The Effect of Selected Store Image Dimensions on Retailer Perceived Quality in Iranian Chain Stores

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ABSTRACT

In recent decades, the production capacity of companies increased dramatically and supplies of goods and services surpassed demands. As a result,' the power of distribution networks, stores, retailers and consumers increased dramatically. The objective of this research is to survey the effect of selected store image dimensions on retailer perceived quality in chain stores. The population of this research includes customers of retail chain store in Gorgan city in Iran. This research is descriptive and survey and according to its objective it is an applied research. Since the research population is unlimited, according to Morgan table, 384 persons were selected as sample. The sampling method *is simple random sample. In this research, descriptive and inferential statistics is used. For analyzing data, confirmatory factor analysis, structural equation modeling and T test with SPSS and EQS statistical software are used. The result of the research showed that the selected dimensions of store image composed of convenience, perceived price, physical facilities, employees services and institutional factors had positive impact on retailer perceived quality and retailer perceived quality had positive impact on retailer loyalty.

KEYWORD: store image, retailer perceived quality, retailer loyalty, chain stores

1-INTRODUCTION

In the present competitive market, occupying appropriate position in the mind of consumer is very important and one of the most important factors in this regard is brand equity [1]. In current competitive markets, companies must try to retain their customers, because retaining current customers are cheaper than attracting new customers [17]. Store image predicts retailer economic performance. Store image is the result of various elements of retailer marketing mix which could make unique image in the mind of each retailer [4]. Competition between companies and especially between retailers are fierce today due to improvement of technology and changes in the needs and wants of customers. In this research, we tried to identify and measure dimensions which are effective in the image of customers toward the stores. The main problem of majority of Iranian retailers is that they don't have enough information and knowledge in this regard. In this research the main problem that we try to answer is that: Do selected dimensions of store image have direct impact on retailer perceived quality?

2-LITERATURE REVIEW

Chang and Tseng (2013) surveyed the impact of electronic store image on perceived value and perceived risk. Research findings showed that style, usefulness and ease of use are among the most important factors impacting electronic store image. [5]. Valentine Ngobo and Sylvin (2013) did a research titled, "Dose store image influence demand for organic store brand?" They found that, consumer image about a store impacts demand for organic products and the impact of store image on organic products depends on their brand building strategies [20]. Beristain and Zorrilla (2013) in their research titled "The relationship between store image and store brand equity: A conceptual framework and evidence from hypermarkets " found that store image can be used by retailers to affect all dimensions of store brand equity [8]. Wu and Tian (2009) did a research titled, "The impact of selected store image dimensions on retailer equity in 10 Chinese hypermarkets ". Their research results showed the positive effect of convenience, perceived price, physical facilities, employee service and institutional factors on retailer equity [23]. Maxwell and et al (2009) did a research titled, "Grocery store image, travel distance, satisfaction and behavioral intention: Evidence from a Midwest college town". Their research findings showed that although store image is an important behavioral driver [14]. Orth and Green (2009) did a research titled," Consumer loyalty to family versus non-family business: The roles of store image, trust and satisfaction". They found that family business has a better position with regard to providing services to customers and complaint management [15]. Pappu and quester (2006b) in their research titled," A consumer-based method for retailer equity measurement: results of an empirical study " showed that retailer perceived equity has four dimensions: retailer awareness, retailer association, retailer perceived value and retailer loyalty [19]. Hartman and Spiro (2005), did a research titled, "Recapturing store image in customer-based store equity: a construct conceptualization". In this research, they compared store image with concepts such as building value for a customer oriented store [6].

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3-Diffinitions of concepts and terms
3-1-Retailer equity

Retailer equity, as a value added to a retailer institution by its brand is an important element which makes competitive advantage for the organization [2,24]. Brand equity is marginal utility or value added to a product which a brand contribute to it [21]. Retailer equity is a multidimensional concept, as reflected in retailer awareness, retailer associations, retailer perceived quality and retailer loyalty [18].

3-2- Store image

Store image is the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes [13]. There is a relationship between measures of store image and store loyalty and store loyalty is predicted from store image information [11]. Favorable store image or store attributes affect customer behavior toward store and consequently lead to customer loyalty [10]. Customer's and management's perceived store image and positive past purchase experiences determines customer's loyalty patronage behavior [16].dimensions of store image such as in this research we selected convenience, institutional factors, physical facilities, perceived price and employee service groups as a representative set of retail marketing mix [12].

4- Research hypothesis

Research hypothesis are derived for research model. Conceptual framework of research composed of store image and retailer equity. Wu and Tian(2009) proposed selected dimensions for store image and Retailer perceived quality figure (1) which is used in this research as research conceptual framework.
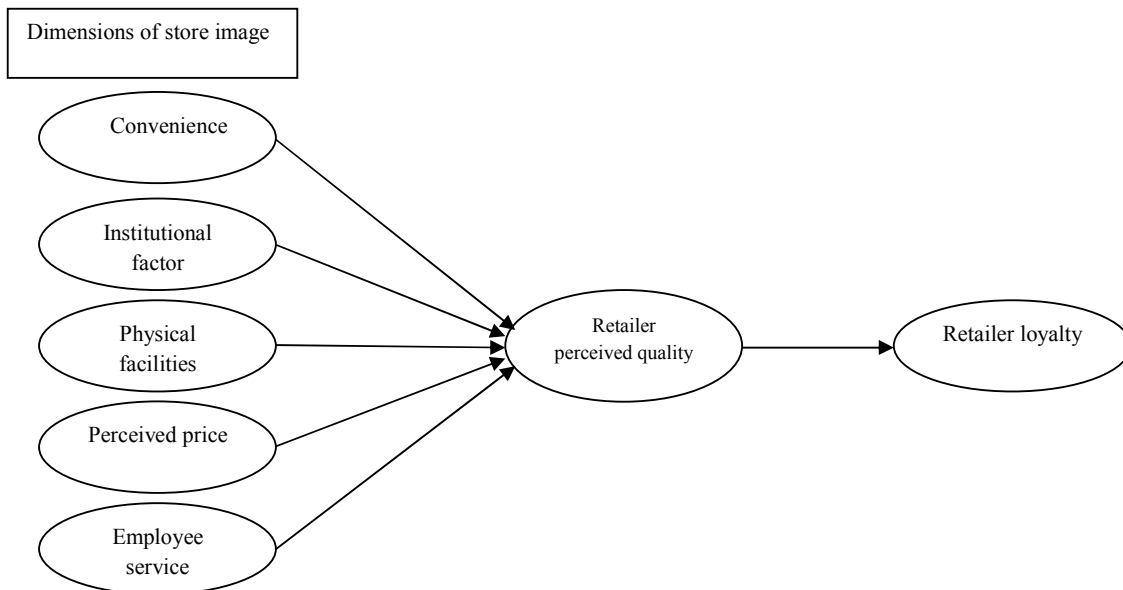

Figure 1.Selected dimensions of store image and Retailer perceived quality

4-1- Convenience: Convenience reduces the time which consumer use to go to a store [22].
H1 - Convenience in store has direct impact on retailer perceived quality.
4-2- Institutional factors: Institutional factors included store style (traditional or modern), famous and trustful attributes [23].
H2b -Institutional factors of store has direct impact on retailer perceived quality.
4-3- Physical facilities: Physical facilities has direct and indirect impact on perceive service quality and customer satisfaction [18].
H3 -Physical facilities of store has direct impact on retailer perceived quality.
4-4- Perceived price: Perceived price has substitution relationship between perceived quality and costs paid [25].
H4 -Perceived price of store has direct impact on retailer perceived quality.
4-5- Employee service: customers are more satisfied with employees who provide better services because they feel friendly and polite behaviors in store [23].
H5 -Employee service in store has direct impact on retailer perceived quality.
4-6-Retailer perceived quality: Retailer perceived quality means that the consumers recognize differentiation and superiority of a brand through experiences [23]. Is defined as consumer's judgment about a retailer's overall excellence or superiority on the perception of goods and services [25].
H6 -Retailer perceived quality has a direct impact on retailer loyalty.
4-7- Retailer loyalty: It is a high level enthusiasm to re-buy a product or a service in the face of competitors activities to cause switching behavior [3].

5- RESEARCH METHODOLOGY

This research is survey research under the heading of descriptive research from the view point of data gathering technique and it is applied in the context of its objective. Research population are customer of Gorgan city retail chain store who have at least one experience of purchasing. Since the research population is unlimited. The size of sample according to morgan table is 384 persons. The sampling method used is random sample which is a probability sampling. For analyzing data and hypothesis testing, descriptive and inferential statistics under statistical software of SPSS and EQS is a standard questionnaire which is localized and has 27 questions under 7 dimensions of the model. For designing the questionnaire, 5 point likert scale is used. Validity of questions were measured by content validity method. For measuring reliability of data, chronbach alpha were used and the amount of alpha for all constructs were above 0.82.

6- Hypothesis testing

In this research, for testing construct validity and insuring that the questions measures construct accurately, confirmatory factor analysis was used. Hypothesis were tested by path analysis. For measuring meaningfulness of parameters, T test were used. The amount of T should be above 1.96. so that the estimates be meaningful, otherwise the hypothesis is rejected. According to the result of EQS statistical software as it can be inferred from table (1) has a good fitness with factor analysis which shows the validity of the result of the research from structural modeling. We can now see the result of research hypothesis tests. Standardized parameter, T value of each construct and conclusion of each hypothesis is shown in table (2).

Table1.fitness of indexes of research structural model

Index	x2/d f	RMSEA	RMR	SRMR	GFI	AGFI	NFI	NNFI	CFI	IFI
Standard	X<3	X≤.05	X≈0	X≤.1	X≥.90	X ≥.90	X>.90	X >.90	X>.90	X >.90
Reported	2/85	0.041	0.023	0.051	0.938	0.901	0.922	0.945	0.963	0.961

Table2.standardized parameter, T value for each constructs and conclusion of each hypothesis.

Hypothesized relationship	Standardized parameter	t value	Conclusion
H1. Convenience on Retailer perceived quality	0.409	3.104	Supported
H2. Institutional factors on Retailer perceived quality	0.180	0.856	Not Supported
H3. Physical facilities on Retailer perceived quality	0.344	2.153	Supported
H4. Perceived price on Retailer perceived quality	0.706	3.227	Supported
H5. Employee services on Retailer perceived quality	0.209	2.530	Supported
H6. Retailer perceived quality on Retailer loyalty	0.377	2.989	Supported

7- Conclusions and recommendations

The result of structural model confirmed the impact of store image on Retailer perceived quality. The result showed that convenience, physical facilities, perceived price and employee service impact on Retailer perceived quality and Retailer perceived quality had directly impact on retailer loyalty. Since analysis of hypothesis testing was power full EQS statistical software if standardized parameters of model in T value for each path is greater than 1.96, we can generalize the result to the population.

Convenience: Hypotheses H1 have T value of greater than 1.96 and that was confirmed. As a result, convenience of store has direct impact on retailer perceived quality. According to hypotheses which were confirmed we can propose the following recommendations. Creating free parking lot for customers, suitable working hours for store according to the season, increasing the number of outlets with regard to population dispersion, building store near bus stop and taxi stop, creating consignment box for customers.

Institutional factors: Hypotheses H2 have T value of less than 1.96 and as a result that was rejected. This means that institutional factors of store does not impact on retailer perceived quality..

Physical facilities: hypothesis H3 with T test value above 1.96 was confirmed. This means that physicals facilities of store has direct impact on retailer perceived quality. According to the hypothesis confirmed we can make the following recommendation: Increasing the number of cashier, suitable lighting and temperature and clean fresh air during peak hours, furnishing facilities such as rest rooms, praying rooms and restaurants, furnishing facilities such as chairs and benches for the rest of customers, furnishing facilities for the shopping of disabled people, furnishing facilities for elderly people and playground for children, locating enough wheelchairs and shopping baskets in suitable places.

Perceived price: hypothesis H4, with T value above 1.96 was confirmed. Therefore, Perceived price of store has direct impacts on retailer perceived quality. According to the hypothesis confirmed we can make the following recommendation: labeling price on the package of the products and making some price reductions, specifying price discounts of goods which create positive association, Implementing sales promotions in different times.

Employee service: hypothesis H5 with T value above 1.96 was confirmed which means that employee service in store impacts directly retailer perceived quality. According to the hypothesis confirmed we can make the following recommendation: Training store employee continuously about serving customers need, Creating complaint and suggestion system in store, Creating customer relationship management systems, Increasing employee salary in order to create incentives for improving their levels of customer service.

Among selected dimensions of store image, perceived price has the greatest impact on retailer perceived quality. Convenience is the second factor which has the greats impact on retailer perceived quality.

Retailer loyalty: according to the research result, hypothesis H6 have T value of greater than 1.96. so, that was confirmed. As a result, retailer perceived quality has directed impact on retailer loyalty. Wu and tian in their research found the same result.

Future researches and limitations

This research provided evidences about marketing activities and their effect on retailer equity, but it has limitations that limits its generalizability. This model examined five variables of store images. The effect of other store image elements need to be researched too. In this research we studied only hypermarkets in the city of Gorgan in Iran. Future researchers can study the effect of these elements in other cities. This study can also be done with more retailer institutions such as department stores, super stores and specialty stores.

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