perception, but the influence of the store ambient dimension could not be supported (Baker/Parasuraman/Grewal 2002). Store design and store ambient dimensions bring impact on service quality and associated cognitions which can lead to beliefs and attributions associated with the organization, its people and its products (Bitner 1992; Sirohi/McLaughlin/Wittink 1998). Service quality was examined in four service industries and was found to be highly correlated to physical environment quality, including ambient conditions, design, and social factors (Brady/Cronin Jr. 2001). Wakefield/Baker (1998) pointed out that better mall tenant variety and mall physical environment have positive effects on customer excitement and desire to stay, also influence re-patronage intentions. Based on the above discussion, we propose the hypothesis as follows:

H 1: Store environment positively effects service quality perception.

Influence of Store Environment on Merchandise Quality Perception

Retail store environmental design provides an important foundation for consumers' merchandise quality evaluation. As Areni/Kim (1993) found out in an observational research, when a liquor store played classical music instead of the Top-20 songs, consumers purchased more expensive wine. That is, when an attractive and pleasant ambient atmosphere is created in a store environment, consumers will purchase higher value merchandise. Besides, the store layout could serve as a base to evaluate merchandise quality (Mazursky/Jacoby 1986). When consumers appreciate store environment especially for store design, they will tend to have higher merchandise quality perceptions and therefore higher patronage intentions (Baker/Parasuraman/Grewal 2002). Perceptions of service environment and personal service formulate service quality, which administrates a direct and positive impact on overall merchandise quality (Sirohi/McLaughlin/Wittink 1998). Moreover, consumers can compare product offerings at one-stop shopping when shopping malls provide store comparison and store variety (Berman/Evans 1995). Based on the above discussion the following hypothesis is proposed:

H 2: Store environment positively effects merchandise quality perception.

Influence of Store Environment on Monetary Price Perception

Store atmosphere can create value belief and price differentials between products with no differences. When consumers perceive and evaluate the store atmosphere as pleasant and positive, this could have a positive effect on their willingness to pay and the acceptance of higher prices (Grewal/Baker 1994). Therefore, the atmosphere of store environment will impact consumers' evaluation of monetary price perception (Areni/Kim 1993). Baker/Parasuraman/Wittink (2002) also confirmed that the store design dimension has a positive impact on the monetary price perception. Additionally, mall tenant variety and mall physical environment positively impact on customer perceptions and behaviour (Wakefield/Baker 1998). Grönroos (2002) proposed better service employees will positively contribute to consumers' total perceived value. Based on the above discussion the following hypothesis is proposed:

H 3: Store environment positively effects monetary price perception.

Influence of Store Environment on Time/Effort Cost Perception

When consumers favour a store design, they have lower time/effort cost perception (Baker/Parasuraman/Wittink 2002). Mall tenant variety and mall physical environment also positively impact on excitement of the mall and desire to stay at the mall (Wakefield/Baker

1988). Besides, if shopping malls provide store comparison and store variety, it enables the consumers who are looking for one-stop shopping to compare product offerings (Berman/Evans 1995). Hence, product searching efforts are perceived to be lower by these consumers and a better store environment will negatively impact consumers' subjective evaluation of time and effort.

Furthermore, not necessary or unexpected relationship costs from additional services will cause negative effects (Grönroos 2002). Customers respond negatively to non-monetary price perceptions such as time/effort cost perception and psychic cost perception (Zeithaml 1988), also the four dimensions of store environment have a negative impact on time/effort cost perception (Baker/Parasuraman/Grewal 2002; Berman/Evans 1995). Therefore, the fourth hypothesis is proposed as follows:

H 4: Store environment negatively effects time/effort cost perception.

Influence of Store Environment on Psychic Cost Perception

When a store's environmental design is poor, it could possibly reduce the shopping stimuli and would lead to worsening the shoppers' moods (Spies/Hesse/Loesch 1997). As the consumer appreciates store environment such as design and ambience, the consumer will have lower psychic cost (Baker/Parasuraman/Grewal 2002). Mall tenant variety and stores' physical ambience will stimulate consumers, who are more willing to spend more time in shopping malls under such circumstances (Wakefield/Baker 1998). When shopping malls provide store comparison and store variety this could possibly attract more shoppers and translate positive emotions into lower psychic cost (Berman/Evans 1995). Based on the above discussion, a pleasant store environment can portray positive emotional reactions or reduce negative emotional reactions. On the contrary, store environment indeed has a negative impact on negative psychic cost perceptions, therefore the hypothesis is proposed as follows:

H 5: Store environment negatively effects psychic cost perception.

2.4 Influence on Multi-Value Perception

Influence of Value Content on Hedonic Shopping Value

When consumers favour the physical environment of stores, they will have positive emotions, and these affective and pleasure states are in turn found to have a positive relationship with consumers' willingness to buy (Baker/Levy/Grewal 1992). Babin/Darden/Griffin (1994) regarded positive emotional reactions, such as happiness, inspiration, imagination, excitement

and interest, as standards of hedonic value. Based on this, we can infer that the physical store environment will have a positive impact on hedonic shopping values. Besides, when a shopping mall has a splendid variety of stores, food and drinks, and entertainment choices, it is likely to provide a positive stimulation, such as excitement, interests, and attraction, etc. (Wakefield/Baker 1998). Based on the above discussion, the hypotheses are proposed as follows:

H 6a: Store design positively effects hedonic shopping value.

H 6b: Store ambience positively effects hedonic shopping value.

H 6c: Mall tenant variety positively effects hedonic shopping value.

According to the research result of Baker/Parasuraman/Grewal (2002), psychic cost means the level of atmosphere of displeasure, dislike and discomfort; these reactions are basically negative emotions. Research in the past did not distinctively show the negative psychic cost of consumers' evaluation on hedonic shopping value, but did point out that hedonic shopping value was related to positive emotions (Babin/Darden/Griffin 1994). Zeithaml (1988) believed that non-monetary cost will only impact negative price perception. Furthermore, Babin/Darden/Griffin (1994) found that hedonic shopping value and time pressure are negatively correlated. This means that when consumers have lower time/effort cost, they will perceive higher hedonic shopping value. Based on the above discussion, the paper hypothesizes that negatively psychic cost perception should undermine consumers' hedonic shopping evaluation. Therefore:

H 6d: Time/effort cost perception negatively effects hedonic shopping value.

H 6e: Psychic cost perception negatively effects hedonic shopping value.

Influence of Value Content on Utilitarian Shopping Value

Titus/Everett (1995) addressed that many consumers exist whose goal is convenience and who value quick in-and-out shopping and the ease to locate the merchandise they need. Among store ambience factors, store layout has an impact on the consumers' efficiency of moving around. In the research of Berman/Evans (1995), they found there is an impact on shopping efficiency. When a shopping mall provides store comparison and store variety, it makes it easier for the consumers who are looking for one-stop shopping to conveniently compare product offerings. From this viewpoint, we can tell that the surrounding factors, specifically store ambience and mall tenant variety, will have a positive impact on utilitarian value. Based on these researches findings, the hypotheses are proposed as follows:



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