

RETAIL ENVIRONMENT AND CUSTOMERS' DECISION MAKING STYLE: A SYSTEMATIC REVIEW

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Abstract: The retail sector has become one of the most extraordinarily complex, sophisticated and revolutionised industries of the late modern age. With the proliferation of globalisation and demographic shifts, technology such as mobile devices, tablets and super-speed broadband, and the concurrent expansion of e-commerce and social networking, the retail environment faces a multitude of challenges. It is within this context that marketing seeks to understand optimal strategy to meet the needs, wants and desires, of this continually evolving retail customer base. This paper will address this through a systematic review of theory concerning the influence of internal and external variables on customer decision-making behaviour in relation to the retail purchase process for high-involvement products. This will be achieved in the milieu of the aforementioned global market conditions, and the various academically advocated internal retail brand purchasing process typologies.

Keywords: retail environment, internal and external variables, customer buying behaviour.

Lysonski and Durvasula (2013) highlight that globalisation and economic liberalisation have realigned the retail environment of underdeveloped markets such as India, by enabling multinational companies to enter their market and tailor products to preferences. The shift has generated a decision-making style in India, previously dominated by a strictly utility based focus, to one which involves greater hedonic considerations. Decision-making styles can be understood as the mental orientation of consumers when decision-making, with cognitive and affective aspects inherent within (Lysonski et al, 1996). Lysonski et al (1996) maintained that emerging markets are characterised by greater income, work opportunities and choice. Purchasing thus becomes a much more highly involved psychological procedure (see Appendix 1 for an outline of the Five-stage decision-making process believed to occur when making high-involvement purchases). The authors subsequently found that in India, decision-making styles were impacted by psychological variables, such as believed time pressure, opinion leadership, self-confidence, consumer susceptibility to interpersonal influence, and materialism, with a greater focus on brand choice and novelty now evident compared to 15 years prior.

This indicates a greater tendency towards luxury brand consumption where price is equated with quality. Deloitte (2014b) emphasize that the growth of wealth is a global condition, with demand for luxury goods impervious to recession and expected to magnify over the next decade. Kotler et al (2008) distinguish between the core, tangible and augmented product, as representing the need the product is designed to satisfy, the specifics of the product, and the aspects of the product which encourage complementary uptake (added value, brand equity), respectively. Balancing brand equity with exclusivity is the priority for these products to build sustainable competitive advantage, since customers can now purchase as they prefer, with the abundance of digital accessibility options. Kang and Park-Poaps (2010) contend that fashion leadership (where fashion innovators and opinion leaders drive the acceptance of a new fashion) is linked with elevated time and cost expenditure on fashion shopping and impulse buying. Fashion adoption is stated to be influenced by hedonic motivations such as adventure, gratification, role, value, social, and idea shopping motivations, with fashion innovators and leaders being a main source of adoption across the distribution of adopters. Inevitably this means the word of mouth endorsement and confidence in trying new products by innovators/leaders induce hastened acceptance of fashion products, when time and high cost expenditure may be concurrently demonstrated.

Since developing countries are displaying tendencies towards these characteristics, it can be inferred that the globalised economies will see high-involvement decision-making in luxury goods shaped by cognitive factors such as the information from recommendation, experience based word of mouth, affective factors including mood, emotion, recreation intentions, leisure, and hedonic shopping values including fantasy, arousal, sensory stimulation, enjoyment, pleasure, curiosity, and escapism. For instance Broekemier et al (2008) found in their study that intentions to shop in a retail store were higher if they were exposed to music they perceived to be happy. Hence retailers would see greater intentions to shop, or return, if such music was played in their stores. The same result was found for liked music, and optimal results were found when both of these were combined, therefore evidently cues from the retail environment, can have an effect on people's internal affective state (Chebat and Robicheaux, 2001). Nevertheless, Birtwhistle et al (1998) did find that for a specialty menswear fashion setting, whilst the variables price, quality, selection and staff were prominent, quality was the primary attribute influencing purchase intentions.

Erdem et al (1999) hold that customer values, and store image are based on store attributes. For example recreation prioritising and involved/browsing shoppers will generally place greater importance on store attributes and engage in more shopping effort, than other consumers. Therefore developing economies are likely to see this trend. Similar to the services cape concept of Bitner (1992), Berman and Evans (2010, page 44) refer to the "Total Retail Experience", where retail offerings involve consideration of all relevant elements, such as salesperson, volume, price, displays, brands held, cleanliness, professional signage, suitable lighting, appropriate smell, organised checkouts, and shopping basket availability. Customer dissatisfaction in these areas can prevent repurchase and revisitation. Integrated with this, should be the explicit and clear communication of brand value to targeted consumers in advertising, through delineating product attributes which position the brand effectively in the mind of the customer through their perception (Puth et al, 1999). This additionally extends to the e-retail environment. Yun and Good (2007) examined e-store attributes, e-store image, and e-patronage intention in creating e-loyalty. The results confirmed that there was substantial relationship between e-store image and patronage, with consumers preferring online stores with high quality product, reliable shipping, delivery, tracking options, simple site navigation and ease of product sourcing.

It should be noted however, that Lysonski et al (2013) found certain consumer segments to be unaffected by income increases, such as those confused by excessive choice or guided by habitual brand loyalty, price consciousness, and recreational dimensions. To adapt to these segments, it suggested having simple store layouts, same brand products, loyalty schemes and discount updates. Granot et al (2010) reinforce the gravity of brand associations on consumer retail purchase decisions, recognizing the involvement of a complicated array of processes, which encompass elements such as the in-store shopping experience in the retail setting itself. Interactive associations with the experience can affect purchase and future purchase decisions. This view is corroborated by Porter and Clayton (1997) who found that brand image affected the image of the retail store, and in the context of perceptions of fashion, a merchandise mix of recognisable brands is necessary, with one highly recognisable brand serving as an anchor.

The less cost conscious the shopping experience is, the greater these values permeate, thereby suggesting in a world of increasing wealth, brand equity will be a dominant force in decision-making. As an example of the emotive inducing capabilities of brands, Granot et al (2014) reflect that emotion-initiating properties are currently adopted in the case of "cute" brands. These products are increasingly powerful in the market today, due to the symbolic meanings encoded within their brand image. They manifest ideas related to youth recall and security in a fragmented and fluctuating global environment, therefore are purchased based on their connectedness with lifestyle and individual goals. In this respect we see Gabriel and Lang's (1995) supposition that identity seeking is at the core of consumption in post-modernity, expressed through the symbolic meaning of product purchases, and providing a fixture amidst the fragmentation. What is perhaps signified in reverse, however, is the adoption of a luxury brand to indicate adult status. Instead "cute" consumption is aimed at the opposite in an almost subversive manner.

Mallalieu and Palan (2006) ascribe this mindset mainly to teenagers, and found validation for the link discussed by Lysonski and Durvasala (2013), plus Kang and Park-Poaks (2010), between consumer confidence, knowledge, decision involvement and positive purchase behaviour. In their research, teenage females limited their purchasing options by inhabiting behaviours such as avoiding salespeople due to lack of confidence in purchase decision, referring to peers instead. It was believed by the respondents, that this aspect, alongside lower cognitive dissonance, impulse buying and budget control, will be developed in adulthood as shopping experiences concurrently increase. Perhaps youth purchase of "cute" brands, reflect the lack of assertion of adolescence, rather than the outcome of an increasingly globalised, fragmented society. Da Silva et al (2002) consider age a pivotal factor in the retail buying decisions of textiles from

increasingly global supply chains, though moderated somewhat by experience. Their research revealed that the most objectively considered factor of cost was taken into account, to a greater degree by older buyers, compared to design, by younger buyers. This indicated that characteristics of buyers such as age, qualifications, gender and experience can affect modern decision-making, but application is not completely homogenous.

Indeed Quinn et al (2007) lament the lack of consumption pattern predictability in an age where lifestyles, income, ethnic group and age categories possess divergent customer needs. The applicability of market segmentation becomes more difficult in these surroundings, and technological advancements in the collection, assimilation and fusion of data, are viewed as theoretical resolution. The indications are that these techniques have not been fully employed or adopted, and the authors conclude that the practicalities of segmentation dictate a more intuitive process is required, taking into account context rather than system processing. With globalisation and technological developments in product access, the saturation of goods to fulfill utilitarian needs, present obstacles to competitive advantage in retail. Branding thus offers the key source of differentiation for sustaining a customer base. With this in mind Kara and Mendez (2009), Field et al (2009), Quelch and Harding (1996) and Richardson (1997) discuss the emergence of in-store branding in comparison to national branding. Kara and Mendez (2009) assert that growth and penetration of in-store brands in Western markets is expected to continue, and contrary to attestations to increased wealth causing a surge in luxury brand consumption, recession instigated economic hardships felt around the globe could further advance penetration of store brands.

This may perhaps signify that the psychological decision-making in developed economies prioritises emotive aspects, thereby precluding the reality that in recession, the wealth gap continues to grow, with the top 20% of households in the US receiving over 50% of the wealth (Berman and Evans, 2010). Kara and Mendez (2009) do clarify however that a range of factors contribute to their adoption, including promotion by well-organised large retail chains, changes in national brand loyalty levels, and improved attitudes toward store brands due to improved quality. This study determined that quality improvements did have an effect of store brand purchasing, but that consumer consciousness of the brand and previous experience had stronger implications. Thus customers identify the brand with visual cues which determine likelihood of positive purchasing behaviour, emphasizing that brand image becomes prevalent over price, functional, or quality facets. Ultimately this regards store brands not as robustly high-involvement products based on an evaluation of alternatives, but purchased by virtue of their assumed quality from the parent brand.

Richardson (1997) contends that due to similarity in the core nature of private brands, this leaves the tangible and augmented product as the focus of strategy when differentiating as a national brand against these competitors. The study also concluded however that store brand purchasing was directly related to chain penetration of where they would usually shop (at the aggregate level, unproven at the product level). This suggests quality, value for money and convenience are conducive to brand decision making, rather than solely a formidable impression of brand equity from familiarity. Quelch and Harding (1996) review the effects of premium label store brands, cautioning against minimising the threat of these to national brands. Simultaneously they suggest national brands should consider improving value-added packaging changes such as making products reseal able, and in the main build brand equity to position the brand name as contemporary in the mind of the consumer. This again suggests lower consumer involvement in the decision-making process which underestimates trends in ethical, environmental, economic and sustainability trends as highlighted by Mintel (2014a:2014b). Field et al (2009) argue that store label brands suffer from a poor image due to perceptions derived from their packaging and labeling, but today's consumers ignore these, with one in five US items sold private label items. It is ultimately ascertained in this study that brand name and packaging are insufficient to retain perceptions of quality.

Mintel (2014a; 2014b) indicate that in the UK and South East Asia, trends in 2015 support purchase of specialised products such as skin care which protect against the effects of air pollution, as awareness of the effects of urbanisation grows. Older consumers in particular will seek skin solutions, presenting significant opportunity for premium brands specialising in the effectiveness of their anti-aging effects, as a burgeoning demographic (PricewaterhouseCooper, 2015). Pollution effects are expected to be a key focus, with the World Health Organisation declaring pollution the biggest environmental health risk, linked with cancer and premature death. This provides a catalyst for the consumption of natural produce, with Asia-Pacific having already witnessed a 19% increase in food produce launches with natural claims in the past five years, and the South-East Asia sub-region expected to follow suit in 2015 (Mintel, 2014b). Trust is imperative for distinguishing an organic food brand on a global level, with customers willing to pay a premium and travel to specialised stores, for this reassurance (Hamzaoui-Essoussi and Zahaf, 2012; Hamzaoui-Essoussi 2009). This is where clear labeling of produce can capitalise on this, especially in incidences where perceived quality has been compromised (Enderwick, 2009).

In the climate of enhanced environmental awareness, Chan and Wong (2012) discuss the high-involvement purchase decisions of eco-friendly products such as eco-fashion, referring to a lack of desire to sacrifice price to make these consumption choices. They found that product-related attributes, store-related attributes and price premium affected eco-fashion consumption, with price premium posing a significant mediating effect. Accordingly, it can be surmised that in circumstances where price sensitivity is reduced, greater focus is on manufacturing via an ethical production system, using recyclable materials, and improved store experiences, to satisfy fashion consumer needs with the overall brand experience. PricewaterhouseCooper (2015) stress that despite the disruptions of online shopping technologies, the store will remain the centre-point of global retail sales. In high-involvement products, this is strongly attributable to being able to touch the product, acquire immediately and assure correct fit.

In summation, current theory supports that international conditions, including globalisation, demographic shifts and technological innovation represent transformation for the retail sector, in accommodating customer requirements. The retail environment requires strategy adoption synchronised with amelioration of the total retail experience, brand equity and specialization to cater to the high-involvement consumer decision-making analogous to wealthier, informed, confident, diversified and progressively more hedonic orientated, global customer segments. This includes managing the online platform as an extension of immersive retail store practice, to enhance the affective perceptions in customer minds, thereby contributing to positive buying behaviour in in this contemporary age.

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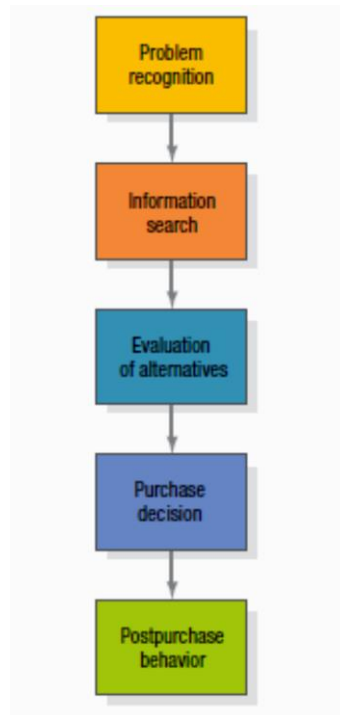
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APPENDIX - 1

The Five-Stage Model of the Consumer Buying Process:

Kotler and Keller (2012) maintain that whilst the following Five-Stage model of consumer buying decision-making does not represent every purchase, with stages being skipped in some, it provides the full range of factors arising when a consumer is faced with a highly involved purchase. The information search is where reference groups can affect decisions, and the evaluation of alternatives stage is where it is proposed the attributes of brands are weighed up and a choice made.



Source: Kotler and Keller, (2012, p166).