

# Consumer behaviour and retail stores



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## **Variables Studied**

The variables that we studied can be explained as follows:

### **Exploratory tendencies in Consumer Behaviour**

Exploratory behaviour is the tendency to explore or investigate a novel environment. It is considered a motivation not clearly distinguishable from curiosity. Consumer Behavior is defined as the dynamic interaction of affect and cognition, behavior, and environmental events by which human beings conduct the exchange aspects of their lives. Optimum stimulation level (OSL) is a person's unique preferred level of environmental stimulation (Berlyne, 1960). Humans engage in exploratory behavior in an attempt to adjust their perceived stimulation level to their desired optimal level (McReynolds, 1971).

Research suggests that OSL may be a major determinant of consumer behavior with strong exploratory elements (Zuckerman, 1979).

### **Customer image of retail stores**

The store image plays a very important role in creating profit and maintaining customer loyalty. A high quality store image implies the possibility of differentiation, loyalty and profitability, while a low-quality store image paves the way for price wars by emphasizing and intensifying customer price sensitivity (Hallanan, 1994). The conclusion that retail stores should develop a positive, clear and favourable self-image to be an alternative choice in customers' minds was drawn by Martineau (1958).

There are lots of different attributes which significantly influence store image. These include the quality of merchandise and services, the store appearance, the quality of the purchase service, the physical facilities, the

behaviour and service of employees, the price levels, the depth and frequency of promotions and the store shopping atmosphere (Lindquist, 1974).

### **Style of Processing**

People learn in different ways. Learning is a complex, interrelated system of accessing information, getting it into the brain, and processing that information to solve problems or support activities. Learning styles describe the various ways people gather as well as process information. When you learn something, you are acquiring a skill, knowledge or attitude. The process of learning involves the ability to take in data, process it, store it, and retrieve it at a later time.

It is important to take into account how consumers process information and form brand attitudes based on the different processing skills, goals, and prior experience that the individuals possess.

### **Attention to Social Comparison**

Social comparison is a term referring to the process through which people come to know themselves by evaluating their own attitudes, abilities, and beliefs in comparison with others. In most cases, we try to compare ourselves to those in our peer group or with whom we are similar. There is a drive within individuals to evaluate their own opinions and desires by comparing themselves to others. The extent to which importance is given to social comparison is referred to as attention to social comparison.

## **Literature Review**

### **Exploratory tendencies in Consumer Behaviour**

Exploratory behavior has received considerable attention in the literature.

The concept of optimum stimulation level (OSL) was simultaneously introduced by Hebb(1955) and Leuba(1955). The basic principle is that people prefer a certain level of environmental stimulation and that behavior will be motivated to attain a satisfactory level of stimulation.

Exploratory behavior is an attempt to regulate stimulation in order to achieve an individual's unique optimum stimulation level (Berlyne, 1960). Exploratory behavior is triggered by a change in a person's arousal state which is perceived to be less than optimal. Withdrawal from exploratory behavior results when the stimulation level greatly exceeds the preferred OSL. The character and complexity of stimuli are also important elements of the construct (Bettman, 1979).

Berlyne's Complexity Theory (1960) further posits that exploratory behavior can be classified as either specific or diversive behavior. The former refers to in-depth exploration of a single stimulus because of its arousal quality. The latter refers to non-directional behavior due to boredom.

Research confirms that individuals differences exist in the amount of stimulation perceived to be optimal (McReynolds, 1971). Furthermore, the consensus finding is that persons with high OSLs participate in more exploratory behavior than persons with low OSLs [(Zuckerman, (1979), Raju, (1981), Raju and Venkatesan (1980)].

Venkatesan (1973) and Raju (1977) conducted early reviews of exploratory behavior from the consumer behavior perspective. Sawyer (1977) and Faison (1977) linked advertising concepts to applications of exploratory consumer behavior. Raju (1980) investigated broad categories of exploratory behavior within the consumer context. Steenkamp and Baumgartner (1992) studied specific information search behaviors. The consensus finding is that OSL is positively correlated to many aspects of exploratory behavior within the consumer context.

In general, exploratory consumer behaviors can be categorized as either curiosity-motivated, variety seeking, or risk taking (Raju, 1980). Consistent with Berlyne (1960), consumer information search behavior is a form of curiosity motivated behavior which can be either goal-directed (ie: in purchase decision-making situations), or true exploratory where the acquisition of information is its own end (Steenkamp and Baumgartner, 1992).

### **Style of Processing**

1. ' Individual, Product Class, and Task-Related factors in Consumer information Processing' by Capon and Burke- The authors explored information acquisition strategies and related them to individual differences in socioeconomic status (SES). One of their findings was that mid/high SES subjects were more accomplished information processors than low SES subjects.
2. A traditionally rich information processing theory used in cognitive psychology research is called the “ stage theory” and was developed by researchers Atkinson and Shiffrin in 1968. This theory posits that

information processing occurs in three stages, sequentially. consumers must first store information in short-term memory, then use a retrieval mechanism between short and long-term memory to develop a schema for responses to the stimulus. During the information retrieval process, consumers elaborate, via the central or peripheral route, to determine the ultimate meaning of the stimulus at hand. It is during the retrieval phase that parallel processing occurs between memory systems and existing cultural stereotypes and references.

3. Age differences in information processing: A perspective on the Aged Consumer by Phillips and Sternthal. – Factors related to age are found to have a significant impact on the way individuals process information. Although the elderly are no more susceptible to social influence than younger adults in many situations, they differ in their sources of information and their ability to learn
4. Different Ways of `Seeing`: How Gender Differences in Information Processing Influence the Content Analysis of Narrative Texts by PAMELA KIECKER, KAY M. PALAN, CHARLES S. ARENI – The study found gender differences in their coding the presence/absence of 10 themes related to gift exchanges and three gender role concepts, as well as differences in intercoder reliabilities based on gender composition of coder pairs.
5. Consumer information processing model developed by James Bettman – It depicts a cyclical process of information search, choice, use and learning, and feedback for future decisions.

**Customer image of retail stores**

1. ' On the relationship between store image, store satisfaction and store loyalty' by Josee Bloemer, Ko de Ruyter- A distinction is made between true store loyalty and spurious store loyalty and manifest and latent satisfaction with the store.
2. ' Store environment and consumer purchase behavior: Mediating role of consumer emotions' by Elaine Sherman , Anil Mathur , Ruth Belk Smith- A large-scale cross-sectional field study was carried out on the effect of store environment on consumer emotions and the resulting influence on aspects of consumer behavior with actual shopping behavior used as an example. This research confirms that although cognitive factors may largely account for store selection and for most planned purchases within the store, the environment in the store and the emotional state of consumers may be important determinants of purchase behavior.
3. " Importance of apparel store image attributes: Perceptions of female consumers" by Elizabeth M Visser, Ronel Du Preez, Hiester S Janse Van Noorwyk- Research focused on identifying those store image attributes perceived as important by a selected group of female apparel consumers. In addition, their perception of Lindquist's proposed dimensions of store image attributes was examined. The store image attribute dimensions generated by the respondents differed slightly from those proposed by Lindquist.
4. Consumers' perception of store attributes influenced by retail formats, type of products, cultural value, shopping intention and customer base (Paulins and Geistfeld, 2003). Bearden (1977) states that store

atmosphere, location, parking facilities, and friendliness of store people are the salient factors that influence consumer store patronage. As a result store attributes such as service offering, activities, facilities and convenience have major influence on customer satisfaction and loyalty (Chang and Tu, 2005).

### **Attention to social comparison**

1. ' A Theory of Social Comparison Processes' by Festinger, L.- This theory explains that we learn about our own abilities and attitudes by comparing ourselves with other people and their opinions. Mostly, we seek to compare ourselves with someone against whom we believe we should have reasonable similarity, although in the absence of such a benchmark, we will use almost anyone.
2. Schachter (1980) extended Festinger's theory of cognitive dissonance to emotional states. He demonstrated that people are more likely to affiliate when made fearful. HE demonstrated that the link between fear and affiliation was partly the result of comparison process. People affiliated in order of ascertain whether their emotional reaction was appropriate for the circumstances.

### **Important Definitions**

#### **Customer image of retail stores**

Although cognitive factors may largely account for store selection and for most planned purchases within the store, the environment in the store and the emotional state of consumers may be important determinants of purchase behavior.



Consumer image of retail stores is the consumers' perception of store attributes, which is influenced by retail formats, type of products, cultural value, shopping intention and customer base. Bearden (1977) states that store atmosphere, location, parking facilities, and friendliness of store people are the salient factors that influence consumer store patronage. As a result store attributes such as service offering, activities, facilities and convenience have major influence on customer satisfaction and loyalty (Chang and Tu, 2005).

### **Attention to social comparison**

Interpersonal influence in consumer behaviour is moderated by the extent of consumer sensitivity to social comparison information concerning product purchase and usage behaviour. The degree to which individuals are sensitive to social comparison cues relevant to their product choices and usage is a mediator of interpersonal influence. That is, the influence that others have on individual decisions is often due to the person's concern or caring about reactions to his/her behaviour.

Attention to social comparison assesses the extent to which one is aware of the reactions of others to one's behaviour and is concerned about or sensitive to the nature of those reactions. These individuals care what other people think about them and look for clues as to the nature of others' reaction towards them (Lennox and Wolfe 1984).

### **Style of processing**

Studies have found that individuals differ significantly in their acquisition of information, the strategies they employ during acquisition, and their utilization of acquired information when forming judgments. There are two <https://assignbuster.com/consumer-behaviour-and-retail-stores/>

facets of individual information processing. One facet focuses on a predisposition to invoke a processing strategy based on one's cognitive ability. But because consumers possess many different processing skills, the second facet relates more to a style of processing and is evoked as the result of an individual's preferences- preferences that often lead the consumer to select one strategy from the battery of alternatives available.

Childers, Houston and Heckler (1985) conceptualize processing style as a preference and propensity to engage in a verbal and/or visual modality of processing information about one's environment.

### **Exploratory tendencies in consumer behaviour**

Optimum stimulation level (OSL) is a property that characterizes an individual in terms of his general response to environmental stimuli. The magnitude of OSL, therefore, leads to attempts to adjust stimulation from the environment. Such behaviour, aimed at modifying stimulation from the environment, can be termed "exploratory behaviour." As Raju and Venkatesan (1980) suggest, exploratory behaviour and underlying constructs, such as OSL, are useful in (1) studying the response to stimulus characteristics such as novelty and complexity, (2) studying the information-search behaviour of consumers, (3) studying the effects of stimulus (e. g., advertising) repetition, and (4) studying individual differences in exploratory behaviour.

### **Path Diagram**

The variables that we have studied are:

- Exploratory Tendencies in Consumer behaviour

- Consumer image of retail stores
- Style of processing
- Attention to social comparison

### **Proposed Hypotheses**

The following hypotheses are tested:

- H1: An individual difference in consumer information processing positively related to consumer image of retail stores
- H2: Consumer's processing ability and product preference is influenced by individual's sensitivity to social comparison
- H3: There is no significant difference between the customer behaviors based on the type of processing and their exploratory tendencies
- H4: Social comparison in consumer behavior is negatively related to consumer image of retail stores

### **Methodology**

#### **Preparing the questionnaire**

To begin with, the questionnaires built for each of the variables were studied.

- For understanding exploratory tendencies in consumer behaviour, the EBBT Scale was viewed. EBBT is a two-dimensional scale: (a) the exploratory acquisition of products dimensions (EAP) and (b) the exploratory information seeking dimension (EIS). Both dimensions are composed of 10 items scored on 5-point strongly agree-strongly disagree scale. From each of these dimensions, we have considered 5 items for our questionnaire.
- For understanding Consumer image of retail stores, the questionnaire developed by Dickson and Albaum was considered. Their scale of

Customer retail store image (CRIS) is composed of 29 7-point semantic differential items designed to measure the consumer image attitudes.

14 items out of these 29 items are taken in our questionnaire which covers the distinct attitudes.

- For style of processing, Childers, Houston and Heckler (1985) scale was considered. The SOP is a 22 item scale where the items are scored for 1 (Always true) to 4 (Always False). 11 items reflect a visual processing style. Out of these, 5 items were taken in our questionnaire. 11 items reflect a verbal processing style and out of these, 6 items were taken in the questionnaire.
- For measuring Attention to social comparison, Lennox and Wolfe 1984 had developed a scale on Attention to Social Comparison Information (ATSCI) which comprises of 13 items scored from Always False to Always True on a 6-point scale. A total of 8 items, which were found to be distinct, were extracted for building our questionnaire.

Using items from all the above mentioned questionnaires, a consolidated questionnaire was developed to study the relation between the above mentioned variables.

### **Collecting the Samples**

Our Sample consists of mainly students and young professionals. The responses were collected through an online survey. We obtained 118 samples to carry out our analysis.

### **Description of the Samples**

Our sample consists of 101 males and 17 females. Out of this, 51 respondents are post-graduates while 67 respondents were graduates.

Majority of the respondents were from the age group of 21- 30 with 42 respondents being from age group 21-25 yrs.

### **Analysis of data collected**

Each item in the questionnaire was labelled for ease of analysis. The labels are written along with the questionnaire in appendix. Each item (variable) will be referenced by its label hence forth.

Data collected from the survey through the questionnaire was corrected for missing values by using mean of the items being measured. Items labelled q1c, q1e, q1f, q1i, q1j, q1k, q2, q3, q5, q6, q7, q8, q10, q11c, q11d, q11f, q11g, q11h, q11i, q11j, and q11k were reverse coded.

The questionnaire can be classified into 4 sets. Set 1: Items q1a to q1k (measuring consumer image of retail stores), Set 2 items q2 to q10 (measuring exploratory tendencies in buying behaviour), Set 3: items q11a to q11k (measuring processing ability), Set 4: q12 to q19 (measuring attention to social comparison).

### **Factor analysis**

Factor Analysis was done to check out the designed model. Factor analysis extracted 14 components (components 1 to component 14). However through rotated component matrix result of factor analysis it could be concluded that there are 4 major underlying components. Items q1a to q1k loaded component 1 significantly. (However discrepancy could be seen in the loading factors of item q1d. This item was removed to improve reliability of questionnaire.) Items q2 to q10 loaded component 5 significantly. Items q11a to q11k loaded component 3 significantly. Similarly items q12 to q19

loaded component 2. loading factors of some of the items showed discrepancy. These items were removed after performing reliability analysis on each set of items.

### **Reliability analysis**

Reliability was measured using the Cronbach's alpha.

The values of measured variables consumer image of retail stores (CIRS), exploratory tendencies in buying behaviour (ETBB), processing ability (SOP), and attention to social comparison (SCCP) were calculated taking mean of corresponding set of item values.

### **Normality Test**

These measured data were checked for normality using the KS test. Data for all the 4 measured variables was found to be normal.

### **Results of KS test for normality:**

This analysis was performed to ascertain the normality of data which would be co-related to check the proposed hypothesis.

### **Results**

Correlation was performed on the measured variables.

Correlation analysis was performed to verify the hypothesis

H1: An individual difference in consumer information processing positively relates to consumer image of retail stores.

For this hypothesis, the correlation of CIRS and SOP was verified. This correlation value is 0.179 with a significance value of 0.053. There is a very

small correlation between these variables. However, significance is greater than 0.05. Hence the hypothesis has to be refuted.

H2: Consumer's processing ability and product preference is influenced by individual's sensitivity to social comparison

For this hypothesis, the correlation of SOP and SCCP was verified. This correlation value is -0.217, with a significance value of 0.018. There is a negative correlation between these variables. Also, significance is less than 0.05. Hence the hypothesis has to be accepted.

H3: There is no significant difference between the customer behaviours based on the type of processing and their exploratory tendencies.

For this hypothesis, the correlation of ETBB and SOP was verified. This correlation value is 0.015 with a significance value of 0.8. There is a very small correlation between these variables. However, significance is greater than 0.05. Hence the hypothesis has to be refuted.

H4: Social comparison in consumer behaviour is negatively related to consumer image of retail stores

For this hypothesis, the correlation of SCCB and CIRS was verified. This correlation value is -0.099 with a significance value of 0.287. There is a very small correlation between these variables. However, significance is greater than 0.05. Hence the hypothesis has to be refuted.

**Regression analysis was performed for SOP and SCCP (H2)**

As it can be seen, adjusted R square value is only 0.039, which is only about 4%. Thus though there is correlation between the two, it is very small. There are more components which need to be considered to explain the residual.

**Conclusion & Discussion**

From the experimental research conducted, only one of our hypotheses is proved to be correct. All other three hypotheses have to be refuted. Here is the detailed discussion over each hypothesis and the results associated with it.

**H1: An individual difference in consumer information processing is positively related to consumer image of retail stores.**

This hypothesis is not supported by experimental findings. So, a lot of futile marketing efforts can be saved by not giving a major importance to individual differences in consumer information processing. However, consumer image of retail store may depend on some other factors like “Intolerance of Ambiguity”. To prove or disprove this, further research is required.

**H2: Consumer’s processing ability and product preference is influenced by individual’s sensitivity to social comparison.**

This hypothesis is found to be proved correct by experimental data. So it is safe to predict the consumer’s processing ability and product preference by measuring the individual’s sensitivity to social comparison.



**H3: There is no significant difference between the customer behaviours based on the type of processing and their exploratory tendencies**

This hypothesis has also been refuted based on the experimental results. So, we have to accept the alternate hypothesis that “ There is a significant difference between the consumer behaviours based on the type of processing and their exploratory tendencies.”

**H4: Social comparison in consumer behaviour is negatively related to consumer image of retail stores**

This hypothesis has not been found to be experimentally correct. So, we have to accept the alternate hypothesis “ Social comparison in consumer behaviour does not negatively affect consumer image of retail stores.”

There is still scope for further researches on these variables and their dependence on some other variables like Exogenous Variables (Age, employment status, education, income), rigidity, dogmatism, imagery vividness, imagery control, imagery style, influenceability.

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