



Impact of Store Brand Emotions on Consumer Choice of Store in an Organized Retail Environment.

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Abstract

Purpose :

Consumers make decisions based on rational and emotional marketing appeals. Emotions focus on attention, remembrance, form the basis of consumer motivation and shape consumer attitudes. The organized retail market in India which constitutes only 6 % of the total retail market, is using emotional appeals to help consumers make decisions inside the stores. Though emotional appeals as a marketing tool has been studied, its impact on the organized retail environment has not been explored. The paper focuses on the impact of store brand emotions on consumer choice of store in an organized retail environment in India.

Methodology / Approach :

The primary data was collected through Questionnaire method. Secondary data was collected through research reports, research journals and websites related to retail. The consumers for the study were selected on the basis of age group and gender through simple random sampling technique as the emotions vary within the two categories of consumers. A sample size of 100 respondents was expected to be covered. Simple Regression Analysis was used for data analysis. The results indicate that store brand emotions have a significant impact on consumers choice of store. The study is limited to the city of Pune.

Implications of research :

The organized retail industry and product manufacturing companies who use emotional appeals to attract consumers would be the main beneficiaries of the research. The research will enable the retailers and companies to understand the impact of emotional appeals on consumers thereby enabling them to achieve higher sales, enhance their brand image and develop strong consumer relationships.

Key words :

organized retail, consumer choice, store brand, emotions

Title of Research Paper

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1. Introduction

According to Researchers (Blair Kidwell, David M. Hardesty, and Terry L. Childers. 2008)⁴ consumers make decisions

based on thoughtful component (knowledge gained through experience) and an emotional component (knowledge of one's own feelings). Emotional appeals by marketers often impact consumer purchase decisions. Neuroscientists have shed a great deal of light on the critical roles that emotion plays in the brain (Damasio, 1994; LeDoux, 1996)

- (I) Emotions focus on attention.
- (ii) Emotions are a major determinant of what we remember.
- (iii) Emotions are an essential ingredient in the development of attitudes.
- (iv) Emotions are the basis of motivation.

The American Marketing Association describes a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition." Retail branding has tremendously gained in importance in retail literature (Ailawadi and Keller 2004). It has long been suggested that symbolic attributes of a brand are important for explaining purchasing behavior (Aaker 1997; Austin et al. 2003). Some studies also indicate an effect on retail patronage (e.g. Bellenger et al. 1976).

The organized retail sector in India comprises of corporate retailers such as Big Bazaar, Pantaloon, Reliance, Shopper's Stop and many others. The organized retailers have been focusing on varied emotional marketing appeals to influence consumer decision making. Some of these are store ambience, customer relationship management (CRM) and store branding. Store branding strategies include sponsorship of events and CSR activities which tend to create an image of the store in the mind of consumers and induce purchase decisions. This paper focuses on the impact of store brand emotions on consumer decision making in organized retail environment in India.

2. Indian Retail Scenario

India is the most emerging destination for retail in the world ahead of Russia and China (A.T. Kearney's annual Global Retail Development Index, 2009). The organized retail market in India is expected to reach 637 \$ billion by 2015 (KSA Technopak Analysis). Mall space, from a meager one million square feet in 2002, was expected to touch 40 million square feet by end of 2007 and an estimated 60 million square feet by end of 2008 (Jones Lang LaSalle's third annual Retailer Sentiment Survey-Asia).

In January 2006, the Union Cabinet approved a major



rationalization of the policy on FDI in retail to further simplify procedures for investing in India and to avoid multiple layers of approvals required in some activities. To facilitate easier FDI inflow, FDI up to 100% was allowed under the automatic route for cash and carry wholesale trading and export trading. However to protect the interests of Indian retailers, the FDI in retail was limited to 51 % in single brand retail only.

Currently, the share of organized retail continues to remain at 6 % (A.T. Kearney & CII, 2009). Major concentration of retail has been limited to the urban markets. This is because 44 % of total villages in India have population of less than 500 and only 33 % of total villages are connected by proper roads (McKinsey survey, 2007). The rural market is highly heterogeneous besides having lower per capita consumption making it impossible for the retailers to make higher profits. India has presence of global retailers such as McDonalds, Pizza Hut, Dominos, Adidas and Nike to name a few.

2.1 Organized Retail In India

Organized Retail in India refers to the modern retail formats like supermarkets and hypermarkets that have an organized structure, systems, people and processes. The drivers of organized retail in India include higher disposable incomes of consumers, change in consumer lifestyles, double income households, product variety and one stop solution for all needs coupled with shopping and entertainment.

2.2 Unorganized Retail In India

Unorganized Retail in India refers to kirana stores, street markets, kiosks and roadside peddlers. The term "unorganized retail" is better understood by the following characteristics:

- 1) Family-run stores
- 2) Lack of best practices when it comes to inventory control and supply-chain management
- 3) Lack of standardization
- 4) Essentially a sector populated by anyone who has something to sell

2.3 Global Retail Scenario

The signs of economic slowdown in the US were visible in 2007 (Euromonitor International, 2007) leading to slowdown in various sectors including retail. The US market is dominated by giant retailers such as Walmart, Kmart, Home Depot, Office Depot, Toys R Us, McDonald's, Starbucks and a few others leading to a complete saturation of the market. Hence the US retail giants are exploring possibilities in emerging markets. However, markets in Latin America continue to be promising with Brazil taking the lead. The rising middle class due to higher disposable incomes has offered numerous opportunities to the country's domestic and international retailers to capitalize on the consumer purchasing power.

Europe can be considered as a mature market with the presence of large number of retailers. Mature markets include countries such as UK, Ireland, Austria, Denmark, Spain and Finland. However Russia continues to be a favorite destination due to strong income growth and higher consumer spending. The GDP of Russia in 2010 is expected to grow at 6 % as per IMF estimates. Strong GDP growth in

Asian countries (projected at 5.6 % for India and 7.5 % for China in 2010 as per IMF report) coupled with absence of major competition has lured global retailers to look towards Asia.

3. Review of Literature

The increasing competition among various retail formats encourages managers to take account of consumer experience in the shopping environment as a potential tool of differentiation (Arnold et al., 2005). Positive anticipated emotions are not emotions felt while shopping but are the expected emotional consequences of achieving a goal, in this case visiting a shopping center. The importance of shoppers' emotions in determining consumer behaviour has been well established in both the retail domain and the services domain (Machleit and Mantel, 2001).

Emotions associated with consumption are affective variables that are formed in response to a specific referent or appraisal made by the consumer (Bagozzi et al., 1999). Lajoie (2004) talks of the linkages of product performance with customer's emotional needs. Groth, Thurau and Walsh (2009) have explained the emotional link between service employees and consumers. Emotional linkages with consumers such as a high-trust relationship can enable marketers to sell an array of products to them. Emotional linkages also play an important role in building a loyal consumer base. Research on emotional appeals has shown that emotions enhance the pleasure of buying, owning and using products (Hirschman and Holbrook 1982).

Various researchers (Moore, Harris and Chen 1995) have shown that individuals may differ significantly in the level of emotional intensity with which they respond to an advertising stimulus, and the intensity level may have a parallel influence on attitude formation. Research has shown that individuals differ widely in the intensity of their emotional response to affect laden stimuli (Larsen 1984; Larsen and Diener 1987). However, the impact of emotional marketing appeals in organized retail sector in India has not been explored.

4. Research Methodology

The study is limited to the city of Pune. Consumers visiting selected organized retail formats such as supermarkets, hypermarkets, departmental stores and branded specialty stores have been surveyed. Pune is catering to organized retail in various formats. Hence the city has been chosen for survey. The primary data has been collected through Questionnaire method. Secondary data has been collected through research reports, research journals and websites related to retail and emotional intelligence. A sample size of 100 respondents has been covered. As the research necessitates determining the impact of emotional appeals on consumer choice, Simple Regression Analysis is a suitable technique for analysis. A 5-point Likert scale (1-completely disagree to 5-completely agree) was used to measure the impact.

Hypothesis framing

The research proposes to test the following hypothesis.

Retail Store brand emotions have a significant impact on consumer choice of store.



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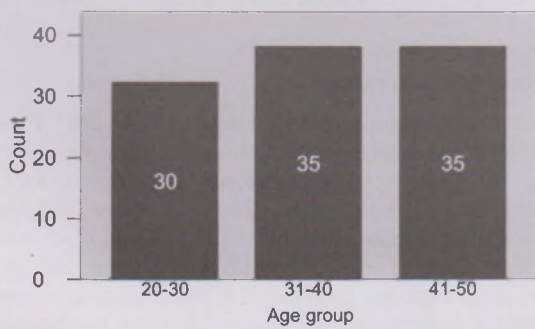
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5. Data Interpretation

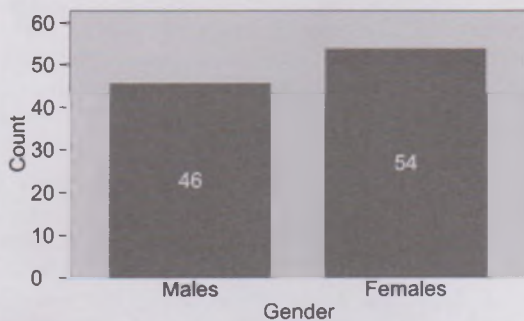
Exhibit 1



Inference

1. 30 % of respondents are in the age group of 20 – 30 years.
2. 35 % of respondents are in the age group of 31 – 40 years.
3. 35 % of respondents are in the age group of 41 – 50 years.

Exhibit 2



Inference

1. 46 % of the respondents are males.
2. 54 % of the respondents are females.

Exhibit 3

Model	R	R Square	Adjusted R Square	Std. Error the Estimate
1	.548 ^a	.301	.293	.591

a. Predictors: (Constant), brand

Exhibit 4

Model		Sum Square	df	Mean Square	F	Sig.
1	Regression	14.719	1	14.719	42.126	.000 ^a
	Residual	34.241	98	.349		
	Total	48.960	99			

a. Predictors: (Constant), brand
b. Dependent Variable: Store

Exhibit 5

Model	Unstandardize Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.911	.255		7.497	.000
brand emotions	.512	.079	.548	6.490	.000

a. Dependent Variable: Store

Inference

At 95 % confidence interval i.e. $p < .05$, the results support our hypothesis. Hence retail store brand emotions have a significant impact on consumer choice of store.

6.Limitations of Research :

1. The research is limited to the city of Pune.
2. A sample size of more than 100 could show variations in the findings of research.
3. If research is conducted in other cities, the findings could vary.

7. Managerial implications and Future Scope

The organized retail industry and product and service companies which use emotional appeals to attract consumers would be the main beneficiaries of the research. The research will enable the retailers and product and service companies to focus on those emotional appeals that would have significant impact on consumer decision making thereby enabling them to achieve higher sales, enhance their brand image and develop strong consumer relationships. The future scope of research would be in the area of emotional intelligence. Researchers can focus on the applicability of emotional intelligence in the area of marketing. Retailers sell a wide array of product categories ranging from FMCG products to apparels and consumer durables. Some of the products may have a strong influence of emotions on decision making while some products may not. Another area of research could focus on those products where emotions play an important role in consumer decision making.

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