

**Turiba University**

**Muhammad Zafran**

**DOCTORAL THESIS**

**THE INFLUENCE OF RETAILER ON CONSUMER BRAND  
CHOICE AND DETRIMENTS OF CONSUMER STORE  
LOYALTY IN RETAIL INDUSTRY OF PAKISTAN**

**Study programme: Business Administration**

**for award of doctoral degree  
in Economics and Business Science  
sub branch Business management**

**Riga 2022**



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The defence/presentation of the doctoral thesis shall be held at the public sitting of the doctoral council of Turība University for Economics and Business science at 14:00, on 18 may 2022 at the Faculty of Business Administration, Turība University, Graudu Street - 68, Riga, Room No. 108.

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## ANNOTATION

The doctoral thesis of Mr. Muhammad Zafran examine “The role of retailer in consumers’ brand choice of high involvement products (consumer electronics) and factors effecting store loyalty in the context of Pakistan” for the acquisition of doctoral degree in *Economics and Business Science*. The thesis analysis the impact of store functional and psychological attributes such as *merchandize, price image, services quality, store atmosphere, retail brand personality and selling behaviors* on *store loyalty*. The thesis also examine the influence of salesperson on customer brand choice and compares consumers’ level of loyalty between 1) *salesperson*, 2) *retail store* and 3) *manufacturer*. The author critically evaluates theories, frameworks and key concepts in retail brand equity and uses inferential statistics to test the research hypotheses. Qualitative interviews with industry experts are analyzed using coding process. Based on the research findings, three retail loyalty model are proposed as: 1) *Retail Brand Equity Model* 2) *Store Loyalty Matrix* and 3) *Retail Brand Positioning Matrix*. This study has wider scope for all retail channels and manufacturers, especially dealing with consumer electronics in Pakistan. Research findings are useful in the formulation of retail brand strategy. This doctoral thesis layout the structure with *introduction* and subsequent *4 chapters, conclusions and recommendations*. List of references and appendices are provided at the end.

*Chapter 1 of thesis* starts with analysis of retail trade industry of Pakistan and evaluation of theories, review of literature on retail brand equity and store loyalty.

*Chapter 2 of thesis* evaluate theory of brand equity (BE) and related concepts such as brand loyalty, customer satisfaction and trust. In addition, the chapter provides information on research methods.

*Chapter 3 of thesis presents* research findings from in-depth interviews and customer’s survey forms followed by discussion and comparison of results with previous studies.

*Chapter 4 of thesis* deals with promotional work and propose three store loyalty model/matrixes followed by expert’s validation of those models. Conclusions and recommendations mark the end chapter and the list of bibliography is provided at the end of this doctoral thesis.

The Doctoral Thesis comprises of 206 pages including 27 Figures and 22 Tables. The list of literature contains 463 sources. The Thesis includes 14 Appendices.

**Keywords:** *retailing branding, retail brand equity, store loyalty, customer choice of store, retail brand positioning, retail branding of Pakistan.*

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## **List of Abbreviations**

Attributes-Benefits-Claims (ABC)	Retail Brand Equity (RBE)
Brand Equity (BE)	Retail Brand Equity Model(RBEM)
Brand Loyalty (BL)	Retail Service Quality Scale(RSQS)
Brand Personality (BP)	Retail Brand Positioning Matrix (RBPM)
Customer-Based-Brand-Equity (CBBE)	Repeat Purchase Behavior(RPB)
Customer-Brand-Relationship (CBR)	Regency, Frequency and Monetary Value(RFM)
Company Operated Store(COS)	Store Brand (SB)
Confirmatory Factor Analysis(CFA)	Store Pricing( SP)
Explanatory Factor Analysis(EFA)	Store Environment (SE)
Elaboration Likelihood Model (ELM)	Store Loyalty( SL)
Experiential Branding Model(EBM)	Store Loyalty Matrix ( SLM)
Efficient Consumer Response (ECR)	Salesperson Loyalty(SPL)
Everyday Low Pricing (ELP)	Share of purchase (SOP)
High Involvement Level (HIL)	Share of wallet (SOW)
Low Involvement Level (LIL)	Value Hierarchy Model(VHM)
High-Low Promotional Pricing(HLPP)	
Product Brand (PB)	
Purchase Intention (PI)	
Price-Seeking Behaviour(PSB)	
Perceived Value (PV)	



## INTRODUCTION

The importance of retailing industry in a developing country like Pakistan cannot be ignored, as it is a major source of socio-economic development by offering jobs, shaping consumer buying behavior and lifestyle. Kim et al. (2020) highlighted the importance of small retailers in job creation and self-employment, specifically in Asian countries. The retail sector plays a significant role in the development of the national economy and mediating role between customers and manufacturers (Linina and Zvirgzdiņa, 2016). With the increased importance of retail marketing, customer loyalty has become an important area of research in the retail sector. Further, the phenomena of brand loyalty have gained considerable attention in the recent literature with increased competition and substantial changes occurred in consumer buying behavior as well as with the transformation of the retail industry. Kumar and Reinartz (2018) argue that determining the process of increasing customer loyalty has become an essential area of research. Irrespective of the level of brand loyalty, the concept remains a critical factor in retail marketing. Many researchers have presented the framework and formation process of loyalty in the retail industry ( e.g. Zvirgzdiņa and Linina 2015; Linina, 2017; Linina, et al., 2019; Islam et al., 2021).

The practices in the retail industry of Pakistan remained much more conventional after the independence in 1947 and the industry operated in a less organized form such as *Bazar*, *Kiryana* stores (corner shops), *Mandi* ( weekly organized markets), and a large number of street vendors. In the last two decades, the retail industry of Pakistan has witnessed a substantial growth with the arrival of international chains of superstores such as *Metro*, *Hyperstar*, *Carrefour*, etc. In addition, a large number of franchise stores, departmental stores, and company-operated outlets have emerged in fast food, restaurants, luxury goods, fashion & clothing, and health & fitness.

Further, the mushroom growth of mega shopping centers, business retail parks as well as increase of e-commerce and online shopping platforms (e.g. *Daraz. Pk.*, *Foodpanda*, *Zameen.com*) has shifted conventional retailing into experiential shopping. The research indicates that customers are shifting from traditional stores to well-organized retail formats like hypermarkets (Roy and Goswami, 2007; Prasad and Aryasri, 2010). Many researchers in the past have recognized the importance of retail branding and analyzed the effects of traditional vs new retail formats on customer purchase value/equity (Jasek et al., 2018; Vogel et al., 2008; Yoon and Oh, 2016; Kim et al., 2020).

Previous literature clearly shows that brand equity of the new retail format has a positive impact on customer satisfaction (Kim et al., 2017) and brand loyalty (Vogel et al., 2008; Yoon and Oh, 2016). It suggests that shopping is more than deciding on merchandise and price, rather customers give value to more innovative features and shopping environment. Consumers assess the quality and perceived values from their shopping experience, and only buy from those retailers who meet their expectations (Noble et al., 2006). Customers like to shop from retailers who have modern shopping facilities, better services, a unique store environment, and professional salespeople. Consumers choose a retail store based on multiple factors such as store image, personality, and store formats, which enhance their well-being (El Hedhli et al., 2016). The transition of retailing industry in Pakistan has significantly changed consumer's expectations of the retailers, consumer buying habits, purchase frequency and brand loyalty. Researchers suggest that understanding consumer buying behavior is an essential element in the composition of retail marketing strategy (Rezaei, 2015; Wagner & Rudolph, 2010); and thus remains an important area of research. Therefore, this study explore the role of retailers in consumer brand choice and key factors affecting customer choice of retail store or brand loyalty in case of high involvement product(e.g consumer electronics) in retail setting of Pakistan.

Secondly, the rise of “*retailer as a brand*” is a new phenomenon and top trend in retail branding research (Grewal et al., 2004) that further compliments the research in retail branding. The power of retailers as brands has increased to a significant level in the past and it is still growing with the emergence of a large number of retail brands and their ability to offer private labels (Ailawadi & Keller, 2004). The growing power of retailers in developing countries also draws attention to investigate the brand equity of retailers and factors affecting customers of stores. Burt and Davies (2010) have demonstrated how retailers have evolved from product suppliers to retail brands (Ailawadi & Keller, 2004) to a ‘*corporate brand entity*’ (Kent et al., 2007).

Recently, retailers are more strategically managing their retail brand than in the past by using sale promotions, customer segmentation, and brand positioning strategy (Kumar & Steenkamp, 2007). In the 21st century, retailing has become more sophisticated with the introduction of store *private labels*, availability of information, rise in e-commerce, and above all, the innovation in customer shopping experience. As a result, retailers are offering valued added services that differentiate the retail brand from the manufacturer. Zhang et al, (2017) comment that consumers have equally divided loyalty between manufacturers and retailers. The growth of retailers and their private labels is balancing the power of manufacturers and re-defining customer-brand relationships

*Thirdly*, retail brands are different from manufacturers because of their nature and being more close to the service business (Berry, 2000). Retail branding is a distinct form of branding which engages the consumer through special service and product delivery. Despite the increasing importance of retail service brands, the conceptualizing of retail branding is more complex than manufacturers' brands with more focus on customer experience (Pappu and Quester, 2006). Retailers have a limited basis for differentiation (Baker, Grewal, and Parasuraman, 1994), and retail brands also are criticized for just being the shadow of a manufacturers' brand, as they do not have their own identity and usually rely on manufacturing brand (Ailawadi & Keller, 2004).

Therefore, the selection of top quality brands can increase customers' interest in the store and retailers' attributes manifest retail brand personality, which affects the selection of products (Fullerton, 2005). Previous literature indicates that customer perceived value of a manufacturer is higher than the retailer and perceive differences between manufacturer and store brands is based on various dimensions such as price, quality, value, and purchase risk (Nenycz-Thiel & Romaniuk, 2010). Research studies reflect that consumer-shopping motivations include price comparison; assortment seeking, social interaction (Noble et al., 2006); quality value, and price value (Diallo et al., 2015). The potential conflict between retailer and manufacturer offers the opportunity for the salesperson to play a part in customer decision-making through brand advocacy. Customers usually seek advice from salespersons to reduce purchase risk, especially when buying high involvement products such as consumer electronics.

*Fourth*, developing strong brands offers an important intangible resource for brand differentiation, which is the necessary condition to build brand equity. Developing a strong brand requires creating a unique brand identity and positive brand associations. Pappu and Quester (2008) commented that retail brand equity is a key measure of a retailer's performance in changing business environment. The significance of retail branding has long been advocated to build retail brand equity (Ailawadi & Keller, 2004); and achieve optimal brand positioning (Hubert et al., 2011; Martenson 2007). Therefore, this study explores the key factors driving customer loyalty to retailers and retailers influence in customer choice of product brand in case of high involvement products category such as consumer electronics in context of Pakistan.

Previous literature reveals the important of assortments, pricing, transactional convenience, and customer experience in retail store strategy (Deka, 2018). In the past, retailers were using assortment and pricing policies to differentiate their services from others (Gauri et al., 2008; Rubio et

al., 2017; Bhatnagar and Ratchford, 2004). Other factors used in retail brand positioning include location, assortment, store design, pricing, and customer service (Levy and Weitz, 2007); store image (Collins-Dodd and Lindley, 2003; Ailawadi and Keller, 2004; Carpenter and Moore, 2006; Iwu et al., 2017); physical design (Baker et al., 2002); relationships marketing (Esch et al., 2006; Rajagopal and Sanchez 2004; Delgado Ballester et al., 2003); merchandize quality (Grewal et al., 1998); extrinsic cues of price-promotion and brand name (Davies & Brito, 2004; De Wulf et al., 2005; Fornerino & d’Hauteville, 2010). In addition, Ailawadi & Keller (2004) highlighted the significance of brand personality, experiential marketing, and brand architecture in retail branding.

Therefore, it is essential to examine the effects of store attributes such as merchandize, price, services, atmosphere, brand personality, and selling behavior on store loyalty. Customer purchase decision is a tradeoff between product brand and retailer brand (Zhang et al., 2017); retailers can offer value-added services and build close relationships that generate value for customers that in turn increase store loyalty. Similarly, Diallo et al., (2015) argue that creation of customer value leads to store loyalty. Store loyalty is a key element in the retail branding and it refers to “the tendency to be loyal to a focal retailer as demonstrated by the intention to buy from the retailer as a primary choice” (Pappu and Quester, 2006, p. 320). Thus, this doctoral thesis examines the influence of retailers on consumer brand choice and key factors affecting customers’ choice of retail store through mediating effects of satisfaction and trust in case of high involvement product such as consumer electronics in retail setting of Pakistan.

## **Problem Statement and Research Questions**

Despite an easy access to information through online sources, it is still difficult for customers to decide which brand to buy and where to buy it. A large number of product brands and the presence of multiple retail channels, give more options to customers to organize their shopping trips. When customers enter the store, they are not sure which product they will buy until going through consultation with a salesperson at different retail stores to make a final purchase decision. In the case of high involvement products such as consumer electronics and home appliances, consumers' main concern is to avoid the purchase risk and reduce uncertainty. Retailers’ capability to solve customer problems and build close relationships affects consumer retail patronage behaviour. In the past, retailers relied on merchandise and price image for retail brand differentiation, but these factors no longer provide a source of competitive advantage. Therefore, retailers have to identify a new basis for retail brand differentiation in order to build a strong brand. We do not know which factors contribute

to retail store loyalty when buying high involvement products such as consumer electronics in retail setting of Pakistan. Therefore, this doctoral thesis raises following research questions as follow:

**RQ1:** What are the main factors that effects customer choice of retail store when buying high involvement products (consumer electronics) in retail setting of Pakistan?

**RQ2:** what role a retailer/salesperson plays in customer choice of brand/decision making process of high involvement products such as consumer electronics in retail setting of Pakistan?

This study carries out a theoretical analysis of the topic covering main theories and concepts and investigates the research problem using a mixed-methods approach in order to increase the competitiveness of the Pakistan's retail industry.

### **Research Objective**

The objective of this research is to identify the key factors which affect customer's choice of retailers and leads to store loyalty in case of high involvement products (e.g. consumer electronics/home appliances) in retail setting of Pakistan. Identifying key drivers of retail store loyalty and how do retailers influence consumer brand choice in case of high involvement product in Pakistan remains the primary research objective of this research.

### **Research Tasks**

To achieve the objective of dissertation, the following research tasks are formulated as:

1. To work out theoretical basis, frameworks and key concepts to explain the retail brand equity, key drivers of retail brand loyalty and factors effecting consumer buying behavior.
2. To evaluate the situation of retail trade industry of Pakistan in connection to economic growth, currents trends, scale, volume and future potential.
3. To create theoretical model which incorporate key variables that drives store loyalty and explain how do retailers/salesperson influence consumer choice of high involvement products(consumer electronics) in Pakistan.
4. To work out research design, strategies and tools in mix-method approach for evaluating consumer buying motivation, expectations, satisfaction, trust and brand loyalty.
5. To explore the key characteristics, values, lifestyle, expectations, segments and buying motivation of consumers when buying high involvement products such consumer electronics/home appliances in Pakistan.
6. To determine the key factors effecting customer choice of store and their level of brand loyalty to a) salesperson, b) retailers c) manufacturer.

7. To develop model/matrix for creating brand loyalty and create effective brand positioning for retailers in Pakistan.

### **Object of the research**

The object of the research is Pakistan's retail industry, especially retailers of consumer electronics as high involvement product category.

### **Subject of the research**

The subject of the research is factors effecting customer choice of retail store and brand loyalty.

### **Hypotheses**

Effective retail brand positioning and creating unique brand identity is the critical aspect of retail branding. Since multiple factors have explained the concept of retail store loyalty under specific cultural context and industry wise, therefore, it is necessary to understand consumer buying motivation and key factors effecting customer choice of store in retail setting of Pakistan. Thus, we propose the research hypothesis as following:

**H1:** Store psychological or intangible attributes are more important factors in driving store loyalty than store functional or tangible attributes.

**H2:** Retailers/salesperson does play an important role in customer decision making and brand choice of high involvement products through brand advocacy and recommendation behavior.

### **Research Methods**

This doctoral thesis uses mixed methods strategy -*Qualitative and Quantitative* approach to address the research problem. The research design incorporates qualitative in-depth, semi-structure interviews with retailers of consumer electronics across Pakistan followed by quantitative customer survey forms. Customer survey forms are used to collect data from 463 participants using the Likert scale (1-7). Statistical methods such as descriptive statistics, inferential statistics (e.g linear regression and mediation) are used to test the research hypothesis and relationships between variables using IBM-SPSS and AMOS software. Semi-structured interviews are carried out with 25 store managers and salespersons to get collect qualitative data. Coding techniques (e.g *open coding, axial coding and thematic coding*) are employed to analyze the text of the interviews. A graphical method such as monograms and graphs are used to summarize and demonstrate the empirical results.

## Research Gap

By addressing the research questions, the study makes a significant contribution in retail branding theory. From a theoretical perspective, the study responds to the call of scholars who invited to expand the research in retail brand equity as follows:

1. Ailawadi and Keller (2004); Grewal et al. (2004) are critical facets that demand to examine the dimensions of retail brand equity. Because most studies in retail branding have focused on sources of store image and the research on retailing lacks branding perspective.
2. In addition, researchers call for contribution in SME retailing (Omar & Fraser, 2011; Runyan & Droge, 2008; Roper & Parker, 2006).
3. Most studies in retail branding were originated in Europe (Oubina et al., 2006); while only a few studies have been conducted in developing economies (Iwu et. al., 2017).
4. Retail branding differs from one country to another (Johansson and Burt, 2004); and retail brand attributes differ industry-wise.
5. Product involvement and loyalty relationship is a less investigated area and there is a need to investigate brand loyalty of high-involvement and low-involvement products categories (Hong, 2015; Møller Jensen and Hansen, 2006). Further, the true measure of brand loyalty in the case of a high involvement product is the repeat purchase behaviour, while this is not true in low involvement products where repeat purchases simply manifest habitual purchase behaviour (Dick and Basu, 1994; Møller Jensen and Hansen, 2006).
6. Retail attributes in various retail sectors have different effects on retail brand equity (Swoboda et al, 2007); and brand positioning of small retailers should be measured industry-wise (Berthon et al., 2008).
7. Retail brand equity has gained considerable attention in grocery retailing (e.g Jinfeng and Zhilong, 2009; Beristain and Zorrilla, 2011; Swoboda et al., 2013); fashion retailing image (e.g Arnett et al., 2003; Liljandar et al., 2009).
8. Studies in retail branding, specifically in high involvement products are scares with emphasis on price, merchandise and services. Therefore conducting research in a local context helps to better understand the phenomena of retail brand loyalty (Valaei & Nikhashemi, 2017).
9. Despite a lot of research, yet it is still unclear for retailers to grasp which factors actually affect store loyalty (Francioni et al., 2018; Do Vale et al., 2016).

Hence, the previous literature offers rationale for examining the determinants of retail brand loyalty in the context of Pakistan.

### **Research Limitations**

This study may have limitations in relation to the generalization of research findings across multiple sectors as the topic focus only on retailing of consumer electronics in Pakistan. The research focus on one particular industry could be problematic to generalize the results, particularly in low involvement products such as grocery retailing. In addition, the results may not be applicable in other high involvement products categories such as automobile, real estate and fashion. However, research findings can be applied in similar contexts such as neighboring countries of India, Bangladesh, and Sri Lanka. Moreover, the sampling methods used for data collection is based on non-probability sampling which may or may not reduce the sample's representative character. In non-probability sampling (e.g convenience, purposive, quota and snowballing), the probability of selecting any particular member is unknown which may compromise sample representativeness up to some extent. However, the qualitative data collection for interviews was systematic (every third name in the list of retailers in the city) was drawn. The sample size and data collection in both approaches were appropriate in terms of the degree of accuracy, time, resources, knowledge of the population, national and regional representation and sufficient numbers for statistical analysis. Data was gathered from the main metropolitan cities of Pakistan including *Lahore, Sialkot, Multan, Bahawalpur, Sargodha, Gilgit and Islamabad*. Hence, the empirical findings of the thesis are reliable and validated from industry experts, which increase the generalization of results in similar cultural context.

### **Research Period**

The research spans from 2018 to 2021. In September 2017, the research proposal was submitted at Turība University Latvia and admission to PhD programs was granted. The proposal was discussed with the head of the department, Dr. Rosita Zvirgzdina, and Dr. Velga Vevere who was later appointed research supervisor. From January-June 2018, the research topic and casual model were finalized after discussions with supervisor, Dr. Velga Vevere and Dr. Juris Ozols in mathematical modelling subject. In October 2018, the author got an opportunity for Erasmus mobility at Kozminski University (KU) Warsaw-Poland where he discussed the suitability of the topic and research model with professors in the marketing department including Prof. Dariusz Jemielniak, and Tomasz Olejniczak Ph.D. The author also presented the preliminary research at workshop QRAM organized by Kozminski University on 25-26 October 2018.



The author moved to the University of Turku, Finland from January-June 2019 on Erasmus Exchange program where he improved his skills in quantitative methods by participating in the number of Ph.D. courses offered at universities across Finland. For example, the author completed *Quantitative Methods* and *Experiments in Marketing* at Hanken School of Economics, Finland. The author also participated in a doctoral seminar “*applied methods and methodology in cross-cultural research*” held on 13-17 May 2019, at the University of Vaasa, Finland. The author presented preliminary research and discussed the research design with Dr. Hartmut H. Holzmüller, prof. TU Dortmund University-Germany, Dr. Edwin Nijssen, from the Eindhoven University of Technology-Netherlands, and Dr. Thomas Salzberger from Wirtschaftsuniversität Wien- Austria.

From October-January 2020, the author continued Erasmus mobility at Kozminski University-Poland, to complete the research work under the supervision of prof. Przemysław Tomczyk, PhD at marketing department. In January 2020 and 2021, the author presented research findings at a doctoral seminar at Turība University and Dr. Velga Vevere agreed with the overall research work. Thesis results were also presented at XXII, International scientific conference on April 21, 2021, at Turība University- Latvia.

### **Theoretical and Methodological Basis for Research**

**Brand Equity:** Scientific literature and journal articles on brand equity includes *Aaker (1991); Keller (1993); Ambler and Style (1997); Feldwick (1996); Wood (2000); Yoo and Danthoo (2001); Keller & Lehmann (2006); Kapferer (2008).*

**Brand Loyalty:** Scientific literature on BL is based on : *Assael (1974), Dick and Basu (1994); Srivastava et al., (1998); Reichheld and Teal (2001); Kumar & Shah (2004); Yoon & Park 2012).*

**Brand Trust:** Scientific literature and articles trust includes *(Morgan and Hunt, 1994; Macintosh and Lockshin, 1997; Lau and Lee, 1999; Singh and Sirdeshmukh, 2000; Sirdeshmukh et al., 2002; Delgado-Ballester et al., 2003; Palmatier et al., 2007).*

**Retail Branding:** Scientific literature and journal articles on retail brand equity includes *Keaveney and Hunt (1992); Sullivan et al, (2002); Ailawadi and Keller (2004); Pappu and Quester (2008); Chang & Liu (2009); Swoboda et al., (2009), Das (2014).*

**Store Loyalty:** Scientific literature on store loyalty is based on the work of *Sirgy et al., (2000); Wallace et al., (2004); Pan & Zinkhan (2006); Rubio et al., (2017); de Villiers et al., (2018).*

**Store Attributes:** *Martineau (1958); Dodds et al (1991); Parasuraman et al (1988); Dabholkar et al., 1996); Mehta et.al; (2000); Martenson (2007); Hubert et al (2011); Diallo et al (2015)*

**Research Methods:** Scientific literature and articles research methods and approaches include *Bryman (1988); Strauss and Corbin (1990); Kvale (1996); Denzin & Lincoln (2005); Saunders, Lewis & Thornhill (2012); Hillman and Radal (2018).*

### **Thesis Proposed for Defense**

1. ***Store psychological or intangible attributes*** (e.g. services quality, store atmosphere, retail brand personality and consultative-competence behavior) play a significant role in driving store loyalty than ***functional or tangible*** (e.g. Price and Merchandise) when buying high involvement products such as consumer electronics in context of Pakistan. Consumer gives high importance to psychological attributes than tangible benefits when choosing a retail store for buying consumer electronics products. However, store loyalty is not the direct outcome of store attributes; rather it is mediated by the variable-satisfaction-trust.
2. ***Retailers/salespersons*** play a significant role in customer choice of brand through brand advocacy and recommendation behavior. In relationship selling behavior, customers maintain their primary loyalty to *Salesperson and* accept the advice of salesperson when choosing a brand.

### **Novelty of Research**

1. First, this doctoral thesis proposes the ***Retail Brand Equity Model*** (RBEM) based on the research findings. The model lays down functional and psychological features of store in a sequence or ladder step to achieve retail brand loyalty. The *RBEM* model explains five step and processes to achieve store loyalty.
2. Second, this doctoral thesis proposes ***Store Loyalty Matrix*** (SLM), which is derived from the *RBEM* model using the parameter of “*satisfaction-trust*” on the x-axis and “*brand loyalty*” on the y-axis respectively. SLM model helps retailers to identity their current brand position, strength and weakness, stage in business life cycle, and customer loyalty level with the company. SLM describes customer-brand relationships, which give direction to take necessary actions and guides what should be focused to improve brand image and loyalty.

3. Third, ***Retail Brand Positioning Matrix*** (RBPM) is proposed which takes into account store features-*Tangibility-Intangibility* level and selling behaviors-*Relational-Consultative*. RBPM offers different scenarios in which a retail store can assess its market position and can adopt course of actions for effective brand positioning. The matrix allows retailers to identify which store attributes are important to focus in the given situation.

### **Definitions Work Out by the Author**

The author proposes three new definitions to redefine the concept of store loyalty, retail brand positioning and selling behavior or salesmanship.

#### **1. Store loyalty**

*“Store loyalty stands largely on the intangible features of store and retailers ability to satisfy customer’s intellectual and emotional needs in the acquisition of their favorite product”.*

#### **2. Retail Brand Positioning**

*“Retailer’s designing of store attributes in a way that differentiates its services from others and build a unique identity based on functional as well as psychological attributes of the store that ultimate nurture the relationships and add value for customers”.*

#### **3. Salesmanship**

*“The art of salesmanship relies on the capability and behavior of salesperson to rightly identify customers ‘needs and empowering them to make right choices with confidence”.*

### **Practical Contribution and Significance of Doctoral Thesis**

1. The retail brand equity model clearly describes the stages and processes of achieving store loyalty. It helps store managers to allocate resources and develop those features in each stage that leads to brand loyalty. The model increase interplay of store attributes such as *tangible vs intangible*, *functional vs psychological* and *relational vs intellectual* and their relevant importance in creation of brand loyalty. The model clearly elaborates the key steps and course of action at each stage in achieving store loyalty.

2. *Store Loyalty Matrixes (SLM)* and *Retail Brand Positioning Matrix (RBPM)* help different retail channels from small retailers to superstore to effectively position their brand in the market place by adopting right strategy and actions as proposed by the matrixes.
3. This is a comprehensive study and it responds to the call of researchers in the past to enhance the theory of retail branding in the specific industry and cultural context.
4. The study is highly important for retailers of high involvement product categories such as consumer electronics, home appliances, décor and furniture, and expensive products of similar nature. The research findings can also be generalized to the automotive industry upto some extent where salespersons play an active role in selling the product. The study gives a new perspective to the retail branding in Pakistan, which is under transition from traditional retail trading to experiential and modern retail practices.
5. The proposed models are simple to understand and can be executed easily by store manager to improve brand image and perceptions of customers that could leads to true store loyalty.
6. The study is also has great implications for manufacturers to understand the role of salespersons and retailers in the distribution and promotion of products. Manufacturer can build good relationships with salespersons and retailers to achieve company goals.
7. The study explain the nature of customer-brand relationship and how to meets customers' expectations, and needs at different levels.

### **Target Beneficiary**

1. All retail channels especially consumer electronics can benefit from the study by using retail loyalty models and positioning matrixes as strategic as well as operational framework to identify their market position and adopt right marketing strategy accordingly.
2. The end consumers and B2B customers can benefits from the research findings and novelty models to understand the relative importance of store functional, psychological, intellectual, relational, and problem solving features. It allows customers to choose only those retailers who fit with their personality and offer value added services and benefits.
3. The study mainly concerns national and international brands of consumer electronics & home appliances operating in Pakistan to understand the role of retailers/salespersons in customer decision-making, aftersales services and brand promotions.

4. The retail trade industry of Pakistan and neighboring countries with similar contexts and product category can achieve competitive positioning by differentiating between qualifying store attributes-point of parity and winning store features-point of differentiation.
5. The study is beneficial for management consulting groups, independent researchers, and large retail company as well SME retailers in developing countries to build brand equity.
6. Foreign chains of superstores and other retailer formats can benefit from the study to understand key dimensions of retail patronage behavior in Pakistan.

## **The Scope and Structure of Work**

*Introduction of the thesis* is devoted to situation analysis and background knowledge for the constructions of research questions, problem statement, research objectives, hypotheses, research tasks, and justification/rational for selection of the topic/area of research.

*Chapter 1 of the thesis* starts with analysis of retail trade industry of Pakistan and evaluation of theories in retail marketing and Retail Brand Equity (RBE). The chapter focus on current studies in retail branding and key factors effecting customer choice of store.

*Chapter 2 of the thesis* deals with evaluation of theoretical framework and concepts in brand management such as brand equity, brand loyalty, customer satisfaction and brand trust. Secondly, the chapter provides information on research methodology such as mixed methods approach, sampling methods and size and development of measurements scales for data collection.

*Chapter 3 of the thesis presents* empirical findings from both, qualitative and quantitative methods followed by discussion in the light of previous studies supporting research results.

*Chapter 4 of the thesis* presents promotional work and research innovation models as the outcome of the study. The chapter elaborates three novel model of brand loyalty as a) *Retail Brand Equity Model* (RBEM), b) *Store Loyalty Matrix* (SLM), and *Retail Brand Positioning Matrix* (RBPM). Conclusions and suggestions are presented at the end of this chapter and list of bibliography mark the end of this doctoral thesis.

## **Approbation of Research Results**

List of scientific papers published during the study includes as following:

1. Zafran, M. (2022). Brand Name Love: The effects of Islamic bracketed name on perceived quality and purchase intention in retail food industry of Pakistan. *Journal of Business Administration and Management Sciences (JOBAMS)*, Vol.4 (1). Ahead of printing.  
**Database: Clarivate, Web of Science, Publons**
2. Zafran, M., & Vevere, V. (2021). The Influence of Retail Services and Selling Behaviors on Customer's Satisfaction, Trust and Loyalty Intentions in Retail Industry of Pakistan. *Acta Prosperitatis*, 12, 203-222. **Database: Web of Science, cross ref, EBSCO**
3. Zafran, M. (2020). Consumer perceived relational Benefits and their impact on store loyalty In Pakistan. XXI International scientific conference at Turiba University, Latvia (21<sup>st</sup> April, 2020). <https://www.turiba.lv/storage/files/15-muhamad-zafran-relational-benifits-zafran.pdf>
4. Zafran, M. (2018). Effects of Corporate Social Responsibility on Customer Brand Choice in Baltic Region: Mediating Role of Product Involvement Level. *European Integration Studies* No. 12 / pp. 172-182. **Database: Web of Science, cross ref, EBSCO**

#### **Scientific Paper Presented at International Conference**

1. “Consumer in Baltic region understanding of CSR and its effects on consumer brand loyalty”, *ICEP-2018, 16<sup>th</sup> International Scientific conference*, “The future of European Union: Political, Economic, And Social Challenges”, 27<sup>th</sup> April 2018 at Kaunas University of Technology, Faculty of Social Sciences, Art and Humanities, Lithuania.
2. “Trends in acquisition of resources and their relative importance by SMEs in Pakistan”, *ICSHE-International Conference on Social Science, Humanities and Education*, 21-23 December 2018, Berlin-Germany, organized by iCShe (available at [www.icshe.org](http://www.icshe.org)).
3. “Corruption in Pakistan Public Services Sector and its Rebranding Challenges”, *IASIA- April 2019, KTU regional conference on Corruption, Ethics and Culture on Public Administration*, held on April 24-25 at Kaunas University of Technology, Lithuania.
4. “Society, Culture and Education system in Pakistan”, *Networked co-development*, open seminar held on February 27, 2019 at University Consortium of Pori-Finland.
5. “The retail brand influence on customer product purchase decision”, *Networked co-development seminar*, held on March 26, at University Consortium of Pori-Finland.

# **1. FRAMEWORK FOR RETAIL BRANDING AND ANALYSIS OF PAKISTAN'S RETAIL INDUSTRY**

Retail branding is getting higher importance in marketing literature with the rising of retailers' power to manage the store brand more professionally and compete with national brands. Unfortunately, retailers (store as a brand) have little basis for brand differentiation and tend to rely on store pricing policy and merchandise quality to attract and retain customers in the past. However, these factors no longer serve as a source of competitive advantage with the increasing expectations of customers. Modern retailing focuses on value, purchase experience, and brand-customer relationships. The retail sector of Pakistan is still dominated by unorganized and semi-structured retail trading. A large number of customers physically visit the retail store and seek information, check variety at different retail stores before making the final purchase decision. This thesis aims to identify the key factors affecting customer choice of store and how do retailers influence customer's choice of product brand. This chapter begins with situation analysis of retail trade industry of Pakistan and then evaluate evaluates theories and framework in retail branding.

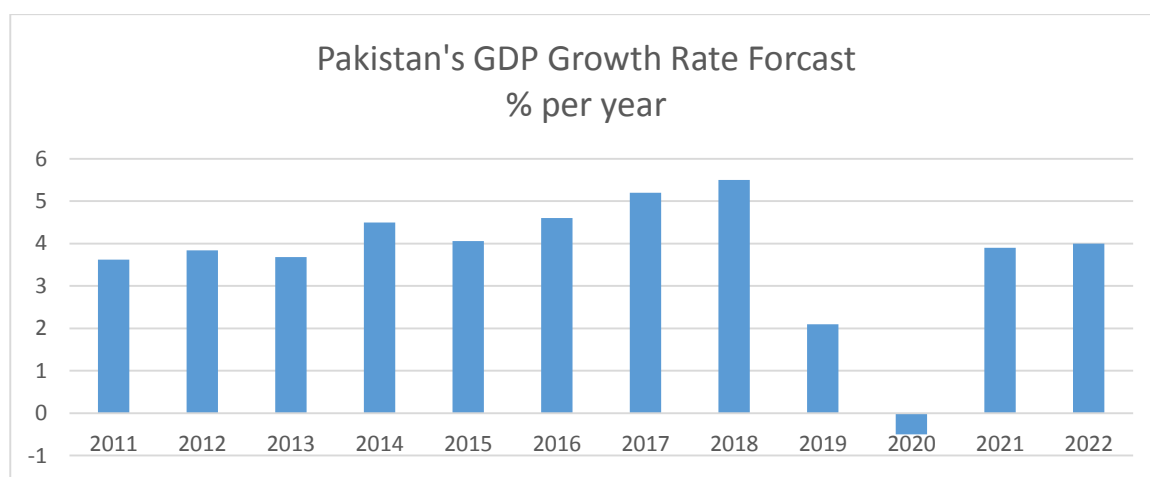
## **1.1 Evaluation of Pakistan's Retail Industry**

Pakistan's retail industry is facing a massive growth of retail outlets including franchise store, superstore, specialty store, departmental store and company-owned store that is transforming the retail trading. Traditional markets (*bazaars*) are being transformed into organized retailing with the arrival of branded shops. The subcontinent region- India and Pakistan are dominated by unorganized retailing comprising of low-cost retail formats such as *Kiryana* shops, hand carts, roadside vendors, and small corner shops owned by private vendors ( Jain and Aggarwal, 2017, p-77). Whereas, organized retailing refers to modern retail formats such as mega shopping malls, retail parks, franchise stores, superstores, departmental stores, etc. The retail industry is changing with the arrival of new retail formats (Diallo et al., 2015; Shi et al., 2018); and is subject to significant changes in the technological landscape and consumer buying behavior (Amadeo, 2018). Retail store patronage research is scattered in nature (Carpenter and Moore, 2006); and there is a need to investigate the relationship between product involvement levels on store loyalty (Hong, 2015). Therefore, there is a need to research retail brand equity and consumer involvement level with products in the context of Pakistan.

### **Pakistan's Economy Growth Rate**

According to the Punjab Board of Investment and Trade (PBIT), the retail industry is the second largest sector providing around 16% of jobs to the labor force (The Frontier Post, 24 April 2019). Pakistan's retail industry is the third largest sector, after agriculture and manufacturing.

According to the State Bank of Pakistan (SBP), retail trade attracts well above 7 percent of foreign direct investment (FDI) which accounts fifth-largest sub-sector of FDI investment preceded by information and technology (39%), financial and insurance (16.7%), manufacturing (11%) and mining (10.6%). According to the Economic Survey of Pakistan, the share of the retail services industry in GDP for FY2020 was 61.40 percent. Further, Planet Retail-a global retail forecasting company reported that the country retail market size to around \$152 billion with an annual growth rate of 8 %. The share of wholesale and retail in services is 33% and in overall GDP around 18 % (Punjab Board of Investment and Trade, 2016). According to the Pakistan Economic survey 2019-2020, the new fiscal year FY2020 witnessed a remarkable turnaround, which indicates the positive direction of Pakistan's economy. However, the percentage of GDP has dropped to 78.5 percent in FY2020 compared to 82.9 percent in FY2019 during the covid-19 pandemic (Pakistan Economic Survey 2019-20).



*Fig 1.1 GDP Growth Rate of Pakistan*

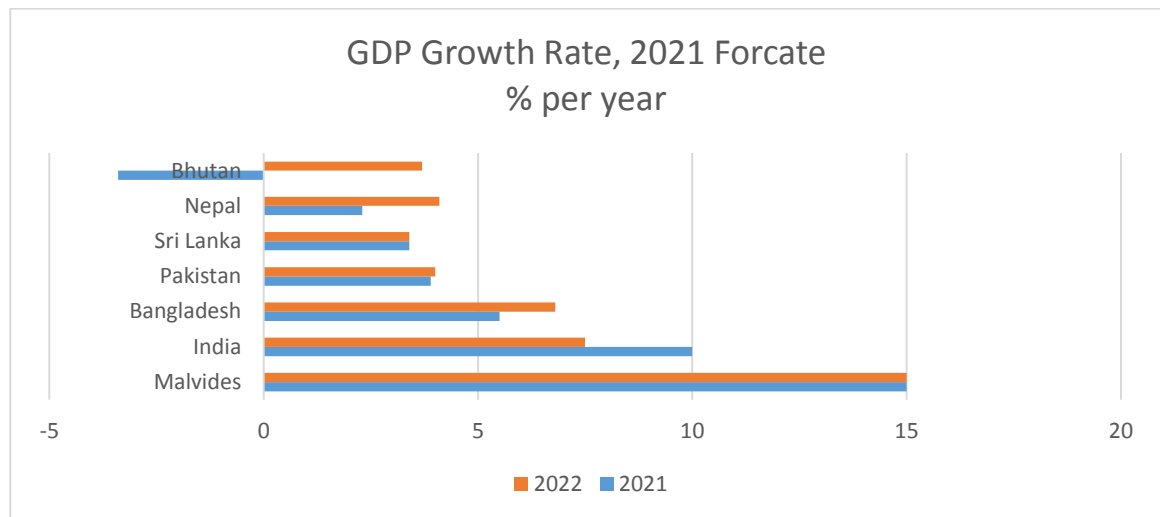
*Source: Author's illustration based on Asian development outlook update, September 2021.*

The World Bank forecasted the decline in GDP growth (at factor cost) to 3.5 percent in FY21 with the contraction of 0.5 percent as compared to FY20. The contraction in growth is mainly due to low base effects and recovering demand after covid-19. The Government's initial estimate of GDP growth for FY21 was 3.9 percent that is unrealistic. (The World Bank, Oct 6, 2021). The world economic growth numbers are affected by supply disruption. However, the service sector of Pakistan that accounts for almost 60 percent of GDP is estimated to have expanded after the lockdown restrictions are lifted. The word bank views Pakistan as a strategic partner in the regional development and has great potential for growth with an increasing portion of the youth population.



Pakistan's economy has started to regain its pre-Covid-19 position in the first quarter of FY21. Consistent with this, the retail and services sector also showed enormous growth in FY21. The services industry is the most important segment in the GDP growth and wholesale and retail trade accounts for 17 percent. The data indicates that the services sector saw improvements during FY21, especially the segments as wholesale, retail trade, transport, storage, and communication. The manufacturing sector of Pakistan has witnessed substantial growth in Textile, Food Beverages & Tobacco, Non-Metallic, Mineral Products, and Automobile in the first nine months of FY2021 which is recorded the highest growth of 8.99 percent since FY2007( Pakistan Economic Survey 2020-21). Pakistan's economy gained a strong recovery in FY2021 with a recorded growth of 3.94 percent, which is substantially higher than FY2020 and FY2019 respectively (-0.47 and 2.08 percent). Further, the GDP growth rate accounted for 2.8 percent in agriculture, 3.6 percent in the industrial sector, and 4.4 percent in the services sector.

Google mobility data indicated the pickup and recovery position of four segments of the services sector such as retail and recreation, grocery and pharmacy, transit stations, and workplace activities (State Bank of Pakistan, 2020-21, p.28). Further, the analysis of the data reveals that Covid-19 restrictions resulted in a decline in retail and recreation (68 percent); grocery and pharmacy (53 percent); transit stations (60 percent); and workplace (62 percent) respectively, by the end of March 2020, from their baseline (pre-Covid-19) in Pakistan. However, other South Asian economies witnessed a decline of 69 percent in retail and recreation, 57 % in grocery and pharmacy, 66 % in transit stations, and 63 % in the workplace. The labor market also saw some improvements with positive indicators of employments during FY21 (State Bank of Pakistan, 2020-2021). However, the labor market has not yet reached the pre-Covid-19 employment levels, needs investment, and government support to regain confidence in the labor market. Pakistan has a big population and 1.3 million new entrants in the domestic labor force every year (World Bank, 2018). The estimated growth rate of Pakistan is positive but not as impressive as compared to other countries in the region as illustrated below.



*Fig 1.2 Comparative GDP Growth Rate of Asian Countries*

*Source: Author's illustration based on Asian development outlook update, September 2021.*

The analysis of data shows that Pakistan's economy is performing average level but sustaining growth rate. India is a huge country serving as one of the largest markets for internal trade and business. India's economic growth is almost double that of Pakistan that making it the top-performing country in South Asia. However, Pakistan's economy has potential to grow and emerge as one of the leading economies in the world. Jim O'Neill (2007), the Goldman Sachs economist has predicted Pakistan among his Next 11 (N-11) as the big emerging economy which will drive world growth (Reuters, January 26, 2011). The other countries in the Next eleven include Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Philippines, Turkey, and Vietnam. These are a diverse group of countries with huge potential for population growth and strong domestic consumption. Similarly, the World Bank's index of 'ease of doing businesses, ranks Pakistan better than India, Russia, and China (Planet Retail-Deloitte, 2013). According to The Express Tribune, Kim Culley, a British-based retail expert expressed that "Pakistan is 50 years ahead of India if we compare both countries in infrastructural developments," (Tribune, April 26, 2016). The retail industry of the neighboring counties, India comprises an unorganized retail sector of about 90 percent and contributes 95 percent of total retail sales revenue (Reuters, 2011).

Thus, retail services industry of Pakistan still remains at the backbone of economic growth and major source of job providers. It clearly suggests that the retail sector of Pakistan is consistent in the growth as per the prediction of foreign investors. This phenomenal growth in the retail sector will reflect the empowerment of the middle class, which is expected to surpass the developed economies

like the UK and Italy [Bloomberg, September 28, 2017]. Bloomberg reports that 135 million Millennials in Pakistan drives world fastest retail market and middle class expected to surpass UK and Italy over 2016-21. The size of the retail sector is estimated at \$50 billion. Economic Survey of Pakistan (2013-14) revealed that the retail sector has a 5.2% growth rate valued at PKR 4.36 trillion, which accounts for 18.2% of GDP. The retail plant report “*the path 2020*” indicates that even a moderate level of economic growth will have a significant impact on the middle-class consumer and retail services industry (Planet Retail- Deloitte, 2013).

### **Wholesale and Retail Sector Growth in Pakistan**

The service sector of Pakistan consists of five major sectors of the domestic economy as 1) the non-financial corporation's sector, 2) the financial corporation's sector, 3) General government sector, 4) the non-profit institutions serving the households sector and 5) the household sector. Whole sellers and retailers are selecting, storing, and displaying products at convenient locations to serve the end consumer through profitable relationships. According to Pakistan Standard Industrial Classification (PSIC), 2007, the “Wholesale and retail trade” sector covers the repair of motor vehicles, motorcycles, and personal and household goods. (Pakistan Bureau Statistics, 2005-2006). The repair of vehicles and households goods are done through vendors; therefore linked to trade. Despite severe economic challenges amid Covid-19, the service sector of Pakistan is witnessing growth after the lockdown restrictions are lifted. The wholesale and retail Trading sale was recorded at 8,419,076.000 PKR millions in 2021. This records an increase from the previous number of 7,196,739.000 PKR million for 2020 (CEIC, 2021).

According to Pak retailer’s reports, more than 2 million retail outlets are operating in the country, out of which nearly 800,000 outlets represent FMCG stores including ‘*Kirana shops*’, ‘*pan*’ shops (kiosks), departmental stores, and pharmacy with general items. (Pak retailers, Dec 5, 2019). In fact, the Pakistan retail industry is dominated by small retailers, called “*Kiryana stores*” (mom and pop), located at arm’s length across the country. In Karachi alone, there are more than 91 Shopping malls & centers (Karachi Metropolitan Corporation, 2012) that clearly indicate the moderation of the retail industry in big cities of Pakistan. In addition, Euro monitor reports that the number of retail outlets in the country will increase by 50 percent to 1 million by the end of 2021 (Bloomberg, Sep 28, 2017).

## E-Commerce Trends in Pakistan

Statista indicated a positive outlook for the growth of e-commerce trading in Pakistan. Pakistan is witnessing huge growth in e-commerce with sales of US\$5,907m in 2021 and expected annual growth of 7.55% from 2021-2025 resulting in a total market volume of US\$7,903m by 2025 (Statista, 2021). Fashion and clothing is the largest segment with a market volume of US\$4,251m in 2021. Pakistan retail infrastructure is being transformed through the use of digital platforms, technology, and the internet. The rising number of internet users facilitates the growth of e-commerce. The number of e-commerce users is expected to reach 65.1 million by 2025 (Statist, 2021). Retail trading in Pakistan plays an important role in the economy and economic revival has increased the demand for loans in the wholesale and retail sector (Dawn News, March 15, 2021).

Further, banks are placing a new system to monitor loan payments to retailers called “*Fintech*” which makes easier data analysis and e-payments. It is estimated that “*Fintech*” will collect real-time data from an estimated 1.5 million to 2.2m wholesale and retail traders in Pakistan (Dawn News, March 15, 2021). Moreover, online shopping in Pakistan reached a growth of 12 percent in FY2017 with a total value of \$1.3 billion and it reached almost 18 percent in 2018. Online sale in 2018 was much higher at Rs99.3 billion compared to Rs51.8 billion in 2017 which shows the growth of 92 percent in one year. Further, experts believe that by 2040, online selling is expected to capture 95 percent of all retail sales in Pakistan (The News, Nov 17, 2020). E-commerce growth reflected by sales in FY18 estimated around Rs.99.3 billion, which represents 92% growth year on year, and sales predicted for FY2020 is estimated at 158 billion(Pakistan’s Growth Story, March 9<sup>th</sup>, 2021).

Table 1.1

Total of Retail Net Sales in Pakistan from 2013-2018.

YEAR	BILLION U.S DOLLAR
<b>2018</b>	210.28
<b>2017</b>	185.57
<b>2016</b>	163.77
<b>2015</b>	145.14
<b>2014</b>	129.26
<b>2013</b>	115.85

*Source: Authors’ illustration based on Statista, 2018. Total of retail net sales in Pakistan 2013-2018*

The data show total retail spending in Pakistan is increasing from 2013 to 2018. The total population of Pakistan is over 200 million and set to grow by 224 million by 2024. According to

Standard Chartered Bank report, the size of Pakistan’s retail sector increased from \$96 to 133 billion, which is a 38.5% increase in four years. According to Planet Retail, the total current value of Pakistan’s retail sector is estimated at \$152 billion. Further, with an annual growth rate of 8 percent, retail revenue cross \$200 million in 2018. (Aurora Dawn, Dec12, 2017).



Fig 1.3 Growth of Wholesale and Retail Trade in Pakistan

*Source: Author’s Illustration based on Ministry of Finance in Pakistan’s Growth Story, 2021*

The data shows that the retail sector maintained a growth of 7.5% in FY 2017-18 and contributed about 18.2% to the GDP in FY 2019-20. However, the retail sector witnessed a decline in FY 2020 in consumer spending due to covid-19 as shown in the graph above. During the COVID-19 pandemic, social distancing, and lockdown, measures were implemented that has a negative effect on retail business. Data indicates that the retail sector witnessed a decline in spending by 3.4% in FY 2019-20. Despite challenges, the overall retail industry of Pakistan is performing better and also seeing tremendous growth with the increasing number of chain stores with a wide range of products from fashion to home electronics. For example, the growth of value chain stores by *Gul Ahmed*, *Servis*, *Ehsan Chappal House (ECS)*, *Stylo*, *Metro*, *Starlet*, *Borjan*, *Urban Sole*, *Afzal Electronics*, etc.

Similarly, superstore chains are also increasing their presence in the country such as *Al-Fateh*, *Metro cash and carry*, *Carrefour*, *Hyperstar*, and *Utility Stores Corporation of Pakistan (USCP)*. The main retailers of consumer electronics chain include *Naeem Electronics*, *Qaiser Electronics*, *Afzal Electronics*, *Mian Group of Chakwal*, *Surmawala*, etc.

**Appendix tables 13 and 14** show key players and modern retail formats operating in the Pakistan retail industry. The report indicated that the consumer electronics industry of Pakistan has

total revenues of \$0.8bn in FY 2014, which represents an annual growth rate of 5.2% and is expected to grow robustly towards 2019-2020 (Market line, 2015). While, India's consumer electronics and appliances market is estimated at \$9.7 billion at present and is expected to increase by \$ 20.6 billion by 2020 (The Economic Time, Jul 24, 2015). Pakistan's consumer electronics industry is facing many challenges including lack of retail branding and marketing activities, low penetration of internet services, and low production facilities as compared to India. In conclusion, online shopping and *E-commerce* are getting popular among youth who are much familiar with the use of technology and internet shopping. For example, the rise of *Daraz. pk* and *Foodpanda* during covid-19 is the classic example of e-commerce rising trends in Pakistan. Many retailers took initiatives to use technology and digital platform to effectively engage with customers and inventory during and post covid-19 situation. Moreover, the entry of an international chain of superstores and fashion brands has dramatically changed the landscape of the retail environment in Pakistan. As a result, small retailers are innovating and using niche marketing strategies and relationship marketing programs to attract customers. Young entrepreneurs and family businesses are also taking initiatives to revive their business and transform the traditional business into an international brand. For example, *Nirala Sweets and Bakers*, *Chen-One*, and *Bareeze* (fashion and clothing) brands of Pakistani origin have successfully made an entry in the Middle East and UK.

## **1.2 Evaluation of Theories and Key Concepts in Retail Branding**

### **1.2.1 History of Retail Branding**

The history of retailing is as old as the trading goods. The dictionary definition of retailer is “a trader or dealer who sells goods in small quantities or more pedantically one who repeats or relates”. Retailers assume much more functions than simply selling such as designing services, managing supplies, and visual merchandise. The concept of “*retail brand positioning*” evolved through several stages and a couple of theories explain the phenomena. Hollander (1960) first gave the idea of “*the wheel of retailing*” the theory explains the evolution of retailers. It explains the patterns of competitive development and change in retailing. The theory was developed at Harvard University in the US that explains the competitive nature of the retail industry. Holland used the term “*accordion effects*” that describe how retailers become specialized stores, and then widen their range of merchandise again. According to this model, retailers enter the market as “low-price” discount stores. The discount store evolved to a sophisticated level and adopted a customer services orientation strategy. This limited positioning strategy allows the retailer to compete with large-scale rivals and has its own limitations. Over the period, small retailers become sophisticated and service-oriented by investing more in

facilities. He further elaborated that retailers keep moving between “*open accordions*” (wide range) and “*close accordions*” (specialized) depending on the entry and exit of players in the market.

Innovation in retailing and the emergence of multiple retail formats giving rise to changing consumer buying behavior. Another theory explaining this phenomenon is “*Retail Accordion Theory*”. Retail firms, while conducting their operations appear to swing towards specializing and then away towards diversification. Similarly, the concept of a “*category killer*”, first introduced in the USA, refers to the dominance of specializing stores in one particular category (Newman and Cullen, 2002, p.70). Retailers develop their unique position in the market by adopting a number of measures such as specialty image, discount image, prestige image, convenience image, etc. Customer shopping experience and relationships marketing has become the core elements of retail marketing. Retailers serve as the “*first touchpoint*” for customer interaction with products and salespeople play a critical role in customer decision making. The employee-customer interaction process can be called the “*moment of truth*” where the customer makes the final decision to buy a brand. Retailers are offering the right experiences, merchandize quality, value-added services, a comfortable environment, and talented staff for customer problem solving.

Retail positioning is defined as “*how the retailer seeks to place itself in the consumer’s mind in relation to competitors*” (Newman and Cullen, 2002, p.122). At the same time, Walter and Laffy (1996) proposed four components of retail positioning strategy including *merchandize, store format/environment, customer services, and communication decision*. Effective positioning largely depends on the arrangement and manipulation of each component to fit with the expectations of the target customer. Most retailers, in their positioning statements, emphasize operations, services, merchandising, staff motivation, relationships marketing, and store layout (Newman and Cullen, 2002, p.102). These variables comprise the element of retail brand equity. Retail image is another critical factor that affects customer choice of retailer. Fischer et al. (2010) argue that a strong brand image increases customer attention and store loyalty. However, building a retailer’s image is complex than a manufacturer and involves multiple factors such as services, staff, merchandise, price, layout, atmosphere, problem solving, and relationships. Innovation in retail services is at the core of modern retailing and customers have high expectations in terms of variety, services, atmosphere, etc.

However, large retailers have trapped into them in *sameness* or *me-too* paradigm by standardization of services and store design, which kills creativity at the local level. Effective brand positioning results in a positive *store image* that in turn leads to store loyalty (Birtwistle, 2001). Retail

brand positioning is a critical research area in marketing and researchers are re-examining the topic to increase theoretical understanding (Saqib, 2020). Retail brand positioning offers many advantages such as increased consumer loyalty and purchase value (Hartmann et al., 2005; Knox, 2004). Brand positioning's main idea is to create differentiation in the mind of consumers and it is known as the battle of the mind.

Ries and Trout (1986) define it as “positioning within the context of perceiving the product, merchandise, a service, a company, an institution, or even a person”. Kapferer (2008) comments that positioning is the process of emphasizing the distinctive feature of a brand that makes it different from other competitors. Kotler (2003) defined “Positioning as an act of designing a company’s offering and image so that they occupy a meaningful and distinct competitive position in the target market’s minds”. Lautman (1993) proposed that positioning could be expressed on three elements: *Attributes, Benefits, and Claims (ABC)*. *Attributes* refer to location, decor, and merchandise. *Benefits* mean actual or perceived benefits, value, or specific need satisfaction. Retailer offering of value-added merchandise has three components such as *affordable, available, and acceptable*. *Claims* are statements about the promise of the retailer brand. Impulse buying has become a key characteristic of the retail shopping experience. The impulsive buying is thought to be unplanned purchasing (Hoffner, 2009); influences consumer to buy a product which they have not planned before. Impulsive buying is more obvious in low involvement products than high involvement products such as consumer electronics.

### **1.2.2 Retail Brand Equity**

Retail brand loyalty is different from a manufacturer brand and thus demands a customer-centric approach. Focusing on customer needs, brand awareness, and satisfaction can result in sustained competitive advantage and improve customer relation management (Linina, Iveta, 2017). Achieving retail brand loyalty is challenging and has little basis for differentiation. Retail trading is transforming across the world, especially in developing countries by not only satisfying functional needs but also leisure, social, psychological needs. The retail industry is evolving and adopting innovative tools for effective communication, enhancing customer experiences, and increasing purchase value. Retail trading is much dependent on the efficient utilization of resources in terms of the right assortment, reasonable pricing and right location, and attractive retail environment. Retailers often use price incentives and promotional tools to attract customers, but it is not sufficient condition to achieve brand differentiation. Customer satisfaction in retail services and the overall shopping experience is the key element of retail branding. Customer’s expectation plays a key role in



satisfaction and loyalty (Dlamini and Barnard, 2020); understanding customer needs and expectations can make a difference for retailers.

In the past, researchers remained focused on investigating, the impact of store attributes including price, merchandise quality, and other functional aspects, however, the focus has shifted from transactional view to relational view which emphasizes the importance of building long-term customer relationships. Customer experience is getting dominance over the relational perspective (Verhoef et al., 2009; Calder et al., 2018). A large number of retailers are enhancing the overall customer experience through touch points in the store environment. In this context, the concept of store atmosphere and retail brand personality plays a significant role in the alignment of the *retail brand personality* with the store environment in order to increase customer feelings of belongingness and happiness (Braxton and Lau-Gesk, 2020). Retail managers across multiple categories have recognized the importance of store environment and personification image rather than focusing on conventional store attributes as price and merchandise. Retailers offer a unique store environment in such a way that satisfies customers' social needs, emotional experience, and shared identity (Grewal et al., 2017). The most sought behavioral outcome in relation to brand personality includes relationship quality, perceived relationship investment, and customer loyalty (Menidjel et al., 2021).

Customer experiences are largely dependent on the perceptions and beliefs of customers about the retailer. Intangible attributes such as brand personification and a unique atmosphere can have a significant impact on customer satisfaction and loyalty intentions. Brand personification allows customers to connect and relate to the brand to express their social and belongingness needs. Retailing literature indicates that customer purchase experience has rapidly gained considerable attention in recent years and it has a profound effect on brand commitment and brand loyalty (Khan et al., 2020; Theledi and Mudzanani, 2020).

A positive *in-store experience* can increase customer satisfaction and store loyalty. The importance of feelings, emotions, and satisfaction cannot be ignored in a retail setting where customer-employee relationships are based on trust. A study conducted in the retail banking industry of *Latvia* (A Baltic state in Europe) reveals that consumer attachment to a firm influences customer brand loyalty (Japparova and Rupeika-Apoga, 2019). Brand experience and engagement both construct contains elements of emotions, feelings, and attachment. When consumers' feelings and emotions are combined together, they form different theoretical constructs and satisfaction is one of them. For instance, when customers experience positive emotions, interacting with others, problem

solving and social encounters result in customer satisfaction (Parasuraman et al, 2021). Customer experience is a holistic perspective and can be conceptualized in various ways (Hoffman and Novak, 2018).

Customer experience results from the interactions between retailers and customers and it generates value and positive purchase intentions. Service encounter is the key feature of retail service quality and is mainly manifested by employee-customer interaction. However, with the advent of self-service technology, customer behavioral outcomes such as retention intent and positive word of mouth are strongly driven (Dhiandra and Maudlin, 2020). Customer satisfaction remains the core antecedent of retail brand loyalty and has gained much attention in research in the past.

Ross (2020) reinforce Kapferer's brand identity prism and applied it to the branding process of retail companies. Retailers are using corporate social responsibility initiatives such as employee-community engagement programs, addressing environmental issues to build customer brand loyalty (Linina et al., 2019). Corporate social responsibility (CSR) is potentially the long-debated and most interesting topic in marketing literature. Present studies show that CSR shapes consumer perceptions and attitudes such as loyalty and purchase intention (Fernández-Ferrín et al., 2021). Retail positioning has limited choices and CSR can play a critical role in the formation of customer loyalty to retailers. CSR is a growing phenomenon in developing countries and it has a strong link with loyalty, satisfaction, and trust (Islam et al, 2021).

The concept of retail brand equity is simply the value created by retailers (Swoboda et al., 2009). The definition of the retail brand simply entails the idea of a store as a brand and includes everything that the idea entails. Burt and Davies (2010) argue that *retail brand equity* refers to chain-level retailers that correspond to the '*Gestalt psychology*' of retail branding (Keaveney and Hunt, 1992). This definition contradicts Martineau's (1958) conception of store image who views the retail brand as the sum of store attributes (Ailawadi and Keller, 2004). Retail brand equity can also be viewed as a qualitative measure of retail brand associations that serve as important intangible assets (Jinfeng and Zhilong, 2009). Jaiyeoba et al. (2020) commented that perceived service delivery, perceived value, and trust have a significant influence on customer satisfaction and loyalty. Customer satisfaction has also a strong relationship with shopping well-being and it has become a hot topic in retail marketing.

In addition, service brand equity has also gained considerable attention of the many researchers in the past (Chang & Liu, 2009) which lead to rising of researchers interest in retail brand equity in recent literature (Grewal et al., 2004; Jinfeng and Zhilong, 2009; Burt and Davies, 2010). *Retail brand equity* is a latent construct similar to manufacture which is affected by the retail mix that in turn affects consumers' behavior. Retail brand equity help to better understand the consumer needs and wants and measure their perception, attitude, and buying behavior (Pappu and Quester, 2008).

Literature differentiates between manufacturer brand and store brand (e.g Choi and Coughlan, 2006; Steenkamp et al., 2014; Chimhundu, 2016). Previous studies have examined retailer-manufacturer relationships in terms of rebates and returns policies (Taylor, 2002); and manufacturer reliance on retailers' information (Raju and Zhang; 2005). The complexity of retail branding has contributed to multiple conceptions of retail brand equity. Similar to manufacturer equity, different approaches have been adopted to explain the concept of retail brand equity, yet there is no consensus on a single approach to explaining retail brand equity so far. Retail brand equity is mostly measured as an outcome variable rather than explaining the process that leads to loyalty (Arnett et al., 2003). Brand equity is viewed as the outcome of the large number of attributes interacting with each other and in turn leading to loyalty (Jinfeng and Zhilong, 2009).

Despite the large number of research on RBE, the literature fails to present a scale that captures the important dimension of retailing industry (Anselmsson et al., 2017). RBE scales were developed for either global application (e.g., Aaker, 1991; Yoo and Donthu, 2001), or understanding specific industries (Anselmsson et al., 2017). Existing retailer equity scales are based on the common work (e.g., Pappu and Quester, 2006; Yoo et al., 2000; Dabholkar et al., 1996). RBE scale based on the sources of Aaker, Yahoo & Donthu includes items such as awareness, associations, service quality, product value, and loyalty. Retail brand awareness and perceived quality much explain the concept of retail brand equity (Jara & Cliquet, 2012). Despite extensive research, there is little agreement on which store attributes predict RBE. Some authors assert that store image and price level contribute to retail brand equity (Garretson et al., 2002; Collins-Dodd and Lindley, 2003; De Wulf et al., 2005). Store image in a broader sense captures key associations linked to the store in the mind of consumers and serves as the basis of retail brand equity.

Swoboda et al. (2016) report that most studies in retail branding included five attributes as assortment, price, layout, communication, and service. Daultani et al. (2021) argue that customer satisfaction has a strong link with store-related attributes (store ambiance, layout, salesperson

assistance, and customer services in high purchase settings. The findings clearly suggest that store attributes positively influence customer satisfaction and repeat purchase behavior. Service convenience dimensions (e.g. access, transaction, decision, benefit, and post-benefit convenience) have a positive relationship with customer satisfaction and behavioral intentions in *e retailing* of India (Kumar et al., 2020). The service convenience dimension increases customer satisfaction in the retail context and has important implications for e- retailing.

In a competitive environment, retailers are struggling to find new sources of differentiation, and innovation in price promotions is helping them to maximize the profit margin (Linina, Bruksle, & Zvirgzdina, 2019). Sale discounts as sale promotional tools have profound effects on customer choice of brand and attract the customers into the store. The literature clearly suggests that price and promotion are the key factors in explaining customer choice of retail store and product brand. Chen, Mandler, and Meyer-Waarden (2021) complied with three decades of research on a loyalty program to promote repeat purchase business and concluded that existing literature mostly relies on status-based and relationship-based mechanisms to theoretically explain loyalty program effects. Loyalty programs are the key features of the retail industry among others such as airlines, and hotels. Discount as sale promotion is the main feature of retail trading and many retailers are using different types or levels of discount to influence consumer buying behavior.

Janssens et al (2020) examined the effects of three discount levels or retail formats (non-discounter, soft discounter, and hard discounter) on three behavioral outcomes including satisfaction; repurchase intention, and spreading word-of-mouth. The study found reveals that non- and soft discounters significantly differ from the hard discounter's format. Consumers are more critical of the softer discount format and expect the soft discounters to offer low prices, more bargains & deals, easy access, but also visually appealing store design, and superior customer service (Janssens et al., 2020). Literature proves that relational benefits have a link with customer loyalty (Gremier et al., 2019), and relational benefits such as confidence and special treatment effects consumer loyalty (Channa et al., 2020). Customers seek relational benefits for staying loyal and retailers have realized the importance of consumer experience management in maintaining long-term customer relationships (Saini and Singh, 2020). In short, customers are increasingly giving importance to retail experiences, purchase value, satisfaction, and relationships with retailers. In this context, innovation in retail services strategy can enhance customer satisfaction with a retailer.

### 1.2.3 Current Studies in Retail Branding

Linina and Vevere (2020) assert that retail innovation is much dependent on the use of social media and online marketing. The use of social media has increased in recent times and a large number of customers are depending on online sources for information seeking and sharing their experiences. Customers are choosing social media for information seeking in the retailing sector than ever before and it influences consumer brand loyalty.

Swoboda and winters (2021) also indicated the positive effects of offline channel images on online channel images and vice versa. Reciprocal effects of the offline (online) images have an impact on customer loyalty and consumers' attitudes towards offline and online stores influence each other (Nagase and Kano, 2017). It implies that the presence of online stores' images drives offline stores' image and vice versa, thus customer knowledge of these reciprocal effects has important implications for retail managers. Retailer efforts of selling online and offline both have important implications on store image that in turn leads to customer loyalty. Multi-channel retailers offering seamless purchase experience and enhanced touch point shopping is an important domain of research modern retailing.

Bauerová and Braciníková (2021) indicated that the growing importance of online selling has forced many retailers to shift to an online selling environment and adopt a hybrid channel strategy. It implies that the choice of channel is influenced by channel benefits, the product, brand perception, loyalty, and customer characteristics. They further assert that within the hybrid retail channels, most customers prefer to purchase from offline channels. Nevertheless, the transition to a hybrid form of retailing; an online or offline environment has opened new opportunities for retail trade business in developing economies and can offer a sustainable source of competitive advantage. Similarly, Soni (2021) commented that an increase in online activities and shopping is giving rise to web-store design. Therefore, online retailers need to focus on website design in terms of functionality, brand assortment, and product quality, which generate brand loyalty.

Pappu and Quester (2021) introduced *Consumer Based Brand–Retailer–Channel Equity* (CBBRCE) for creating synergy between product brand and retailer. They highlight the limitation of retailer brand equity and call for more studies in this domain. Jain and Aggarwal (2017) investigate the relationship between services quality, satisfaction, and loyalty in Indian retail industry (electronics items) and report that personal interaction, reliability, and policy are the key dimensions that positively influence customer satisfaction that in turn affects customer loyalty. Thus the most sought factors in organized retailing of electronics in India include *reliability* (refers to the ability of the retailers to

keep their promises. They further comment that physical aspects and layout of the store have the least or no impact on customer satisfaction because of the minimal impact of these stores attributes in case of high involvement products. The problem-solving dimension of service deals with returns, exchanges, and handling of customers' complaints. The study found no significant relationship between problem solving and customer satisfaction because aftersales services (*returns, exchanges, complaints*) are generally handled by the manufacturer rather the responsibility of the retailer or service provider in the case of electronics durables. Finally, the product knowledge of employees helps customers to make the right brand choice. (Jain & Aggarwal, 2017, p-83).

Khan et al. (2020) examined the effects of age on consumer behavior and found that the age factors drive consumer brand commitment and loyalty. The research has great implication for online retail channels, which is popular with the younger generation. Grewal et al. (2020) argue that major retail stores are offering physical and online retail channels to increase customer loyalty. Online resources allow consumers to search for a particular product from different vendors and compare it instantly on the screen of a computer. In contrast, the traditional channel carry's search cost and time resource.

Dilmeri et al. (2020) published an article with the title “store of the future” which highlights the importance of (re)innovation and (re)imagination with respect to physical store space. The author highlights key aspects of future retailing as being part of *Omni channel retailing*, and significant impact of digitalization, increasing demand for customer experience, whereas physical store environment offers space for interaction process, socialization and need for communications. They further add that Innovation in retail branding requires the development and promotion of branding and identity, product development, retail design, and online and multimedia consumer management. The most important aspect of retail innovation is designing retail, which helps to create a brand identity.

Molinillo et al. (2020) also recognize the significance of technology and innovation in retail marketing through using a mobile phone app, which has positive effects on customer satisfaction, trust, and loyalty towards retailers. It is established fact that customer-retailer relationships are influenced by interactive interaction process and mobile app provides an opportunity to foster relationships. Bonetti et al., (2020) also favor the idea of embracing in-store technology, innovation, and change management to generate public relationships buzz.

Maggioni et al. (2019) highlights the importance of the retail shopping experience and claims that a positive retail shopping experience can increase customer well-being and life satisfaction. Customer decision-making or choice of the store plays an important role in creating customer well-being and satisfaction. Ahmed et al. (2019) measure the service quality of retail supermarkets in Karachi, Pakistan using the *Retail Service Quality Scale* (RSQS). Pakistan is experiencing the growth of local as well as foreign brands of supermarkets (Ahmed et al., 2019).

Sharma and Kumar (2019) investigated behavioral intention with mediating and moderating role of satisfaction and gender respectively in online food ordering services in the Indian context and reveals that gender perceives services quality differently. Maggioni et al. (2019) reported a positive impact of store atmosphere and retailer offers on shopper well-being. Moharana and Pattanaik (2018) carried out research on store choice in emerging markets-Indian perspectives by using exploratory factors analysis and multiple regression model to determine key store attributes affecting store choice. The study identifies six different store attributes as store atmosphere, customer service, merchandise value, price and promotion, convenience, and reputation.

Iwu et al. (2017) analyzed the impact of retail branding on consumer behavior in the Botswana retail sector and found dimensions of retail brand personality, product and service quality, and shopping value influence consumer purchase intention. Nikhashem and Valaiea (2017) attempted to find out the building block of retail brand loyalty in superstores with a focus on brand personality and consumer brand identification. Sharma (2017) investigated the relationships between brand equity and brand value. The brand name is the key factor of brand equity and is used as the criterion of success in brand management as well as developing long-term relationships. In addition, research reveals that store image plays a crucial role in building brand equity for sportswear retailer's context of the Indian market. Consumers use the store image as a signal to choose retail outlets. This research implies that store image can help in building the brand equity of retailers.

Anselmsson et al. (2017) re-examined retail brand equity in three ways: 1) introducing a new dimension of the retail image, 2) presenting structures and relationships between the dimensions of retailer equity, and 3); developed scale for measuring RBE in a different context. Their finding shows an operational framework that supports Keller's (2003) idea of brand resonance seven dimension model structured in a four-step as awareness → pricing policy, customer service, product quality, physical store → retailer trust → retailer loyalty.

Zhu and Chen (2017) wrote a seminal paper titled as a *tale of two brands* that demonstrates the joint effects of the product brand and retailer brand on product evaluation and consumer brand preference. Zhu and Chen (2017) demonstrate the joint effects of the product brand and retailer brand on product evaluation and consumer brand preference. They proposed four combination models comprising manufacture and retailer reputation on the low-high scale as 1) *HH*: Reputable manufacture sold at reputable retailer 2) *HL*: Reputable product sold at a less reputable retailer, 3) *LH*: Less reputable manufacturer brand sold at a reputable retailer (*LH*), 4) *LL*: Less reputable manufacturer brand sold by the less reputable retailer (*LL*). A reputable manufacturer brand sold by a less reputable retailer (*HL*) is considered a loss on the dimension of the retailer. Similarly, a less reputable manufacturer brand sold by the same reputable retailer (*LH*) is considered as a loss on the dimension of the manufacturer. *HH* has positive interaction and the majority of customers use the *HH* model in purchase decisions.

Chen and Fu (2015) investigated the mediating role of customer satisfaction in loyalty and price premium (willingness to pay more price) in the retail pharmacies of China. The study reveals the role of customer satisfaction to achieve store loyalty in a non-Western context. In addition, Zvirgzdina, & Linina (2015) examined the effects of efficient consumer response (ECR) as a mean to satisfy customer needs and transform into long term relationships. Their findings suggest that efficient consumer response (ECR) is a new technique in the creation of retail assortment and merchandise policy. *Further*, Pacheco and Rahman (2015) experimented with types of sale promotion on consumer purchase intention with moderating role of retailer reputation. Retailer's reputation moderates the relationship with customers. Their finding reveals that consumers perceive product quality to be higher when offered a high-value coupon vs market down.

Farhat (2014) conducted a study on the determinants of customer-based-brand equity of *Internet service provider* brands in Pakistan. He asserts that loyalty, awareness, and perceived quality are strong predictors of brand equity. Retail brand equity elements (e.g.; awareness, perceived quality, loyalty) influence customer purchase intentions.

McKenzie (2009) studied the retail brand extension of Tallinna Kaubamaja and Selver store in Estonia, Baltic region, with the objective to assess consumer brand attitude towards main store and store extension between retail loyalty and other store attributes (merchandise price, merchandise selection, and services). Similarly, Grewal and levy (2009) carried out a study to reflect on articles published in retail branding from 2002-2007 and reported emerging issues including customer loyalty,



services success, and behavioral issues in pricing and patronage. Hu (2009) measured the mediation effects of services quality on store loyalty in Taiwan.

Morrison and Crane (2007) argue that four dimensions of store effects the image of service including 1) physical elements (e.g. modernity, cleanness); 2) employees- customers' relationship, 3) store atmosphere 4) services itself, stemming from interactions between the three previous dimensions. Kaul (2007) used *RSQS* to assess its applicability in the retail industry of India. The Indian consumer does not distinguish between service attributes related to *Reliability and Policy*. It implies that the main responsibility lies with the retailer, whether it has related to fulfilling its promises (Reliability) or is concerned with offering quality merchandise. In addition, *personal interaction* and cleanliness (Physical Aspects) are indifferent and thus Indian consumers perceive these as policy issues. Martenson (2007) examined the effects of corporate brand image on consumer satisfaction and store choice in the grocery sector. Martenson conceptualized the corporate image of a retail store as "the combined effect of how the retailer as a brand, manufacturer brands, and store brands are perceived" (p.544). Research finding reveals that customer satiation of grocery retailer is largely dependent on neat and pleasant store environment.

Ailawadi & Keller (2004) presented five dimensions of retail brand image: (1) *access*, (2) *in-store atmosphere*, (3) *price and promotion*, (4) *cross-category product/service assortment*, and (5) *within-category brand/item assortment*. The model lacks other important dimensions such as personality, selling behavior, relationships, etc. Therefore, this doctoral thesis examines the effects of retail brand personality dimension and selling behavior on store loyalty. Wallace et al. (2004) analyzed the retail business environment that customer-shopping patterns have evolved and they take advantage of multiple channels and new technology. He concluded that multiple channel strategy enhances customer satisfaction and that in turn increases retailer loyalty. In short, previous studies on retail branding show signs of developing new features including corporate social responsibility (CSR), Efficient Consumer Response (ECR), use of technology, and online retailing. Physical attributes highlighted include services, environment, employee interaction, relationships, value, trust, reputation, and personality traits. Literature indicated that older consumers prefer to shop in a traditional way, also called brick-and-mortar stores, whereas the younger generation prefers to shop online (Sullivan et al., 2016). Age is a critical factor in shaping consumer-buying behavior and Pakistan has a large youth population in the world, which offers great potential for online, and offline retail sales.

#### **1.2.4 Key Factors Effecting Store Loyalty**

Previous studies show critical discussions on store loyalty (Ailawadi & Keller, 2004; Grewal & Levy, 2009; Kumar & Shah, 2004; Sharma & Kumar, 2019); researchers highlight the importance of conducting research in a local setting to better understand the phenomena of store loyalty (Valaei & Nikhashemi, 2017). Therefore, this study identifies driving factors of store loyalty in the context of Pakistan. Knox & Denison, (2000) argued that store loyalty is not exclusive and relative term, yet difficult to measure. Therefore, the concept of store loyalty is considered more elusive and ambiguous because it fails to exactly measure consumer store loyalty.

Wallace et al., (2004) conceptualize customer retailer loyalty as “the customer’s attitudinal and behavioral preference for the retailer when compared with available competitive alternatives” (p.251). Previous research classifies consumer-buying behavior in retailing based on two things: 1) attribute-based, 2) attitude-based (Mantel & Kardes, 1999). Attribute-based buying is more complex and consumer makes judgments based on product knowledge and key attributes of the product. (Cuthbertson, 2000). Attributes-based buying theory holds that customers are loyal to the store as long as desired products are available in the stock and meet customer purchase criteria. In contrast, Attitude-based buying is more intuitive and relies on customer lifestyle and marketing. Under this notion, the customer tends to search the desired product if it is unavailable at a store and discount substitutes products. However, different approaches have been used to measure retail store loyalty that resulted in different variables depending on the product category and cultural context. For example, brand personality and brand identification (Nikhashemi & Valaei, 2017); service quality and price (Ha & Janda, 2014), customer satisfaction; brand commitment (Han & Hyun, 2013), brand trust (Fung, King, Sparks, & Wang, 2013), and word-of-mouth communication (Anaza & Rutherford, 2014; Choi & Choi, 2013).

Thus, customer satisfaction is the main driver of customer loyalty. Customer perception or perceived quality image influences store brand choice (Calvo-Porrall and Lévy-Mangin, 2017). Since product, perceived quality is used in the evaluation of store brand; therefore, perceived value has a direct link to purchase intention. Further, store pricing level and customer affective reaction have direct links, which affect customer choice of the store (Zielke, 2010). Retailers are also increasing loyalty programs to increase buying patronage, the share of wallet, and (Lieberman, 1999; Magi, 2003). Retailing literature determined the relationship between quality, service, value, and satisfaction (Cronin et al., 2000; Kumar & Shah, 2004).

The researcher in the past has identified several factors that affect consumer store choices such as brand image, consumption rates, perishability of products, and inventory holding costs of consumers (Bhatnagar and Ratchford, 2004). Consumer demographic variables such as age, income, family size, and profession influence consumers' general responses to marketing mix variables that are not specific to format. Chu et al. (2010) comment that product category and buyers characteristics have different effects on brand loyalty of online and offline channels. They argue that consumers are more brand loyal and size loyal but less price-sensitive in the online channels than the offline channels.

Solgaard and Hansen (2003) developed a model of consumer's choice between different supermarket formats and identified that conventional supermarkets are characterized by high-low pricing, a wide range of assortment, and quality service. Whereas discount stores are characterized by every-day-low-pricing, limited assortment, and minimum service level. Hypermarkets are in the middle of the previous two formats offering average pricing, large assortment, and good service. Retailers optimize assortment in practice that leads to competitive advantages (Corsten, et al., 2018). When selecting store assortments, retailers have to make a trade-off between expensive and inexpensive brands or products to create a mix of assortments. Pan and Zinkhan (2006) classify consumer perceptions of the style, price, quality, and assortment as an important element of patronage behavior. Store environment provides a key source of competitive advantage and affects consumer behavior (Wu et al., 2015). Moreover, the *store environment* is a key aspect of retail satisfaction and it includes visual merchandising, display of products, symbols, logo, interior and exterior design, décor, and promotional mix (Moayery et al., 2014).

Moharana & Pattanaik, (2018) conducted a study to investigate important attributes in the patronage of organized retail stores in the Indian retail sector and found six factors: store atmosphere, customer service, merchandise value, price and promotion, convenience, and reputation. Hence, considering the previous connection to drivers of store loyalty, this doctoral thesis proposes the following research hypotheses:

**H1:** Functional features of store (*Merchandise & Pricing*) significantly affect store loyalty.

**H2:** Psychological attributes of store (*Environment, Services Quality, Brand Personality, and Competence*) have significant impact on customer choice of store/loyalty.

### **1) Store Merchandizing**

Rhodes and Zhou (2019) argue that most retailers are increasing the size of their product assortments in order to become one-stop shops. In supermarkets, the number of products is increasing to address the consumer concern for one-stop shopping. On the other hand, retailers have scarce shelf space, which increases the bargaining power of retailers. However, the most popular model or approach is equilibrium determination of retail formats (Rhodes and Zhou, 2019) which analyses the benefits of retailers selling multiple products by mixing assortments in one place. The approach offers consumers a *one-stop shopping* opportunity and saves search costs. Customer satisfaction is linked with the store environment, whereas perceived value comes from product variety and assortment image of the store (Grosso et al., 2018). Therefore, merchandise image remains an important factor in the customer choice of retailer. Customers consider the size and depth of merchandise available at the store before choosing a retail store. It is more obvious consumer reacts differently to two different assortment sizes. For example, a retailer offering mixed assortment-private label and national brands will generate a favorable response in comparison to the retailer only offering local brands. Bauer et al. (2012) defined assortment image as “the perceived image of assortment is defined as consumer perception of assortment offered by the retailer” and it refers to the quality, variety, and availability of product sold by the retailer. Other dimensions of assortment including the quality and availability of products significantly affect consumer perceptions. The product assortment is a descriptor of the retail brand that significantly contributes to explaining consumer store choice. Ruiz-Real et al. (2018) indicate that a positive relationship exists between a perceived variety of retailers’ assortment and store loyalty.

In other words, positive assortment images reduce store-switching intentions. They further reveal that in the case of the big variety, store-switching behavior is lower provided the store image is positive. Merchandizing is defined as “targeting the right people, with right merchandise at the right time in the right place” (Newman and Cullen, 2002, p. 142). Merchandize offers ample advantages like frequent visits to stores, repeat purchases, and store loyalty. Stassen et al. (1999) concluded that store assortment decision is as important, if not more important, than other key variables such as price. Merchandize quality affects customer patronage behavior and choice of store. Customer’s store visit frequency depends largely on the range of merchandise. Right merchandising is as crucial for the success of retailers as store layout and display. Research clearly indicates that the positive ambiance of a store complemented by appropriate merchandising increases sale revenue (Suvillain and Adcock, 2002, p.80). When consumers enter the store, environmental stimuli stimulate consumer senses and

arouse pleasure such as sight, hearing, and smell. Assortment arrangement invokes a feeling of excitement and enticing. Retailers prefer a random arrangement of products to infer the bargain offers.

Assortment arrangement involves two layers of decision: first, selection of range and then the subsequent arrangement of range by addition or deleting of some product to meet customer needs. High product assortment reinforces the concept of *one-stop shopping* convenience (Messinger & Narasimhan, 1997); increase brand recall (Keller, 1993); increase cross-category sale (Ailawadi & Keller, 2004); greater utility for variety-seeking behavior (Kahn & Wansink 2004). The appeal of one-stop *shopping* attracts customers to bigger outlets holding a wide range of products at discount prices. Constructing right mix of product and services satisfy the customer needs as well produce desired profit margin.

However, literature also shows contradictory results that deep assortment creates confusion for the customer and consequently becomes counterproductive to the firm (Iyengar and Lepper, 2000). Therefore, retailers need to adopt a balanced approach and the right mix of products assortment. Research also revealed that unrelated category extension does little harm to a signature product in the long run; unless it is closely related to the main product or category (Ahluwalia & Gurhan-Cali, 2000). Brand extension or category extension should be done carefully because perceived price and quality image may harm the brand in the future. While, reduction in the assortment does not many effects consumer perception unless their favorite item is dropped out from the collection or decreased in the space reserved for the category display (Broniarczyk, Hoyer, and McAlister, 1998). Retailers who strategically design product assortment by combining leading national brands with store brands enjoy high brand equity and get a favorable response from consumers, positive assortment's image, and loyalty (Jara and Cliquet, 2012; Swoboda et al., 2013). Merchandize quality has a positive relation with merchandize value and serves as key evaluation criteria in store patronage behavior. Thus, the research proposes that merchandise image influences consumers' choice of store.

#### **H1a: Perceived assortment image influences customers' choice of store.**

## **2) Store Prices**

Retail trading is changing due rise of modern retail channels in Pakistan and there is a need to analyze the effects of store prices on consumer brand choice in-store environment. Changing prices is relatively easy for competitors. Shiv, Carmon, and Ariely (2005) comment that brand price can change consumer perception of product quality. Store pricing refers to the monetary measure of the cost incurred to acquire the desired product. In general, consumer perception of store pricing influences

consumer attitudes towards retailers (Vahie and Paswan, 2006). The price level is a key criterion in the customer purchase decision, especially when competing brands have little differentiation (Chou and Chen, 2004); price serves as a key differentiator as well as signals product quality. Customer satisfaction with store price influence consumer choice (Bhatnagar and Ratchford, 2004; Gauri et al., 2008). Since customer value results from consumers' perceived difference between benefits gained and the price paid. Grewal et al. (1998) comment that low prices paid than customer reference prices increase the value perception of customers. However, previous studies show contradictory results regarding price level and store choice. Despite price contradictory effects on behavioral intentions, literature well established a positive relationship between price and perceptions of product quality (e.g., Dodds et al., 1991; Rao and Monroe 1989). Price and perceived quality domain got considerable attention of researchers in the past (i.e. Zeithaml, 1988, Dodds, Monre, Grewal, 1991).

Although, price-quality has a positive relationship but the price has a negative effect on customer perceived value and purchase intention (Dodds et al., 1991). Previous studies clearly establish a link between price and perceptions of product quality (Dodds et al., 1991; Kerin et al., 1992; Rao and Monroe, 1989). Dodds et al. (1991) reported that price has a positive impact on perceived quality but negative effects on perceived value, and willingness to buy. The price-perceived quality relationship is mixed and can have profound effects on customer perceived value. Other researchers also comment that it is unclear to draw a line between under what conditions buyers use price as quality signal and other information (Monroe and Dodds, 1999).

Price-quality judgment is an important area of research and has drawn the attention of many researchers in recent times (e.g Lalwani and Monroe 2005; Olbrich et al., 2014; Lalwani and Forcum 2016; Park et al., 2020). The perceived price-quality relationships can be analyzed through product attributes, benefits, and cost. Olbrich and Jansen (2014) comprehend that in grocery retailing, higher price signals greater product quality, while, in the case of food private labels, a negative correlation exists between the use of price as a quality indicator. Although, a large number of people use price as an indicator of product quality (Völckner and Hofmann, 2007). Nevertheless, the literature reveals that it is hard to claim that price is a reliable indicator of product quality in grocery retailing (Imkamp, 2008). Further literature suggests that reduction in the product price in the retail store had none or minor effects on purchase, however, one store showed lower sales after the price reduction (Sigurdsson, et al, 2010). It implies that price reduction does not have a significant influence on consumer buying behavior. Price effects on consumer buying behavior are subject to product category.

For example, the price has a decelerating effect on the sale of juices, which is a different category than cosmetics and shampoo (Foxall & Schrezenmaier, 2003). Juices are fast-moving goods, which does not create as much loyalty as in cosmetics and shampoo. In the given paradox, consumers use price heuristic to judge the quality of products or services quality and thus choose retailers accordingly.

Roth et al. (2017) comment that unit price influences store price image dimensions as price processibility, price perceptibility, and evaluation certainty. They also argue that unit price presence and unit price prominence have a positive influence on consumers' purchase intention at a given store through store price image. Unit-priced prominence moderates the effects on product choice (Miyazaki et al., 2000). Price processibility refers to the degree of ease that allows a customer to compare the prices of different products in a given purchase situation. Whereas, price perceptibility refers to the degree of ease which enables a customer to visually perceive pricing cues at a given retail store.

Finally, evaluation certainty refers to the degree of ease with which customers go through the price evaluation process at a given store. Customers' awareness of unit prices at stores tends to use price cues for decision-making (Manning et al., 2003). Price perception is the main element in the formation of store image. Unit price perception affects individual price-level perception of the entire store through generalization and information-integration processes because unit prices ease price comparisons, and customers choose the products with lower prices (Miyazaki et al., 2000). It clearly suggests that unit price may have a profound effect overall perceived price level of the store as the customer integrate the lower unit price into his/ her overall price perception or basket at the store level.

Roth et al. (2017), define positive price perception as the degree to which consumer perceives the price level as low. It suggests that a high price image damages retailers' reputations. Value-for-money perception can be defined as the trade-off between sacrifice and gains. Consumers assess the overall expensiveness of store prices through category price images (Lourenço et al., 2015). Store price image formation is linked with the actual price of the product category. The category price image signals the overall expensiveness of store prices. Research reveals that "*Big ticket*" such as consumer electronics offers narrow price range, which tends to shape consumers' store price beliefs (Lourenço et al., 2015). They further comment that at supermarkets, consumers anchor on prices of storable items bought in large quantities as such items manifest high-quality differences. Consumers are exposed to a large number of items that they do not actually buy but are more likely to be affected by the prices of those items (Hamilton and Chernev, 2013). Customers are more price-sensitive infrequently purchase items or categories. In fact, expensive items play a critical role in the formation of store price

image (Desai and Talukdar 2003; Hamilton and Chernev, 2013), and “*Big ticket*’ tends to attain higher attention of customers. (Zeithaml 1988).

Deeper price cuts get more attention from customers, but deep price cuts exceeding a threshold level raise customer concerns in the category prices (Pauwels et al., 2007). Assortment size and quality predict category prices. Categories offering a large number of brands tend to be more salient and prominent in-store price images. Consumer also uses non-price cues like service offerings and quality levels to form their price perceptions. Further, previous research studies have established that consumer awareness of pricing levels, familiarity with category, and perceived value influence customer loyalty (Beristain and Zorrilla, 2011; Rubio et al., 2015). Retailers use different strategies for creating customer satisfaction including average pricing policy (Gauri et al., 2008), competitive prices (Sirohi et al., 1998), fixed prices (e.g. everyday low prices), and honest pricing (e.g. price fairness) (Matzler et al., 2006). Store managers can segment the customers according to unit price perception and overall store price image.

Roth et al. (2017) also suggest the importance of demographics in price segmentation and moderating the effects of unit pricing. However, previous literature conceptualizes store price images in different ways (Desai and Talukdar, 2003). For example, some researchers define price image as “the general belief about the overall level of prices that consumers associate with a particular retailer” (Hamilton and Chernev, 2013, p.2), while others view the store price image as a multi-dimensional construct (Zielke, 2010). Bell and Lattin (1998) concluded that “large basket shoppers” prefer Everyday Low Pricing (EDLP) stores, whereas “small basket shoppers” prefer High-Low Promotional Pricing (HILO) stores. The width and depth of promotion effects consumer price image. Literatures indicates the significance of price in developing retail brand loyalty, however, some studies show that an increase or decrease in price does not affect consumer behavior in certain product categories. Therefore, it is necessary to investigate the impact of store pricing on consumer behavior in the high involvement purchase situation in Pakistan.

### **H1b: Store pricing has a significant impact on store loyalty.**

### **3) Store Environment**

The influence of the store environment seeks support from environmental psychology that people make inferences of objects based on environmental cues. Environmental psychology explains how the consumer reacts to the shopping environment and perceived the objects in the surrounding. Customer evaluations of a store’s atmosphere affect their perceptions of value and store patronage



intentions. Berman and Evens (2004) noted that a retailer's image mainly depends on atmosphere that has psychological effects on consumer arousing feelings and store visits. Hu & Jasper (2006) commented that the store environment is a socially constructed reality and composed of both physical and social elements. Baker et al. (2002) posited that store atmosphere influence on consumer store choice stems from three main theories: a) inference theory, b) schema theory, and c) affordance theory. *Inference theory* states that people make judgments about unknown objects based on the information or cues. In general, the retail environment strategy is closely linked with luxury brands (Silverstein & Fiske, 2003); the store environment serves as a dream factor for high-end customers (Kapferer, 2012). Store services experience involves atmospheric cues, in-store interactions, and product assortment (Mohd-Ramly & Omar, 2017).

A number of studies have highlighted the elements of store physical environment such as sight, sound, or touch (Clarke et al., 2012; Park et al., 2014; Erenkol and Merve, 2015). Store environment entails tangible components such as colors, design, and layout that enhance consumer sensory experiences (Jang & Namkung, 2009). *Design novelty* increases customer aesthetic pleasure and customers place greater value on design novelty (Murray, Teller and Elms, 2019). Previous researchers remained focused on examining the effects of store atmosphere on impulse buying (Mohan et al., 2013; Barros et al., 2019; Shah et al., 2021 ); consumer time spent in the store (Clarke et al., 2012); the relationship between visual merchandising and brand attitude (Park et al., 2014); customer satisfaction (Wirtz et al., 2007; Ilmi et al., 2020).

Olahut et al., (2012) conducted a systematic overview of concepts related to atmosphere and concluded that store atmosphere is a psychological construct, which is based on cognition and has profound effects on consumer buying behavior. Store environment contains physical environment attributes such as the music, lighting, layout, and arrangement of merchandise (Hu & Jasper 2006; Wang & Ha 2011). Literature also highlights positive effects of store environment on consumer purchase intention (Bestari & Bahari, 2019; de Villiers et al., 2018). Ozkul et al. (2019) comment that researchers are using the latest technology to measure the psychological effects of colors and light on consumer satisfaction using *Eye Tracker* and *Facial Recognition*, *Galvanic Skin Response (GSR)*, and *Heart Rate*.

Schmitt (1999) proposed *experiential branding model (EMB)* that comprises five dimensions: sensory experience, affective experience, intellectual experience, behavioral experience, and social experience. The affective dimension is an emotional response, which is evoked when the customer is

immersed in the environment. *The intellectual* dimension is a cognitive part that explains customer reasoning about the environment. Turley and Milliman (2000) proposed five dimensions of retail environments including exterior; interior; layout and design; point-of-purchase; decoration; and human variables. Different colors have specific associations such as yellow and red invokes warm feelings, while cool colors such as blues and greens create calm moods. Store lighting in combination with store color scheme affects the mood of customers and consequently purchase decisions. Lights and colors effects compliment the customer involvement and interest in the merchandise rather than distract from it (Newman and Cullen, 2002, p. 160). Sirgy et al. (2000) classify store image based on an atmosphere into two major types as upscale image and downscale image. Upscale or prestige image is presented with classical music, soft lighting, modern or antique-like fixtures likely to increase.

Zimmer & Golden, (1988) commented that discount image store, typically has cashier up front, next to the entrance or exit doors, use bright lighting, need one sale person, while prestige image store needs three salespeople and use darker shades of carpet to enhance quality perception. Wispeler and Wolf (2015) examined the effects of different store formats on store images and found direct links. Certain types of models have evolved over such as the *grid*, *free-flow*, *boutique*, *loop*, and *spine*. Each model has an application in a specific retail industry. For example, supermarkets use grid models to ensure customer exposure to a whole range of goods. *Free-flow and boutique models* are popular with specialty stores with a chance to maximize the greater flexibility and cross-movement of customers. *Loop and spine models* are used in large shopping stores to guide the customer to particular merchandise. *Retail crowding* is a key concept and it influences consumers' affective responses (Jones et al., 2010; Li et al., 2009).

Most research studies indicate negative effects of crowding on consumers behavior. For example, consumers' perceptions of crowding increase their negative emotions (Jones et al., 2010). Whereas, research also shows that crowding has positive effects, feeling and invokes customer pleasure in discount or hypermarkets (Li et al., 2009). Similarly, the number of sale associates are key factors in a retail environment. Sharma and Stafford (2000) comprehend that reduction in the number of salespeople does not affect consumer behavior in prestige ambiance stores, however, an increase in salespeople has a positive impact on customer purchase intentions in discount ambiance stores. Human factors are critical factors in the retail environment and verbal and non-verbal communication of salespeople influence consumer behavior (Kim et al., 2010). The human factor in a retail environment is an important element because poor communication or encounters can spoil consumers'

shopping experiences. The extant literature provides enough theoretical background to formulate the research hypothesis as follows.

## **H2a: Store atmosphere has a positive impact on store loyalty.**

### **4) Retail Services Quality**

Service quality plays a critical role in the distinct positioning of the service brand (Mehta et al., 2000). Parasuraman et al (1985) presented the SERVQUAL model, which has wide acceptance and includes key dimensions as access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles, and customer knowledge. Dabholkar et al. (1996) criticized the SERVQUAL model for its validity to measure the quality of the service in the retail environment and proposed the Retail Service Quality Scale (RSQS) based on a large US sample survey. Since then, Dabholkar et al (1996) retail services quality scale has wide acceptance (Siu and Cheung, 2001). Dabholkar et al. (1996) model gives a better understanding of the quality of service in the retail environment and it measures how services quality provided by retailers affects consumer perceptions of quality in the retail store. The RSQS dimensions include physical aspects, reliability, personal interaction, problem solving, and policy. Physical aspects refer to the tangibles and physical environment of the store. It includes store appearance and convenience of store layout. Emphasis on the intangible aspects in services such as place physical environment play a critical role to distinguish retail services (Bitner, 1992; Dabholkar et al., 1996; Keillor, et al., 2004; Koernig, 2003).

Dabholkar et al. (1996) used the term “physical aspect” which refers to store physical layout and convenience; while, Santos (2003) called it as “tangibles” including staff appearance, facilities, and equipment. Reliability deals with “promise” and “doing it right” (Dabholkar et al., 1996). Thus reliability means retailer keeps its promises and "do things right". The availability of merchandise, variety, and quality of a product may serve as reliability in a different culture. Personal interaction refers to face-to-face interaction of store employees and customers corresponding to responsiveness, assurance, and empathy (Parasuraman, Berry & Zeithaml, 1988). Problem solving means the capability and skills of employees or associates to handle customer complaints, returns, and exchanges. Policy refers to operational and strategic store decision on merchandising, pricing, discount, payment, and opening hours, etc.

Many researchers in the past have contributed to services quality in the retailing industry such as return policies effectiveness in uncertainty (Taylor, 2002); demand enhancing services (Raju and Zhang, 2005) and adverting image in retailing (Shaffer and Zettelmeyer, 2004; Wu, Chen, and Wang,

2009). Measuring retail service quality should be industry-specific (Yarimoglu, 2015) as services service quality indices for measuring quality services varies under country context. For example, personal interaction dimensions in Taiwan include; sincerity, generosity, and politeness (Imrie et al., 2002); while formality is a critical services factor in the context of Japan (Winsted, 1997). A large number of researchers have attempted to examine the effects of retail services quality on behavioral intention industry-wise such as health care (Agyapong et al., 2018); online food industry (Sharma & Kumar, 2019), insurance (Ramamoorthy et al., 2018); pharmaceutical retail industry (Chen & Fu, 2015). Zhao et al., (2002) suggest that retail services quality is subject to country context. The value of each dimension varies according to the cultural context as previous research indicated that culture affects consumer loyalty tendency and store evaluations.

Watanabe et al. (2019) claim that *Individualism- Collectivism* did not have any impact on consumer evaluation of store image and purchase intention. In contrast, the majority of social scientists believe that culture plays an important role in understanding consumer behavior (Alfinito & Torres, 2012; Torres & Allen, 2009). Therefore, this study examines the effects of services quality on store loyalty in the context of Pakistan.

## **H2b: Retail services quality has a positive relationship with store loyalty.**

### **5) Retail Brand Personality**

Azoulay and Kapferer (2003) defined brand personality as “the unique set of human personality traits both applicable and relevant to brands”. The concept of brand personality refers to perceived human-like characteristics for non-human objects (Epley et al., 2008; Freling & Forbes, 2005; Lombart and Louis, 2014) and consumer tends to attribute human characteristics to their preferred product, services, and store (Rauyruen & Miller, 2007). Brand assumes the personality traits same as humans and it helps to create differentiation in the mind of the consumer (Ambroise et al., 2004; Zentes et al., 2008). Aaker (1997) first introduced the concept of brand personality and since then retail brand personality got more attention in recent time, about a decade ago (Nikhashemi & Valaei, 2017) with influential work of Das (2014), who incorporated layout, architecture, atmosphere, advertisement, salesperson, colors, and symbols as an important dimension of brand personality in retail stores. Brand personality influences relational consequences including brand trust, commitment, and attachment to the brand (Louis and Lombart, 2010). Research clearly shows that brand personality has an impact on consumer purchase intention (Wang, Yang, & Liu, 2009), brand loyalty (Das, 2014), and brand trust (Ha & Janda, 2014).

Previous researchers have attempted to investigate the relationship between retailer personality and store loyalty (e.g. Merrilees and Miller, 2001; Zentes et al., 2008, Lombart & Louis, 2012). A large number of researchers have focused on retailer personality in relation to trust, attachment, commitment, and satisfaction (Lombart and Louis, 2012); brand attitude (Helgeson and Supphellen, 2004; Lombart and Louis, 2012); and loyalty to retailers (Merrilees and Miller, 2001; Zentes et al., 2008; Lombart and Louis; 2014). Brand personality impact on consumer behavior is not limited to commitment, trust, and loyalty, rather it goes to brand love (Bairrada et al., 2019). Brand love and brand personality relationships can be nurtured through experiential marketing and offering a unique store atmosphere. Literature also shows that brand personality has a positive impact on the evaluation of store services quality, brand trust, and commitment. (Nikhashemi & Valaei, 2017). The consumer considers brands more interesting and exciting which has a similar brand identity as a consumer and helps to develop strong relationships (Bhattacharya and Cen, 2003).

Brand personality help customer to satisfy their identification needs and desire to belongingness. Freling and Forbes (2005a) concluded three main reasons for attributing products and brands to humanlike character: 1) *familiarity*, 2) *comfort*, and 3) *reduce risk or uncertainty*. In anthropomorphism, the conception of brand personality implies that non-human objects are conceived as human when there is a high degree of familiarity. *Secondly*, the reinforcement and assurance of brand promise increase consumer comfort level with the product and view it as a human character. *Thirdly*, when a product reduces consumer risk and uncertainty, it invokes a feeling of human-like character (Freling et al., 2011; Kim et al., 2015). Brand personality traits can be associated with product-related attributes, category associations, brand name, symbol, style, and pricing and distribution channel.

Aaker (1997) proposed brand personality scale, which composed of five factors: (1) Sincerity (e.g., down-to-earth, honest, wholesome, and cheerful), (2) Excitement (e.g., daring, spirited, imaginative, and up-to-date), (3) Competence (e.g., reliable, intelligent, and successful), (4) Sophistication (e.g., upper class and charming), and (5) Ruggedness (e.g., outdoorsy and tough). Aaker's definition of brand personality has been heavily criticized on several grounds (Geuens et al., 2009), pointing that the construct embraces other aspects besides personality such as age, gender, and social class (Azoulay and Kapferer, 2003). In addition, they question the presence of an item "*Western*" in Aaker's scale (1997) and challenge its applicability in cultures.

Ailawadi and Keller, (2004) argued that it is unclear how to apply the concept in the context of retailer brand. Similarly, Lombart and Louis (2014) commented that it is unclear what determines

retailer brand personality and how to build it. Dimensions of retail brand personality can be operationalized as sincerity dimension (e.g. store moral values), excitement (e.g. in-store promotions), competence (e.g. competence of service personnel and problem-solving capability), sophistication (e.g. presentation of merchandise), and ruggedness (e.g. authenticity assortment). Multiple studies have been carried out to find the brand personality of retail stores in Europe. For instance, Freling and Forbes (2005) found that “*Nordstrom*” department store chain brand personality dimensions include elegant, exclusive, and pampered. Similarly, Zentes et al. (2008) revealed brand personality characteristics of *Aldi* superstore as high values of competence, sincerity, and ruggedness and low values in excitement and sophistication. Thus, we propose research hypothesis as:

## **H2c: Retail personality (competence) influence customer choice of store.**

### **6) Selling Behaviours and Orientations**

Previous literature clearly indicates the effects of seller's behavior on consumer's characteristics and buying habits such as person-to-person relationships as well as person-to-firm level relationships (Sun and Lin, 2010). Selling behavior manifests the characteristics of a salesperson during interpersonal communication or interaction process with the customer that in turn influences consumer purchase decision. Relationship literature reveals that retailers use salesperson-customer relationships programs to build store loyalty (Beatty et al., 1996) because relationship customers somehow tolerate services failure (Berry, 1995). Therefore, many firms are seeking the benefits of entering relationship marketing (Gwinner et al., 1998), especially in the retail environment. The customer wants personalized services from retailers and engages in interpersonal relationships with salespeople. Salesperson abilities and skills such as interpersonal metalizing, adoptive selling, cognitive skills, and products related knowledge, positive ambience, and nonverbal cues help to build rapport with customers, which facilitate effective selling behavior (Chakrabarty et al., 2014). In addition, by creating a positive ambience, increase the effectiveness of selling behavior and performance. Positive ambience involves creating an atmosphere so that the customer feels comfortable during the sales conversation (Dietvorst et al., 2009).

Salespeople's ability to establish relationships improves sales performance and it is only possible when they understand the customers. Improving the performance of salespeople is a key challenge and it continues to be an important area despite increasing trends in e-commerce. Retailers' profitability depends on the effectiveness of selling behavior and salesforce performance. Interaction quality between salesperson-customer remains a key dimension of sales performance (Evans et al. 2012). Salesperson's ability to understand the situation or customer needs and wants can be explained

by the theory of mind, which allows one to understand other beliefs, desires, and knowledge (Samson and Apperly 2010). The literature proposes two widely accepted selling behaviors such as *customer-oriented selling* behavior and *adaptive selling* behavior (Franke and Park, 2006).

*Adaptive selling* has a strong positive relationship with sales performance (Verbeke, Dietz and Verwaal, 2011). Recent research also shows that selling orientation/behavior strategy has a positive impact on customer satisfaction, trust, and loyalty (Zafran and Vevere, 2021); and the customer orientation approach is linked to higher sales performance (Terho et al., 2015). In addition, personal selling behavior with the characteristic of personality, presentation, and product knowledge has a significant influence on buying behavior especially in high felt purchase as fashion clothing (Azeez, and Abeyratna, 2020). Personal selling is a broader term, which includes dimensions as customer relationships and salespersons personality traits (Tabasum et al., 2014).

In selling consumer electronics, product knowledge and product presentation play a key role. Therefore, salesperson demonstration to customers generates interest and convinces them to buy the product (Adewale et al., 2019). Previous literature indicates salespersons influence is significant in generating a gap between customer purchase intention and actual purchase (Campbell and Singh, 2019). *Relational selling behavior* helps in recovering services failure image and increase customer trust and satisfaction (Chang; Hung, 2018). *Relational selling behavior* involves cultivating and developing relationships with customers (Crosby et al., 1990; Guo and Ng, 2012). It is linked with relationship quality and relationships quality involves satisfaction, trust, and commitment (Reguera-Alvarado et al., 2016). Relational behavior involves sharing of policy information and mutual cooperative intentions, which sprouts trust and affects decision-making (Boles et al., 2000).

Previous studies reveal that relational selling behavior is directly linked with customer satisfaction, customer trust and fosters long-term relationships (e.g Hughes et al., 2013; Kadic-Maglajlic et al., 2016). Buying consumer electronics involves trust and relationships; therefore, it is necessary to focus on relational selling behavior during interaction. A study conducted in the life insurance industry of India reveals that relational selling behavior directly influences insurance-buying decisions (Ankitha & Basri, 2019). The study further shows that relational selling dimensions such as interaction intensity, cooperation, and sharing of information effects customer purchase decision through the partial mediation effects of trust. In addition, Chen and Mau, (2009) comment that in life insurance, customers develop a dependency relationship with the sales agent for advice and agents increase customer engagement through adaptive selling. In retailing consumer electronics and complex products, customer-salesperson relationships influence customer choice of brand.

*Relational selling behavior* can be defined as “implementing behaviors that “cultivate the buyer-seller relationship and to see to its maintenance and growth” (Crosby et al., 1990, p. 68). Whereas, *relationship loyalty* can be defined as the buyer’s perception that “it is in their best interest to continue buying from the supplier” (Plank, Newell, and Reid 2006, p. 4). Given the context, Beatty et al. (1996) concluded that customer holds primary loyalty to a salesperson first than a retail store. It implies that salesperson loyalty has a “spillover” effect on store loyalty as customers feel more positively disposed towards the company as well, with the positive feeling rubbing off on the company” (Beatty et al., 1996, p.237).

*Relational selling behavior* manifests cooperation, the approach uses competence and low-pressure selling tactics (Kennedy et al, 2001). In relational theory, the salesperson initiates the interaction process and tries to build rapport with customers. Rapport building can be defined as “interactions between individuals that establish a connection” (Campbell et al., 2006). It is simply the process of getting to know each other in a way that facilitates exchanging views, making connections to “*break the ice*” and creating comfortable interaction between buyer and seller (Grewler and Gwinner, 2008). Rapport building is accomplished by identifying common areas of interest while being attentive, courteous, and monitoring each other communication style (Jackson, Hisrich and Newell, 2007). Personal relationships with customers foster better understanding and increase of each other’s personal attributes and experiences.

*Consultative task behaviors* focus on the problem-solving and competitive nature of building relationships (Liu and Leach, 2001). It takes into account perceptions of expertise, whereas personal relationship considers perceptions of trust (Newell et al., 2011). *Consultative task behavior* is factual-based behavior based on the central processing route, whereas, *relationship behavior* uses peripheral route and emotion in the communication process. Zablah et al. (2012) conducted a meta-analysis and comprehend that *customer orientation* is a psychological construct, which reflects salespersons’ predisposition to meet customer needs. Salesperson personality traits such as motivation level, experience, and information relating to adaptive selling. *Consultative task behavior* focuses on “helping customers to take intelligent actions to achieve their business objectives” and involves the “proactive communication by salespeople with customers to facilitate the identification and solution of customer problems” (Liu and Leach 2001, p. 147).

*Consultative behavior* of employees is often treated as an expression of a salesperson’s expertise and problem-solving skills (Futrell, 2004; Manning and Reece 2004). The key element of *consultative selling* includes the capability of the salesperson to analyze the situation and present



viable solutions to customers' problems. Liu and Leach (2001) argue that effective consultative behavior can increase salesperson reputation and expertise. Trust in a salesperson denotes the feeling of loyalty to a relationship and decreases purchase risk. Guenzi and Georges (2010) comment that buyers' trust in a salesperson influences customer purchase intention and brand loyalty. Thus based on the existing literature and in line with research objectives, this study proposes the research hypotheses as stated below.

**H3: Relational and consultative selling behavior positively influence store loyalty**

**H4: In relational selling, customers maintains their primary loyalty to salesperson**

Consumers seek recommendations/advice from salespeople when faced with complex buying decisions (Badrinarayanan and Laverie, 2011, p.123). A survey on consumer electronics products shows that salespersons' recommendations play an important role in customer purchase decisions, accounting most important for 15 percent, very important for 44 percent, and somewhat important for 15 percent (Wolf, 2006). Another study by J.D. Power and Associates (2009) reveals that shoppers expect and follow recommendations from salespeople and concluded that increasing the recommendation rate is critical for manufacturers to improve market shares.

In addition, a survey of more than 1,200 major electronics retail store reveals that both brand recommendations (e.g., *Samsung, Sony, or Panasonic*) and technology platform recommendations (e.g., LCD or plasma televisions) largely depends on the personal choice of retail salespeople rather than governed by store policies (J.D. Power and Associates 2009). Hence, a salesperson's recommendation creates value for customers in the retail environment (Reynolds and Arnold 2000). Therefore, it is assumed that salesperson plays a role in customer decision-making and influence consumer brand choice in case of high involvement products (e.g consumer electronics) in the context of Pakistan.

**H5: Salesperson's influence customer's choice of brand through brand advocacy.**

The review of extent literature and evaluation of main theories in retail brand equity has resulted in identification of key store attributes and subsequent construction of research hypothesis. The literature reveals key determinants of consumer behaviour such as purchase satisfaction, trust, purchase intentions, and brand loyalty. All these outcome variables are discussed in details in next chapter of the thesis.

## 2. THEORETICAL FRAMEWORK FOR BRAND LOYALTY AND EMPIRICAL RESEARCH METHODOLOGY

This chapter deals with the analysis and comparison of main theories and concepts in brand management such as brand equity, brand loyalty, customer satisfaction and brand trust. Second part of the chapter carries discussion on research methodology.

### 2.1 Defining Brand Equity

Creating a strong brand brings sustainable competitive advantage and therefore the importance of brand management has gained more importance than before. Brand loyalty is a key function of brand equity and brand loyalty increases customer dependence on the supplier (Zhang et al., 2017). Customer orientation as a marketing concept was first introduced in the 1960s and since then, it gained more importance in marketing management with the inception of key constructs such as customer satisfaction, customer value, customer equity, and customer lifetime value (Gupta et al., 2006). The concept of “*customer-based-brand-equity*” (CBBE) was coined by Aaker (1991) that predominates in the study of brand management and yet is relevant for practitioners and academia. Many scholars have contributed to conceptualizing the concept of brand equity (e.g Davis, 1995; Srivastava and Shocker, 1991; Aaker, 1991; and Keller, 1993); and it is still getting the attention of many researchers to extend and review the concept into multiple domains. Brand equity simply explains the customer-brand relationships. *Brand identity* refers to a set of brand associations that differentiate the brand from others (Aaker, 1997; Kapferer, 2008).

Brand equity offers multiple advantages to the brand including higher profit margin, better access to distribution channels, and brand extension (Aaker, 1991). Previous researchers also reported other benefits of having a strong brand including commanding premium price, brand trust, reducing risk, and communicating brand characteristics such as quality perception and brand meanings (Wilke & Zaichkowsky 1999; Keller & Lehmann, 2006). The American Marketing Association (1960) defines the brand as: “A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”. This definition has wide application and is adopted by a large number of contemporary scholars in their work. Wood (2000) commented that this definition has both limitation and positive aspects, thus facing criticism by some researchers; while being adopted by others at the same time. Wood (2000) argues that equity definition should focus on fundamental *brand purpose*, which can provide the basis for brand differentiation.

Keller (1993) defines brand equity as “the differential effect of the brand knowledge on the customer response to the marketing of the brand”. Keller's (2003) idea of consumer-based brand equity explains step-by-step process, which is also called the *ladder of brand knowledge*, to build a strong brand such as brand identity, brand feelings, and resonance. The brand is more than just a source of identification and differentiation; also provides intangible assets to the company (Keller & Lehmann, 2006) which are difficult to replicate by competitors. De Wulf et al. (2005) comprehend that consumer evaluations of store brands declined as soon as they were exposed to marketing stimuli of product, while opposite for manufacturer brand. This has clear implications that brand knowledge plays a central role in creating brand equity. Fornerino and d’Hauteville (2010) conclude that brand knowledge plays a positive role in the evaluation of product brand, but has no profound effect on store brand. Juhl et al. (2006) also proved that brand knowledge serves as an indicator of brand equity. Brand image is another important concept in conceptualizing brand equity and some authors use the term “brand description” instead of brand image (Feldwick, 1996).

Aaker’s (1991) define brand equity as “a set of brand assets and liabilities (*brand awareness, perceived quality, brand associations, brand loyalty, and other proprietary assets*) which are associated to a brand, its name, and symbol that add to, or subtract from the value provided by a product or service to a firm and or to that firm’s customers”. According to Aaker, brand name, sign, and symbols adds values to the net worth of brand equity. There is no clear distinction and boundaries between brand assets and liabilities. Aaker (1991) proposed a set of five categories of brand assets that include: 1) brand loyalty, 2) brand awareness, 3) brand association, 4) perceived quality, 5) brand loyalty, and other brand assets. The concept of brand equity is surrounded by many illusions when it comes to conceptualizing the construct. For example, using the term brand equity creates the illusion problem when operationalizing the construct (Feldwick, 1996). As a result brand equity construct has proliferated into multiple meanings and approaches such as accounting perspective, marketing perspective, customer perspective, brand owner perspective, and brand purpose perspective (Wood, 2000). For example, financial accountants take a value approach to measure brand equity. Brand functional benefits such as the difference between sales and cost are typical measures of brand equity. Srivastava and Shocker (1991) also define brand equity as the accumulated attitude and behavior of consumers, distributors, and stakeholders to generate long-term cash flow of the company. The definition takes into account financial as well as consumer behavioral aspects to measure brand equity.

Feldwick (1996) provides the classification of different meanings of brand equity such as a) brand evaluation (*financial perspective*); b) brand strength (*consumer loyalty perspective*); c) brand image (*brand description*). Ambler and Style (1997) define brand equity as a store of profits to be realized at a later date. This approach is intrinsically strategic in nature and emphasis long-term benefits. They take a central approach to define brand equity as the tradeoff between long-term and short-term benefits. This definition clearly differentiates and moves the concept from an evaluation perspective to consumer-based equity, which is consistent with Feldwick's work (1996). Ambler and Style (1997) identified philosophical routes to define a brand as a product-plus approach and a holistic perspective. The product-plus approach treats branding as an addition to the product attributes and creating a brand identity is an additional function in the new product development process. In contrast, a holistic view focuses on the brand itself rather than product attributes.

Yoo and Danthu's (2001) idea of brand equity refers to the measure of consumer response to marketing stimuli of a focal brand in relation to other brands in competitions. This is a marketing perspective to define brand equity. Leone et al. (2006) comment that the majority of the authors have defined brand equity based on the premise that brand power exists in the minds of consumers. The notion holds rest on consumer's perceptions and image of the brand based developed through the marketing communication process. However, the approach has limitations for ignoring internal other key resources of the company such as employees, stakeholders, operations, innovation, and new product development capabilities, etc.

Christodoulides and Chernatony (2010) carried out meta-analysis direct and indirect approaches applied to define and measure brand equity and concluded two dominant streams: cognitive psychology and signaling theory (information economic). They further comment that the added-value perspective to measuring brand equity focuses on the brand itself than a product. Customer equity can be defined in relation to brand equity, relationship equity, and value equity (Yoon and Oh, 2016). Customer equity refers to value creation based on the cost-profit ratio, and customer relationships (Wang et al., 2016). However, literature differentiates between three co-related concepts as brand equity, customer equity, and value equity. *Brand Equity (BE)* is a subjective evaluation of a brand based on awareness and brand attitude. While, *Value Equity (VE)* is an objective assessment of a brand's utility based on consumer perceptions (Lemon et al., 2001). In brief, various approaches have been adopted to explain the *customer-brand* relationship and *consumer-based-brand* equity dominates the literature that focuses on the customer-brand relationship. From a marketing

perspective, “*brand equity*” is used to describe brand strength and brand description, whereas, accounting perspective treats *brand equity* as the *value-added* function that is quantifiable and treated as something that accrues to the organization. Long-term orientation is a common feature among all conceptions of brand equity.

### **2.1.1 Brand Loyalty**

The concept of brand loyalty has evolved through different meanings and stages over the period such as transactional, functional, psychological perspective, value-based, customer-based, relationship-based, experience-based perspective, and so on. Brand loyalty captures the essence of a deeply held commitment to repurchase a product (Shahsavari and Sudzina, 2017) and it invokes consumption feelings in relation to a particular product or service (Baloch and Jamshed, 2017). The concept of loyalty is centuries old used to gain power, control, and political leverage to overthrow crowns and empires. Reichheld and Teal (2001) published a new layout “*economics of loyalty*” in which he describes loyalty as the soft power of companies that generate spiritual energy and has a strong link to the profitability of the business. The concept of customer brand loyalty has been widely adopted and applied across industries and considered valuable market assets (Srivastava et al., 1998) including the retail industry. Brand loyalty is the ultimate goal of all marketing activities and communication efforts. Winning loyal customers gives a competitive advantage, for example, increase in profit & market share, low retention and marketing cost, a barrier to industry, and brand leverage (Reichheld and Teal, 2001). Brand loyalty is the outcome variable and mostly depends on the customer’s brand attitude. It involves consumers' tendency to engage in repurchase behavior as well as share positive experiences with others (Nadiri, 2016).

Närvänen et al. (2020) commented on the meaning-based perspective of customer loyalty and linked it to how consumers make sense of it and explore its metaphor meaning. Närvänen et al. (2020) proposed eight loyalty meanings classified into two main dimensions as *Reflexive vs. Routinized* and the second dimension as *Private vs. Social*. These dimensions of loyalty seek meaning from four metaphors: 1) loyalty as freedom of choice; 2) loyalty as being conventional; 3) loyalty as binding; and 4) loyalty as belongingness. The study significantly contributes to the phenome of brand loyalty from a theoretical and practical perspective. Understanding the new meaning of loyalty can help retailers build customer-brand relationships based on value and meaning rather than transactional or company-centric perspectives. Brand loyalty evolved through five distinctive eras (Cowles, 1997).

According to cowls, brand loyalty emerges between 1870- 1914 when customers see a huge variation in product quality. Product identification remains at the heart of branding in this era.

*From 1915- 1929* is considered the golden era of brand loyalty with increased product quality and the active role of retailers in selling the brands. At the end of the era, customers were skeptical of advertisements and believed commercials were manipulative, deceptive, unethical, and tasteless.

*The latent brand loyalty (1930-1945)* is where customers have high preferences for branded products but are not easily available.

*The multiple brand loyalty (1946-1970)* era where a large number of branded products were available and customers choose between the brands. This era embarks on the growing power of retailers, the introduction of private labels, discount stores, and price competition.

*The declining loyalty era (1971 – present)* marks the decline in brand differentiation as product quality has increased, standardization, and consumers are increasingly price-sensitive. Change in distribution channels, innovation in retail formats, the emergence of private, concern for green and ethical products have decreased loyalty.

Assael (1974) argues that the brand that loses sight of its loyal customers has lost its direction, and is vulnerable to losing market share. Brand image and brand identity are the main ingredients of developing strong brands and active loyalty (Nandan, 2005). *Social identity theory* (Tajfel, 2010) elaborates the concept of brand identification as individual perceived oneness with or belongingness to an organization. Oliver's (1999, p. 34) proposed a definition of brand loyalty as "a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". This definition elaborates loyalty both from the attitudinal dimension (favorable liking) as well as in the behavioral aspect (repeat purchase). Oliver et al. (1997) also proposed a conceptual framework of brand loyalty by using a hierarchy of effect model (*cognitive, affective, and conative*). The theory focuses on two main dimensions of loyalty: attitudinal and behavioral intention. Attitudinal loyalty includes cognitive and affective dimensions, while behavioral loyalty is concerned with repeat purchase behavior (Dick and Basu, 1994).

Jacoby and Chestnut (1978) conducted a meta-analysis of the literature on brand loyalty and proposed a conceptual definition as brand loyalty is the biased (i.e., nonrandom) behavioral response (i.e., purchase) expressed over time by some decision-making unit with respect to one or more alternating brands. The underlying assumption of this concept holds that the levels of repeat purchase are fixed for a given brand penetration, and purchase frequency is not easily altered by any easily identifiable causative variable. *Behavioral loyalty* can be defined as customer willingness to repeat purchases from a specific service provider and maintain relationships in the future (Rauyruen and Miller, 2007). *Attitudinal loyalty* refers to the psychological dimension of a customer's preferences, attitudes, beliefs, values, and habits (Bennett & Rundle-Thiele, 2002). *Brand attitude* refers to the direction and strength of the perception that consumers have in relation to a brand (Yoon & Park, 2012). Attitudinal loyalty is viewed as a higher order of loyalty because it exhibits the long-term commitment of a customer to the brand rather than simply repeat purchase behavior.

Reinartz & Kumar, (2002) proposed a framework, which helps the organization to identify types of loyal customers and find when to lose them as “To identify the true apostles, companies need to judge customers by more than just their action” (p.89). They suggest sorting customers based on how often they make purchases and how much they spend referring it to *RFM*-which stands for *Recency, Frequency, and Monetary value*. Dick & Basu (1994) defined brand loyalty as the strength of the relationship between an individual's relative attitude and repeat behavior. Dick and Basu (1994) argue that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage. Dick and Basu proposed a conceptual framework to categorize the customer into different loyalty segments (see Fig 2.1).

Relative Attitude	High		Low
	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty
Repeat Purchase			

Fig 2.1 Conceptual Framework of Brand Loyalty

Source: Author's illustration based on Dick and Basu (1994)

Attitudinal loyalty relates to the brand concept (attitude), while behavioral loyalty refers to repeat purchasing. The “*spurious loyalty*” and “*no loyalty*” is a condition with low attitude because

of low differentiation between the competing brands. *No loyalty* means customers have low repeat patronage and low relative attitudes but not necessarily negative. It implies that such customers make infrequent purchases or potential customers. Non-loyal consumers are unlikely to make a repeat purchase or show any intent to continue shopping the existing brand. They are also unlikely to recommend the brand to others nor, influence others resulting in purchase decisions. *Latent loyalty* means consumers may value or like a particular brand (product or retailer) but might not purchase it because it is not easily accessible.

Similarly, *spurious loyalty* exists because customers have limited options and only access to a particular brand. They may not value that particular brand at all. In retail branding, attitude towards store is positively related to actual buying (Burton et al., 1998; Garretson et al., 2002). In the retail context, the *share of purchase* (SOP) or *share of wallet* (SOW) is quite often used to measure customer store loyalty (Magi, 2003). All these measures predict consumer behavioral loyalty, which is the highest level. However, the problem with purchase behavior may be motivated by some loyalty programs rather than actual loyalty to the brand (Kinyuru et al., 2015). Therefore, it is necessary to consider multiple tools for measuring brand loyalty because a single measurement may present half picture. The most common approach is the segmentation of customers into different groups based on their level of loyalty and uses marketing mix accordingly.

### **2.1.2 Customer Satisfaction**

Customer satisfaction is defined as “judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or over-fulfillment” (Oliver et al., 1997, p. 13). Fulfillment of customers’ needs or consumption in a pleasurable fashion is the key feature of customer satisfaction. Crosby et al. (1990) indicated that customer satisfaction results from the assessment of interactions quality with the firm. Following the path, another researcher also defined satisfaction as a customer’s evaluation of the quality of a product or service with reference to expectations (Nimako et al., 2010). Brand loyalty is the outcome of customer satisfaction and generates price premium and positive word of mouth (Sirohi et al., 1998; Bakar et al., 2017); and willingness to maintain relationships (Ndubisi et al., 2008). Szymanski and Henard (2001) conducted a meta-analysis of more than 50 research papers related to customer satisfaction and their findings show that antecedents to satisfaction varied between studies.



In particular, the word “satisfaction” is derived from two Latin words, *satis*- meaning sufficient and *facere*-meaning doing that measures customers’ desire and the degree to which they consider the offer sufficient (Oliver & Lee, 2010). Oliver (1980) proposed the *Expectancy-Disconfirmation* satisfaction model, which posits that satisfaction is resultant from the comparison between initial standards (expectation) and perceived variance (actual value) from that standard. Giese & Cote (2000) comprehend that satisfaction is a summary of the psychological state of a consumer’s excitements, feeling, and emotions resulting from consumption experience. Moreover, satisfaction is the “seed” out of which brand loyalty develops (Oliver 1999, p.42). It implies that, when customer expectations are fulfilled, a positive disconfirmation occurs that in turn leads to customer satisfaction.

Reynolds and Arnold (2000) defined retail satisfaction as “the customer's emotional reaction and evaluation experience with the retailer and the salesperson” (p.90). The conceptualization of retail satisfaction is a multi-dimensional construct. Retail satisfactions have multiple dimensions such as satisfaction with the salesperson, satisfaction with assortment, satisfaction with services, and satisfaction with the store environment. Satisfaction with each facet of store attributes leads to overall satisfaction. Satisfaction with salesperson plays mediating role for overall satisfaction with purchase decisions and store loyalty. Satisfaction with a sales associate is a key factor in-store loyalty (Gwinner et al., 1998). Satisfaction with retail stores reflects a general nature; whereas, satisfaction with salespeople is a higher-order construct (Crosby, Evans and Cowles, 1990). Customer orientation is a new approach to measure customer satisfaction and brand loyalty (Ha and John, 2010).

Customer orientation is defined as the application of employees’ specialized activities to identify, analyze, understand, and answer customer needs (Vargo & Lusch, 2004). Firms with high customer orientation demonstrate a culture that has high concerns for customers and treats them with respect, giving priority and assistance that result in high-perceived quality. The customer orientation approach significantly affects overall customer satisfaction (Krepapa et al., 2003). In the case of *Big-ticket* retail purchases, the quality of the customer-salesperson communication affects satisfaction with the product (Oliver and Swan, 1989). Previous research indicates that successful salespeople often change sale presentations according to the needs of the customer segment (Spiro and Weitz, 1990). This implies that in-store communication and interaction with salespeople can have profound effects on customer decision-making. In retail services, all the marketing efforts aim increasing customer value and satisfaction (Cronin et al., 2000).

The concept of customer satisfaction has been criticized as it fails to measure true results and alternative concepts; *customer value* has been accepted in marketing literature. Customer value is the overall assessment of the utility of a product based on perceptions of what is perceived and what is given (Zeithaml, 1988, p.4). Other researchers believe that customer value is an assessment, which creates balances between what consumers receive versus what they give up in an exchange process (Dodds, Monroe, and Grewal, 1991; Zeithaml, 1988). Customer value is market-perceived quality-adjusted for the relative price of the product.

Woodruff (1997) presented a *value hierarchy model (VHM)*, which compares three dimensions of desired customer value to customer satisfaction with the received value. *First*, comparison of customer goal and purpose-goal based-satisfaction. *Second*, consequence-based satisfaction with desired consequences in the product usage. *Third*, attribute based-satisfaction. According to the *value-hierarchy model*, customers give top priority to goal and purpose in use. Consequences also direct customers when attaching importance to specific attributes in the product. Benefits-consequences in desired use situation is a key dimension of value. The customer becomes more committed to retailers who go beyond the extra mile to solve customer problems, which is the manifestation of benefits-consequence.

In modern retailing, customer satisfaction is linked with a purchase experience that is giving rise to retail sophistication. Enhanced shopping experience resulting in increased satisfaction and customer well-being (Maggioni. et al, 2019). Shopping well-being results from exposure to various shopping encounters such as store activities and resources dedicated to facilitating customer shopping. Shopping well-being is defined as the contribution of the shopping activity to life satisfaction domains including consumer, social, leisure, and community (El Hedhli et al., 2013). This definition indicates that well-being involves physical, social, and emotional components. Consumer-retailer relationships go beyond satisfaction and loyalty (Ekici et al., 2018; El Hedhli et al., 2013). Shopping experiences affects the well-being of customer, employees, families, and community (Ekici et al., 2018; Sirgy & Lee, 2008). Shopping well-being contributes to customer loyalty and purchase satisfaction (El Hedhli et al., 2013). Hence, the literature revealed that brand loyalty is the outcome of customer satisfaction and it refers to meeting customers' expectations. Customer satisfaction has a positive influence on consumer repeat purchase behavior and positive word of mouth.

### **2.1.3 Brand Trust**

Brand trust incorporates elements of uncertainty, risk, and insecurity and it is regarded as the core component in relationships building (Balaji et al., 2016). It is essential for maintaining long-term relationships. Nadiri (2016) argued that brand trust significantly influences customers' word-of-mouth communication and repeat purchase intentions. Developing brand trust brings many advantages such as increased relationships, high purchase intentions, satisfaction, and loyalty (Lau and Lee, 1999; Wang, 2002; Delgado-Ballester et al., 2003; Ha, 2004; Shang et al., 2006). Brand trust is defined as "the expectation held by the consumer that the service provider is dependable and can be relied on to deliver on its promises" (Sirdeshmukh et al., 2002, p.17). According to the definition, brand trust entails the competence to deliver the services and it is mainly reflected through the trustworthiness of the employees and trust in the company's policies. This definition reflects competence and ability dimensions in the conception of trust. Siegrist et al. (2005) argued that trust and confidence play crucial roles in determining the perceived risk of customers. However, many researchers have defined trust with reference to confidence.

Confidence is defined as: "[...] the belief, based on experience and evidence that certain future events will occur as expected" (Siegrist et al., 2005, p. 147). Further, Jonge et al. (2008, p. 448) comment that confidence represented "[...] a taken-for-granted attitude towards particular aspects of daily life". Confidence represents a favorable attitude towards an object or event in life that directs consumption behavior. The definition focus on one's willingness to engage exchanging relationship based on the confidence.

Rousseau et al. (1998, p. 395) defined trust as "[...] a psychological state comprising the intention to accept vulnerability based upon the behavior of positive expectations of the intentions of or behavior of another". In this definition, the author puts emphasis on positive expectations as the basis to engage in exchange relationships. The perceived risk or purchase risk is one of the determinants of trust level. Satisfaction is the key determinant of brand trust (Bloemer and Odekerken-Schröder, 2002); satisfaction with retailers' services increases trust (Rubio et al., 2017). Therefore developing trust can lead to higher customer satisfaction and loyalty. Singh and Sirdeshmukh (2000) comment that developing trust depends on two conditions: the ability to perform and willingness to deliver the services at the expected quality. Competence of retailer or distributor refers to expertise and experience needed to deliver the service in the expected quality.

Rubio et al. (2017) believe that building trust depends on the competent behavior, actions of service providers, trust in the employees who promise to deliver the service, and trust in the store policies. Thus, trust is a central element in the development of marketing relationships and includes the willingness to engage in risky behavior accompanied by the belief that one's partner can be relied on to fulfill its future obligations (Palmatier et al., 2007). Customer relationship with a brand can be defined from three main perspectives as 1) brand salience, 2) brand advocacy, and 3) brand evangelism (Badrinarayanan and Laverie, 2011).

*Brand evangelism* refers to brand adoption and advocacy behaviors, which leads to brand loyalty. More specifically, brand evangelism refers to active behavior and vocal support for a brand with concrete actions such as repeat purchase, positive word of mouth, and convincing others about a focal brand by disparaging competing brands. Brand evangelism encapsulates both attitudinal and behavioral loyalty and brand trust affects customers' brand evangelism (Becerra & Badrinarayanan, 2013). Jones and Kim (2010) comments that brand trust influences customer patronage behavior in the offline retail environment. Consumers' overall image of retailers largely depends on perceived service quality, merchandise image, store environment, and self-relevance (Kwon and Lennon, 2009).

*Trustworthiness* is a different concept from trust and it refers to evaluation criteria of all the elements contributing to trust and consequently affects the actions connected with trusting manners (Bews and Rossouw, 2002). Trustworthiness refers to the perceived probability that an individual will maintain the trust of others. Customer trust in services suppliers occurs when there is an element of trustworthiness and it is based on prior experience. Trustworthiness is often studied as mediating factor in developing trust (Xie and Peng, 2009). Previous literature concludes that trust develops gradually as both parties exhibit trustworthy behavior (Coulter and Coulter, 2002). Brand trust comprised cognitive and affective brand perceptions (Elliott and Yannopoulou, 2007). Cognitive brand trust includes expectations of brand reliability, consistency, competence, and performance predictability (Delgado-Ballester et al., 2003).

McKnight et al. (2002) conducted a meta-analysis of trustworthiness literature and found three distinct dimensions including benevolence, integrity, and ability. *Benevolence* refers to an individual who believes that the other party cares about customers and puts all its efforts to provide error-free and efficient services but does not necessarily have the ability to deliver the services. *Integrity* refers to the belief that an organization fulfill its corporate responsibilities and act like a corporate citizen.

*Integrity* also means trustor's expectation that trustee will comply with code of conduct, ethics and meet the obligation, which corresponds to organizational values. Trust is viewed as a multi-dimensional construct that differentiates honesty and benevolence perceived in the behavior of others (Rubio et al., 2017). *Honesty* is a belief in the truthfulness, sincerity, and fulfilling of the promise, whereas, benevolence refers to the well-being of others. Bews and Rossouw (2002 p. 382) define integrity as “[. . .] the application of a set of moral and ethical principles, acceptable to both trustor and trustee, which are predictable and reliable and which lead to equity”. It reflects trustor perception of organization compliance to corporate values and responsibilities. Customer assess the credibility of the firm and takes decision to collaborate with it. Consistency in the behavior of trustor and harmonized operation are the key aspect of integrity. Manager employs integrity behavior to rebuild the trust after negative publicity (Xie and Peng, 2009). Caldwell and Clapham's (2003) developed mediating lens framework that theorizes that one's assessment of another party's behavior result in trust (see Fig 2.2)

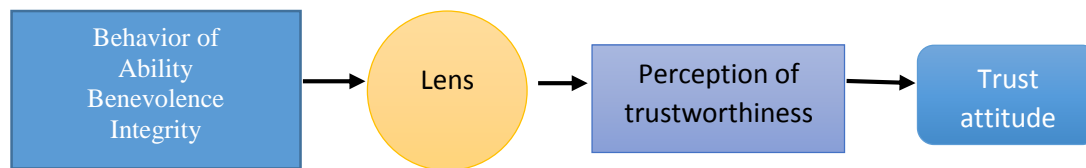


Fig 2.2 Mediating Lens of Trust and Trustworthiness

*Source: Author's illustration based on Caldwell and Calpham's mediating lens (2003).*

Trustworthiness is conceptualized with six distinct dimensions including consistency, competence, benevolence, communication, integrity, value alignment between the trustor and trustee (Kharouf et al., 2014). Retailer efforts to solve customer problems out of routine business manifest benevolence behavior. Benevolence is the opposite of opportunistic behavior and tends to maximize customer interest by forgoing their own benefits resulting in affective trust and increasing the trustworthiness of the trustor. Maximizing the interest of customers by sacrificing their own benefit results in increased well-being of trustors, which is the highest level of relationship. Kharouf et al., (2014) find that benevolence does not have an impact on trust; however, it does have a significant impact on perceptions of trustworthiness. Brand image refers to brand knowledge, while brand trust reflects the outcome of a communal relationship with the brand (Esch et al., 2006). Hence, literature clearly indicates brand trust affects consumer purchase intentions (Jones & Kim, 2010); therefore, it

is important to examine the role of trust and satisfaction in this doctoral thesis. In line with the literature, the study proposes research hypothesis as:

**H6: Satisfaction-Trust plays mediating role between store attributes and store loyalty.**

## **2.2 Research Methodology**

Research methodology describes the plane of action- how the research is carried that links methods to the outcome and guide the researcher in the selection of philosophical research paradigm, data gathering, and data analysis methods in conducting research (Creswell, 2003; Rwegoshora 2014). Research design is the architecture and foundation of research, which address theoretical, conceptual, and operational aspects related to the research problem. Research design is more than just data collection tools and techniques. It involves theory and literature to identify the problem and understand research phenomena. The key feature of research design is the identification of the main substantive theory, sub-concepts, and variables related to the research problem. Research design builds on the established theory and dimensions of concepts. This study uses mixed methods strategy, a combination of qualitative and quantitative approach for better understanding of research problem.

### **Research Paradigms**

Paradigm is defined as: “a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, and how results should be interpreted” (Bryman 1988, p. 4). Research paradigms refer to researchers' views or beliefs about the nature of reality and how it can be known (Haigh and Withell, 2020). Discussions on different research and measurement paradigms still are gaining the attention of researchers (e.g. Salzberger et al., 2016). Previous literature define research paradigm as “to be located in a particular paradigm is to view the world in a particular way.” (Burrell & Morgan, 1979 p. 24). Burrell and Morgan (1979, p.22) identified four paradigms for the analysis of the social problem that includes: 1) *Functionalism* (empiricism and positivism); 2) *Interpretive* (social constructionism); 3) *Radical structuralism* (Marxism), and 4) *Radical humanist* that refers to postmodernism. The research paradigm influences researcher's conception, design, methods, and implementation of research projects. It is important for researchers to understand world lived experiences of people from very close to make meaning and understanding (Mertens, 2007).

Generation of valid and reliable research results and producing correct knowledge is the outcome of applying the research paradigm and it demands careful planning, selection of research

methods, and compliance with ethical research procedures (Rwegoshora, 2014). More often, positivist thinking is associated with quantitative research whereas qualitative leans more towards interpretivism (Creswell, 2003; Creswell and Creswell, 2018; Teddlie and Tashakkori, 2009).

The selection of research paradigm affects the way in which research is undertaken. Therefore, researcher's personal interests, preferences in relation to the selection of research paradigm influence the investigation of the topic and how it is understood or defined (Hillman and Radal, 2018, p.9). The objective approach in social science is based on the principles of realism, and positivism, while subjective approach rely on nominalism and anti-positivism (Burrell & Morgan, 1979, p.3). The *interpretivism paradigm* deals with qualitative methods, whereas positivism deals with quantitative methods. According to Creswell (2003, p.62), interpretative paradigm helps in dealing with complex issues. Interpretivism gradually builds up the theory based on patterns or meanings derived from textual data. Grounded theory was first proposed by Glaser and Strauss (1967) with the aim to increase the reliability and authority of the qualitative research approach. Grounded theory methods are systematic data collection and analyzing data for developing theories, which is grounded in the data themselves. (Charmaz, 2006, p.2). There are three main approaches to research: qualitative, quantitative, and multi-methods.

Saunders, Lewis & Thornhill (2012) explained the characteristics of quantitative and qualitative research methods. *The quantitative method* is deductive in nature (theory testing) that deals with numbers, facts, behavior, and objectivism, and positivism. It represents the researcher's point of view in a structured way based on data collected in artificial settings. While, qualitative *approach* is inductive reasoning (theory building), interpretative, and constructionism. It focuses on words; rich contextualize data, subject point of view, and find the meanings. A deductive approach is a process of defining hypotheses in the light of literature review and main theories available in the field and then testing those hypotheses using empirical data. Whistle, the inductive approach is a process of building theory based on empirical data (Bryman, 1988, p. 24).

*A qualitative method* is theory building approach and rely on rich textual data obtained through field experiments, interviews, focus group, and behavioral experiments. Both approaches include data reduction and answering the research questions. However, *qualitative approach* is subject to criticism due to the researcher's own interpretation and generalization of results, and it could mean different things to different people. The practices and procedures including field notes, interviews, conversations, photographs, recording, and memos transform the phenomena into the real world.

These measures are more naturalistic and enhance understanding of reality *Qualitative approach* has two main features, interpretivism and naturalism and it implies that qualitative research is studying things in their natural settings in order to make sense, meanings, and interpret phenomena from people's perspectives (Denzin & Lincoln, 2005, p.3). *Multi-methods* are also called multi-strategy (Bryman, 2004); and mixed-method (Creswell, 2003). The mixed-methods approach is considered as procedural advancement with a mix of quantitative and qualitative methods. The mixed method approach offers richer quality data in the form of theory than a single method strategy (Hillman and Radal, 2018). Literature indicates that it is more effective and practical to conduct research that incorporates several approaches and has an intersection (Teddle & Tahshakkori, 2009). Therefore, this study design uses mixed methods-qualitative interviews with store managers and quantitative customer survey forms to address the research question and test the research hypothesis.

### **2.2.1 Development of Interviews Methods**

Qualitative research is sensitive to capturing human experience, situations, and lived meaning of everyday life. In the 21<sup>st</sup> century, marketing has witnessed a shift from production orientation to customer orientation of market view where the emphasis is on consumer experience, the meaning of life, needs, wants, desires, feeling, and lifestyle. Consumer research requires a deep understanding of problems based on customer interpretations involving symbolic meanings of the product. The main tools used in qualitative research with respect to consumers include “*depth interview*” or “*motive interview*”. In general, marketing research is carried out to explain hidden meanings, predicting consumption patterns, attitudes, and value creation. Qualitative interviews help to understand the researcher's phenomena from a subjective point of view, to explore the real and think the meaning of people experience before drawing scientist conclusions.

Therefore, this doctoral thesis also uses qualitative interviews to understand consumer-buying behavior and purchase motivations in the context of Pakistan. The literal meaning of “inter-view” is a change of views between two persons on the topic of mutual interest.

In fact, qualitative researchers face some theoretical and methodological issues when employing interviews as a research method. This study uses semi-structured and in-depth conversations as a form of research interview with store managers and salesperson. The interview process can be defined as “an interview whose purpose is to obtain a description of the life world of interviewee with respect to interpreting the meaning of prescribed phenomena” (Kvale, 1996, p.6). Qualitative interviews with retailers will be carried out in the field/inside a retail store, which



will allow learning about the retailer's point of view on the stated problem. The essence of interview conversation is narrative building and conversation is the basis of social sciences. However, qualitative inquiry faces many challenges including common literature, procedure, and criteria, theoretical and methodological issues (Strauss, and Corbin, 1990).

However, the development in computer sciences facilitated the analysis of interview transcriptions via software programs and increased the credibility of the method. Hence, the qualitative approach is about finding the meaning of reality and conception of social knowledge. Strauss and Corbin (1990) presented a grounded theory that is used to analyze the interviews. The grounded theory allows interplay among conceptualization, field studies, and analysis. Interview research starts without theory and literature review in order to find the real problem. The interview's text is translated as transcription and it is the process in which an oral story enters into written form with its own set of rules. The transcribe means transform, but it is different from translation. It is not a copy of original reality but mere interpretive construction. Transcripts are abstractions of the original story in more decontextualize form. Less formal procedures and techniques were used for interview investigation such as word-by-word transcripts, pauses, emphases on intonation, and emotional expression. Interview analysis starts with organizing interview text and then condensing the text in a way that can be presented in a shorter and meaningful form.

The method adopts steps proposed by Kvale (1996) including condensation, categorization, narrative structuring, interpretation, and ad hoc method. First *meaning condensation* deals with shortening of long statements into few words and shorter sentences, which makes sense of what was said. Second, in *meaning categorization*, longer statements are reduced to simple categories. Further, *the meaning categories* technique was used to reduce the amount of text in order to present data into a more structured form. As more and more categories emerged, they were linked to each other so that they can take the form of theory. In addition, *meaning interpretation* was applied to find go beyond what was reported directly to figure out the structure and relationships of meaning which appeared in the text. In the last, *Ad-hoc* meaning generation was used to produce deeper meaning and make overall sense by going through the text several times.

A code is a label or representation that indicates the significance of the premise or outline surfacing from the data (Hillman and Radal, 2018). Strauss and Corbin (1990) explain three mechanisms of coding: 1) open coding, 2) axial coding, and 3) selective coding. *Open coding* is the basic coding process of activities, functions, meanings, and expressions. *Axial coding* is refers to

further analysis or second phase of coding after initial categories are established. In *axial coding*, data is inter-connected with diverse coded segments to form categories and sub-categories. *Selective coding* refers to the merger or regrouping of categories to generate core categories. In the first phase of analysis, guidelines, initial coding, and category identification were performed.

In the second stage, theoretical sensitivity, intermediate coding, selecting core categories, and theoretical saturation are performed. The coding process also takes into accounts the steps proposed by Reichenberg & Löfgren (2013) include reading, labeling, and category identification, and link categories. Retailers as informants provided the information on how retailer influences consumer brand choice and factors affecting store loyalty. They were required to report as reliably as possible based on their experience and observation of customer brand selection. Retailer's selection was based on random and quota sampling (region/city wise) to get a deeper insight into the research problem. Finally, validity issues were taken into account during analysis of interviews.

### **2.2.2 Sampling Methods**

Ensuring sample quality-*representative sample* is the key concern for all researchers. The theory of sampling involves sampling objectives, research design, and confidence. Sarstedt et al. (2018) argue that measuring consumer's attitudes, perceptions, and behaviors in a correct way not only depend on the quality of the measures used, but also on the methods used to select participants from a defined population. Selecting probability or non-probability methods is a critical aspect of research design. Survey research is surrounded by many disputes between the representativeness of probability vs non-probability sampling. In non-probability method, the sample population is more restricted than the target population and sampling units' chances of being equally selected are less or are unknown. In the past, probability-sampling methods remained popular, *non-probability* sampling methods found more place in academic research due to their convenience and cost advantages. The critical aspect of probability sampling process is that the sample corresponds to the characteristics of the target population that makes the sample representative. Assessing whether a sample is representative or not, depends on comparing sample statistics to the target population's statistics.

This study uses *non-probability* sampling methods due to the personal judgment of participants, hard to reach population (experienced shopper of consumer electronics), and convenience. In this context, the author needed to evaluate the participant's level of education, past experience, and brand knowledge, size and scale of retailers, attitudes, and behavior towards different retail formats. Different non-probability sampling techniques were used such as convenience

sampling, purposive sampling, snowballing, and quota sampling to increase the integration of the population. In addition, participants were only selected from metropolitan cities including *Lahore, Islamabad, Multan, and Sialkot* because of presence of modern retail outlets and more purchasing power of customers than remote areas. In big cities, customers have relevant experience, a higher education level, brand awareness, and budget to spend on *big tickets* items.

A sample is a subset of a population which is obtained with the aim to know about the entire population. The sampling theory is based on probability sampling which means all survey units in the population have non zero or equal probabilities of inclusion. In probability sampling, the confidence interval can be determined from the sample itself. This theory stands on randomization process and statistical inferences which allows generalization of results. However, in non-probability sampling, all the units or members of population do not has an equal chance of participating in the study as compared to probability sampling. In general, non-probability sampling is used due to time and/or cost constrains. In this method, participants are selected based on ease of accessibility and/or personal judgment of the researcher. The arbitrary or purposive sample selection is the main feature of non-probability sampling. The main reason for using purposive or judgmental sampling is to ensure representative sample by explicitly seeking diversity and adding more selective units until the researcher get satisfied with some criteria.

There are certain arguments or approaches that deal specifically with non-probability samples. Non probability samples assume that there is some randomization in the sample and this refers to approximations of standard probability (Vehovar et al., 2016). The approximate usage of probability sampling in non-probability setting can be understood by sampling design and modeling assumptions, e.g. we assume that some randomization exist in the non-probability sample. In other words, the main idea is to approximate and resemble, as much as possible, with the probability sampling selection of the units. This assure randomization feature of probability sampling and it can be achieved indirectly or directly. The indirect measures to approximate probability sample designs is spreading and broadening the non-probability sample as much as possible. In this case, we used different retail formats, shopping malls, regions, cities, online and offline channels which appear to spread and broaden the sample design and hence approximate probability sampling. This strategy allows approximating the randomization spread of selected units in the sample. Literature further support this technique which is well documented in the WageIndicator survey (see WageIndicator.org), applied in more than 85 countries around the world (Steinmetz et al., 2013). In addition, Vehovar et al., (2012) conducted study related to online hate speech, based on a non-probability sampling.

The use of non-probability techniques such as purposive, convenience sampling and quota sampling increase the integration of hard-to-reach populations and produces reliable results. Interception of customers in shopping malls is an example of convenience sampling as in this study. “In theory, non-probability samples can yield results that are just as accurate as to probability samples, provided that the factors that determine a population member’s presence or absence in the sample a) all uncorrelated with the variables of interest in a study, or (b) can be fully accounted for by making adjustments before or after data collection”. (Sarstedt et al., 2018, p-652). Thus, recruiting diverse and well-spread samples units increase the randomization spread as in this case. The sample was collected ranging from off-line and online consumer, in-store customer, different retails formats, different regions and cities across Pakistan.

Further, the application of quota sampling and control variable established the structure sample close to probability sampling. Quota sampling considers socio-demographic attributes (e.g. gender, age, education, region, income). This survey implemented quota sampling and control variables, for example the quota for women, regions, store types, professions etc. In addition, the brand attitude and shopping behavior play important role in the selection of sample units which was ensured in the survey. Using principle of probability sampling (direct approach) units selection was performed based on quotas where we first select a region, city, and then retail store/shopping mall to recruit volunteering customers. Further, the survey recruited customers on the streets, retail parks, business centers, buildings on different times of the day to randomize the sample. Convenience sampling such as interception in the shopping malls and invitation link on the web/social media also introduce randomization.

The systematic measures to include a variety of sample units resulted in higher level of spread, which approximated a good level of randomization. This procedure ensures corresponding estimates similar to probability sample. In fact, the direct or indirect approaches described above produce some level of accuracy as in probability samples. Hence, these approximation measures contribute to improve the reliability of survey results. Therefore, almost all non-probability samples contain a certain level of “natural randomization”, which varies across circumstances and from sample to sample. This can be further improved by using certain measures such as spread, randomization, quotas and matching. The literature reports successful results from non-probability samples as shown in Rivers (2010) and in Callegaro et al., (2014). Rivers (2010) advocates using probability sampling principles in non-probability setting and also emphasis calculating confidence intervals for non-

probability samples, as well as that the non-probability sampling approach is already acceptable in many fields.

Non probability online panels surveys are rapidly becoming the popular survey data collection method in marketing research (Macer and Wilson, 2014). Using approximations from probability samples into non-probability setting has found some justification and validation of results. The study adopted non-probability sampling considering an array aspect such as reach, access, response rate, costs, time, education level, region, income level and attitude of recruited units. It clearly suggests that *non-probability* methods used carefully and/or adjusted for purpose can produce accurate and reliable results. In addition, sampling weights adjustments can make the sample representative of the population as closely as possible (Kalton and Flores-Cervantes, 2003). The generalizability of non-probability samples' results can be achieved with replications of studies in marketing research to validate the results (e.g. Easley, Madden, and Gray 2013; Lehmann and Bengart, 2016).

#### **Margin of error and sample size**

Sample size refers to defining the number of individuals or participant in data collection. Population size refers to total number of potential customers that fit into the research context/demographic. The sample size is the count of units, individuals or observations in an experiment or survey. Determining the sample size is common issue in social sciences because it is difficult to identify and access to entire population. Identifying population of consumer electronics retailers and end users in country like Pakistan is difficult and hard to reach segment, therefore, non-probability sampling methods are used in this study. The problem with the sample size is the actual size. If it is too small, it is not representative, while on the other hand, it is impossible to include every individual in the experiment. In this case, retailers of consumer electronics and people shopping there constitute the size of the population in Pakistan. Choosing sample size is critical in a research because it affects the quality of results. The uncertainty in identifying sample size leads to measurement error and coverage errors. The measurement error, is the most common issue in social sciences and it refers to the degree of deviation in the response received than actual value of the parameter. It can be further divided into two types as statistical error and systematic error. Statistical error refers to the fact that survey uses only sample for analysis than entire population. Systematic error refers to the fact that sample used in the survey is not representative (Ermolaev, 2002). Systematic error is reduced due to fact that sample included consumers from all big cities of Pakistan and all major retail format. It reduces measurement errors. Measurement error is counted by using the formula as

$$\Delta = \frac{\sqrt{pq}}{n} \quad (4)$$

P-size of evaluating proportion. In this case, size of population is unknown, therefore, it is needed to be taken as 50 % meaning 0, 5 (Ermolaeva, 2002).

$q = 1 - p$ , meaning in this case,  $q$  also equals 0, 5

$z$ - Student contact. In this case  $z = 1.96$ , exactly this contact value allows opportunity of getting 95% confidence.

As the actual size of population cannot be determined, the regarding  $t$ -level ( $t = 1.960$ ), set error rate ( $e = 0.05$ ) minimum of sample 370 is recommend for population of 10000 or more (Bartlett, Kotrlik, & Higgins, 2001, p.48).

In addition, the calculation of sample size is provided in details using mathematical formula on page 30-34 of Fleiss, Levin and Paik (2003). According to this formula, following parameters are set as:

$N =$  unknown

$P =$  50% expected frequency of the factor under study  $p = 0.5$

$Z = 1.960$  with the confidence interval 95%

$E =$  5 % acceptable frequency 0.05%

$Q = p - 1$

Therefore the minimum sample we would be 370 and this study conducts 463 surveys with customers. In surveys research, achieving 100% accuracy is difficult, therefore, confidence intervals (CI) guide the researchers on how far they can deviate from the population mean. The margin of error describes how close we can expect survey results to fall relative to the real population value. Smaller the magnitude of error, increase trust in the results obtained from survey forms. Standard deviation is the measure of the dispersion of a data set from its mean. Higher the variability, the greater the standard deviation and the higher the magnitude of the deviation. In this research, we expect 0.5 variances in customer responses. Using the formula, the minimum sample required is 385, however, this study obtained data from 463 respondents using non-probability methods such as convenience, purposive sampling, and quota sampling. Further, the required sample size depends on the size of the effect of explanatory variables on the dependent variable. In this method, the measure of size is  $R$ -

*Square* as the power of the statistical test is the probability of rejecting the false or null hypothesis. As a rule of thumb, 10 or 15 observations for each explanatory variable are required in the regression model (See Field, 2013, Section 8.3.3, for more on sample size in regression models).

### **2.2.3 Statistical Research Hypotheses**

**H1:** Functional or tangible attributes of store have a significant impact store loyalty.

(*Store Price and Merchandize* are taken as functional features of store)

**H2:** Psychological or intangible attributes of store have a significant impact on store loyalty.

(Service quality, store environment, competence personality are taken as intangible features)

**H3:** Selling behaviors (relational vs. consultative) have a positive impact on store loyalty.

**H4:** In relational selling, customer maintains primary loyalty to salesperson than retail store.

**H5:** Retailers influence customers' choice of brand through brand advocacy/recommendation.

**H6:** Satisfaction and trust play mediating roles between store attributes and store loyalty.

**H7:** Store loyalty and product brand loyalty have strong positive correlation.

### **2.2.4 Development of Measurement Scales**

This study adopts all items statements from previously established scales in the literature. The selection of items captures the conceptual and operational understanding of the construct. The study used validated scale items as much as possible in order to remain focused and measure each variable correctly with help of literature. The questionnaire was divided into two parts. The first part assessed the elements of retail brand equity or store attributes predicting consumer choice of store. The relative importance of store attributes in consumer store choice was measured using a 1-7-point *Likert scale* anchored as (1) Not Important and (7) Very Important. The second section of the questionnaire measures the influence of a salesperson (selling behavior) on store loyalty and compares three levels of loyalty: loyalty to the salesperson, loyalty to the retailer, and loyalty to the product brand.

#### **Scale- Store Loyalty**

The loyalty construct has two components, behavioral and attitudinal loyalty. Behavioral loyalty is measured from Zeithaml et al. (1996); Macintosh and Lockshin (1997) and attitudinal loyalty from Zeithaml et al. (1996). Attitudinal loyalty items include (my first choice..., I will shop more..., I will recommend this store...). Intention to revisit the store or repeat purchase is another indicator of store loyalty and patronage behavior (Jacoby & Chestnut, 1978). The purchase intention

scale is widely adopted from Macintosh and Lockshin (1997, p.469; Jacoby and Chestnut (1978, p.80). For example, I will frequently buy from this store...; my shopping from this store will be very probable. However, the items from Lichtenstein et al., (2004) present negative word items and sensitivity approach to measuring store loyalty. For example: (I would not switch from this store..., I am committed shopper at stores, I feel a sense of loyalty to this store. Pappu and Quester (2008) also developed a loyalty scale with similar items as: “I consider myself loyal to the store”, “I will not buy products from other retailers” and “this store would be my first choice”. This study adopted a store loyalty scale/items based on the work of McMullan and Gilmore (2008); Arnett et al., (2003); Yoo et al., (2000). The items adopted best suited for this study objectives.

#### **Scale -Trust and Satisfaction**

Many researchers have developed and tested the scale of trust on stores such as Choi & Coughlan (2006); Sirdeshmukh et al. (2002); Morgan and Hunt (1994). Morgan and Hunt, 1994) item required if the retailer had always been honest in the past. Sirdeshmukh et al., (2002) presented scales with dimensions as dependable, integrity, and competent. Most of the previous studies measured brand trust by simply asking the respondents about their overall trust in the brand (e.g Ball et al., 2004; Ha, 2004; Esch et al., 2006). For example: -“I trust the brand” or “I rely on the brand”. Lau and Lee (1999) presented a multi-dimensional 16 items scale that best capture brand trust with scales: brand reputation, brand predictability, and overall brand trust. Previous researchers who contributed to the conceptualizing and measurement of satisfaction include Bloemer and Ruyter (1998) and Brady et al. (2002) among others. Recent researchers (e.g. Chang and Hung, 2018) are adopting the latest scale of trust and satisfaction developed by Nadiri (2016). However, the items are similar to the previously developed scale. For example, I am satisfied with the services provided by this company; this company is reliable.... Therefore, this study adopted items from the scale developed by Lau and Lee (1999) to measure the overall trust on retailers and items from Brady et al. (2002) to measure satisfaction.

#### **Scale - Store Merchandise & Assortment**

The merchandise quality construct contains both objective and subjective measures such as durability, reliability, and product styles. This study adopts items from a scale developed by Calvo-Porrall et al (2017) and Diallo (2012) such as availability, variety, and quality.

#### **Scale - Store Pricing**

Store price image can be measured by a scale developed by previous researchers (e.g. Grewal et al., 1998; Yoo et al., 2000; Zeithaml, 1988; Anselmsson and Johansson; 2009). Anselmsson and



Johansson (2009) scale to measure consumer satisfaction with store pricing levels is “The retailer has a generally satisfactory price level”. This study adopted two items from Grewal et al., (1998); and Yoo et al., (2000) and two items from Anselmsson and Johansson (2009).

#### **Scale - Service Quality and Environment**

The physical store includes store atmosphere and layout such as “store decor is attractive and the store atmosphere is excellent”. This study adopts items from a scale developed by Baker et al. (1994). Dabholkar et al. (1996) retail services quality scale is widely adopted in most retail services research. This study adopted items from Dabholkar et al. (1996); Jara, and Cliquet (2012).

#### **Scale - Store Competence and Personality**

The concept of brand personality has been conceptualized by a large body of researchers (Epley et al, 2008; Freling & Forbes, 2005a; Azoulay and Kapferer; 2003). The brand personality scale captures the essence of “unique human-like characteristic and consistent patterns of thoughts, feelings, and actions (Rauyruen & Miller, 2007). Das (2014), proposed key dimensions of retail brand personality such as layout, architecture, atmosphere, advertisement, salesperson, colors, and symbols. Retail brand personality has a direct link with store loyalty (Zentes et al., 2008, Lombart & Louis, 2012). Key dimensions of retail brand personality include interesting, excitements, and capable. In this study, items from “competence” dimension of brand personality are adopted because it reduces risk or uncertainty in high involvement purchase and increases customer confidence or comfort level (Freling and Forbes, 2005a).

#### **Scale - Selling behaviours and Loyalty to Salesperson**

Relational selling behavior is measured by using four items adapted from Crosby et al. (1990); Newell et al., (2011); and Syafrizal et al., (2012). For example, “*The salesperson tries to get to know me on a personal level*”, “*The salesperson and I enjoy each other’s company*”, and “*The salesperson acts like a consultant to me and my company*”. Items for brand advocacy were adopted from the scale developed by Badrinarayanan and Laverie (2011) as “*This brand is the first brand I recommend to customers*”. Finally, the items were adopted from Reynolds and Arnold (2000) measured loyalty to salesperson. For example, “*I am very loyal to my sales associate at this store*” Customer survey form was developed using the scales items mentioned in above to collect quantitative data (see Appendix 11).

### 3. EMPIRICAL RESULTS ON HOW RETAILERS INFLUENCE CONSUMER DECISION AND KEY DRIVERS OF STORE LOYALTY IN PAKISTAN

The chapter presents empirical research findings of qualitative semi-structured expert interviews by using coding and interpretation processes. Further, results of the quantitative customer survey form are presented by using inferential statistics (regression and mediation analysis). The research period for the doctoral thesis starts from 2018 to 2021.

#### 3.1 Findings from Qualitative Interviews

The qualitative data was gathered through semi-structured interviews with 26 experts (store managers/salespeople) across different regions of Pakistan as shown in *Appendix Table 2*. Interviews with retailers were organized within the store premises, in a semi-formal manner. The sample of the interview's conversation is attached in *Appendix 3* and the list of questions asked are presented in *Appendix 1*. Considering the length's issues of the thesis, it was not convenient to attach the transcriptions of all of the 25 interviews, which comprises approximately 90-100 pages. However, the summary of interviews containing condense meaning, keywords, and phrases based on the open coding (see *Appendix 4*) is provided in *Appendix table from 5 to 11*.

#### Results of Open Coding Process

In the first stage, *open coding* was performed which resulted in 35 initial codes (see appendix 4). *Open coding* help to identify basic functions, expressions and theme in interviews transcriptions. *Open codes* were assigned based on repeating meanings, expressions, and statements. The *open coding* process produced key dimensions of consumer buying behavior such as 1) Brand choice, 2) Types of loyalty 3) Buying habits, 4) Decision making, 5) Relationships 6) Salesperson, 7) Aftersales services, 8) Information seeking & Product knowledge, 9) Retail brand differentiation, 10) Store atmosphere & Layout, 11) Selling behavior or salesmanship, 12) Services quality, 13) Brand trust & Purchase risk, 14) Warranty cues 15) Quality perception & Retail formats 16) Retailers' benefits expectation. The significance of key codes was captured with the repeating statements and frequencies as illustrated in Fig 3.1. Among the set of 35 open codes extracted, customer relationship was found the strongest determinant of store choice followed by salesmanship or selling behavior with 56 and 53 repeating statements, expressions, and meaning accordingly.

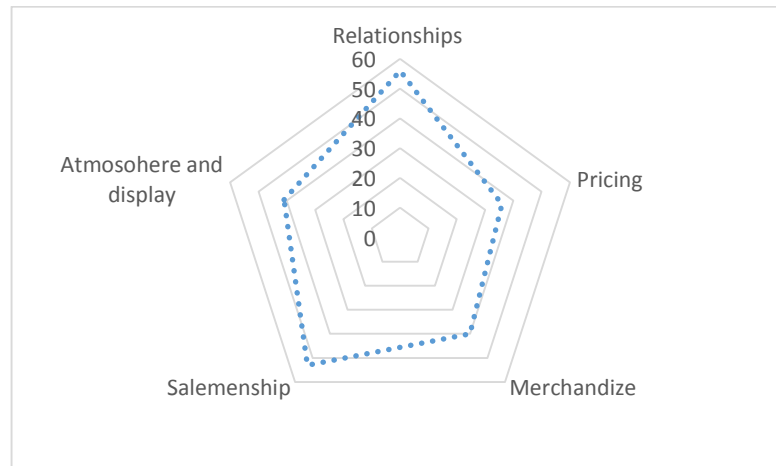


Fig 3.1 Frequencies of Key Codes Extracted from Interviews

Source: Author's own illustration based on interviews results.

Retailers selected for interviews mostly included independent store and chain store. Relationships with customers is a most important factor in the choice of retail store. Familiarity and personal relationships with retailers reduce customers' purchase risk and increase store visits. Further, salesmanship (Selling behavior) is considered an important factor in customer selection of store when buying high involvement products. *Salesmanship* refers to key behavior such as courtesy, warmth, empathy, respect, friendliness and properly guiding customers about products and brands. As customer seek product information from a salesperson and expects honest opinion and sincere advice to choose the brand. Salesperson's knowledge of products as well competitors play a critical role in customer satisfaction. A salesperson with ability to understand the needs of customers and guiding them properly can easily motivate them to make a purchase. In fact, salespeople play role in building employee-customer relationships and problem solving.

Store *design-atmosphere* and *merchandize* are other key variables extracted from transcriptions with the frequencies of 40 and 41 respectively. Store pricing variable was recorded with low frequency as 36 that show store pricing is not a critical factor in the selection of store when buying high involvement products such as consumer electronics. Because, customers try to maximize purchase value through other factors in places such as shopping experience, service quality, unique atmosphere, and problem-solving capability. Thus, store pricing is not a significant predictor of store loyalty in case of high involvement products in Pakistan.

Only a few customers are price conscious and may switch the store for price sensitivity. Bargaining and price negotiations are the key characteristics of retail trading in Pakistan. Negotiated

prices can increase purchase value and satisfaction with retailers than a fixed price store. However, the trends are changing with the arrival of new retail formats and online buying. Finally, customer trust in retailers emerged with frequency 63, which shows the high importance of brand trust in achieving store loyalty.

#### Results from Axial Coding Process

In the second phase of coding, axial coding was performed for further analysis, and initial codes from diverse segments were linked with each other to form a new theoretical category. Axial coding resulted into six main categories based on the similarities, common theme, and identical theoretical categorization as shown in table 3.1

Table 3.1

List of Categories Derived from Axial Coding Process

<i>Codes</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage %</i>
	<b>A:Consumer Buying Behaviour</b>		
1	Customer's with clear brand preference	34	12.1
2	Customer's with little or no brand preference	25	8.9
3	Types of customers	29	10.3
4	Cash and credit purchase	18	6.4
6	Consumer buying behavior	48	17.1
8	Purchase decision style	38	13.5
11	Product knowledge and decision making	47	16.7
29	Perception of retail channels	41	14.6
	<b>Total</b>	<b>280</b>	
	<b>B:Trust and loyalty</b>		
7	Relational marketing	56	28.0
14	Perceived purchase risk	21	10.5
15	Trust on retailer	63	31.5
32	Store loyalty and brand loyalty	60	30.0
	<b>Total</b>	<b>200</b>	
	<b>C:Store features</b>		
10	Aftersales services	26	18.5
16	Store pricing	16	11.4
20	Merchandise image	40	28.5
22	Store atmosphere	22	15.7
23	Service quality	27	19.2
34	Store design	09	6.4
	<b>Total</b>	<b>140</b>	
	<b>D:Elements of Retail Brand</b>		
05	Retailers brand positioning	28	18.4
13	Elements of retail brand	50	
24	Satisfaction with store	42	27.6
31	Sources of store image	21	13.8
35	Customer expectations	11	7.2

	<b>Total</b>	<b>152</b>	
	<b>E:Salesmanship</b>		
09	Salesperson influence on customer decision	82	44.3
21	Store owner personality	36	19.4
26	Characteristics of salesmanship	53	28.6
33	Loyalty to salesperson	14	7.5
	<b>Total</b>	<b>185</b>	
	<b>F:Quality Perception</b>		
12	Product brand differentiation	36	17.5
17	Country of origin effects on perceived quality	37	18.0
18	Product range and quality perception	12	5.8
19	Role of warrantee cues	39	19.0
25	Quality signals	70	34.1
28	Brand range and quality perception	11	5.3
	<b>Total</b>	<b>205</b>	

*Source: Author's own illustration based on research findings*

#### ***A: Consumer Buying Behavior in Pakistan***

From the meaning condensation, rephrasing and identification of keywords reveal an important aspect of the consumer behavior category. From the interview analysis, it is found that there are two major types of customers; first, who have a clear brand choice and show loyalty to a particular brand; the second who have no clear brand preference and has divided loyalty between multiple brands. They are undecided, which brand to buy until visiting the retail store. Brand loyal customers show a preference for high-quality brands. Such customers demand the product by brand name and it is hard to convince them to buy an alternate brand. Brand loyal customers have brand knowledge, know product features and they are a well-educated segment with high income.

They like to make independent decisions without any pressure selling tactics. Brand loyal customers constitute between 25-30% and usually make purchase decisions on their first visit of the store. They do not patronize different stores for checking the price and variety because they trust the retailers and know what to buy. They expect the retailer to offer quality services, professional salespersons, and comfortable store atmosphere. They know what to expect from retailers and build trusting relationships. Salespersons understand their needs and offer the best solution. They feel free to discuss anything about the products and services and talk on general topics with employees. The interactions between employee-customers increase customer trust in the store.

Loyal customers give good profit margin to retail store and refers other customers. In addition, they are not price-conscious and willing to pay a good price for high-quality services. Whereas, non-loyal customers are flexible in their brand choice and have divided loyalty between 2-3 different

product brands of similar quality and price range. They are undecided, which brand to choose until visit different retail store for seeking information, and check variety. Such customers' segment belongs to the lower or middle class and usually live in rural or semi-urban areas and old settlements of the town. They make decisions after comparing different options and going through conversation with salesperson. They actually look for the lower price, extra discounts and extended warranty etc. In contrast, customer with high-income level expects high standard services and full support in after sale services. Whereas, non-loyalty customers tend to show opportunistic behavior and buy a product from any competing brand within their range. Such customers are not interested in developing relationships with retailers/salespeople; rather they seek immediate reward and value buying from different stores.

Thus, it can be concluded that consumer store patronage behavior is driven by three factors as a) *Price seeking behavior* 3) *Information seeking behavior* and 3) *Sensation seeking behavior*. *Price seeking* behavior refers to customer search for lower prices, discounts and promotional offers. *Information* seeking behavior refers to gathering more information about the price, quality, features, and benefits of products from different retailers. *Sensation seeking* behavior refers to customers' excitement of visiting a new store, checking sales promotions, variety etc. Price negotiations and bargaining is the key feature of retail trading and the practice extend to consumer electronics as well. Customers' always chooses a brand within price range and they do not buy any brand out of it, irrespective products features and quality. They have a threshold in their mind for price range and do not go *up or down* from it. Price range gives direction and clarity to choose the suitable brand. Key factors affecting customers choice of the store includes store environment, services and salesmanship. Most customers do not have the right information and thus, seek information from salespeople believing them as industry experts who could suggests right product. The knowledge, skills and attitude of a salesperson influence customer decision making. Increasing *interaction quality* with customers definitely leads to brand trust and positive purchase intentions. Customers judge the quality of products in store mainly through price cues and products features (e.g. finishing, design, technology, and size).

National brands of consumer electronics operating in Pakistan use functional as well as emotional benefits appeal to attract customers. For example, emphasizing instant cooling, energy-saving, elegant design, durability, innovation, latest technology, country of origin and past legacy and heritage. Famous brands of consumer electronics in Pakistan includes Waves, *PEL*, *Dawlence*, *GREE*, *Haier* etc. Some brands are known for tradition and family values, while others for technology and

innovation. Many new brands have taken over the market share such as Gree, *Haier*, *Orient*, *TCL*, *Kenwood*, *Samsung*, *Panasonic* etc. *Gree* claims to be the market leader in air conditioning category; while *Haier* and *PEL* captures market share for freezing category. *Haier* and *Orient* offer a complete range of products in consumer electronics that gives them a competitive advantage and make customer selection of brand easy. Similarly, *TCL* and *Samsung* are market leaders the LED TV sets.

***B: Brand Trust and Loyalty***

Brand trust is the key variable in creating relationships and customers use relationships and other referral to choose the retail stores. Trusting relationships with salespeople generate loyalty to salespeople and retailer. Customer choice of store is much dependent on the trustworthiness of retailer. Brand trust increases customer's confidence on retailers as well as repeat purchase. Salesperson's competence and intellectual behavior build customers' confidence on retail store. Customers give more value to relationships than price, and thus relationship-based customers give a decent profit margin. Reputation of retailer and availability of professional sales staff generate customer trust in retail store. Salesperson/retailers have social circles, ties, and networks, which increase customers, visit the store. Relationship customers are easy to motivate and can easily accepts the retailer's offers. In facts, trusting relationships increase customer dependability on retailers for acquiring reliable products and after-sale services. Customer loyalty depends on how retailers deal with customers and take care of their real problems, especially arising after sale. Therefore, relationships customers are more likely to accept retailer's offers with little or no argument.

The competitive behavior and selling efforts of a salesperson translate into developing trust and loyalty. Customers only trust salesperson if he/she demonstrate an adequate level of products knowledge, selling skills and capability for solving customer problems. Customers only accept the advice or recommendation by salesperson if they believe trusting and competent. *Interaction quality* is one of the main indicator of measuring salesperson' competence. Therefore, it is necessary for retailers to put extra effort and devote extra time when dealing with customers so that they feel obliged and spend more time in the store and make purchase. The transcription of interviews' text shows multiple statements that manifest the importance of building relationships as:

*“Customer desire to have a relationship with retailers, at least personal recognition in the store to get better services and discounts”.*

The relationships building process starts with how you deal with customers such as paying individual attention, engaging in friendly conversation, assessing needs, offering the right solution and guidance. Relationships building efforts drive store loyalty as:

*“We welcome our customer's professional manner, talk in a friendly mood, sometimes ask family matters on a lighter note, serve cold drinks or tea depending the situation, and of course best services by our professional staff”*

Customers trust retailers because they assume the responsibility on behalf of the manufacture. Retailers provide assurance to stand with customers in every situation, especially offering support at time of aftersales services, which reduces customer purchase risk. Retailers know how to present the information, product features and benefits in a way that could make positive image as well as increase customer confidence. In summary, customer-employee interaction and problem solving lead to trusting relationships that in turn generates brand loyalty. Customers seek information to reduce purchase risk as they have little knowledge about product features and other technical aspects.

#### ***C: Store Attributes***

Aftersales services and services quality is the desired benefits customers always seek from retailers when faced with high felt purchase situation. Aftersales services deal with problem-solving skills such as return, exchange, repair, warranty claims, and other product-related inquiries. Retailers having wider social networks and collaboration with other retailers, technicians, company agents, and other industry experts can better solve customer problems. It is important for retailers to take ownership of problems and go the extra mile to solve those problems as soon as possible. Customers pay great attention to the capability of the aftersales service of retailers as well as the warranty period in the final buying decision. The significance of aftersales services is illustrated by retailers as follows:

*“When a retailer uses its resources and systems to get solve customer problems on priority basis, it fosters relationship and open doors for repeat business”*

*“Problem-solving dimensions reduce purchase risk and customer believe that retailer will be there if somethings go wrong”*

*“Efficient response to solve customers' problems provides an opportunity to build trust and positive store image. Retailers not cooperating with customers in complaints claims and return are more likely to lose the customers and store credibility”*



It clearly indicates that aftersales services are the fundamental function of retailers operation and serve as a key component of retail service quality. It offers a sustainable source of competitive advantage, recovers store image, and increase the well-being of customers. Hence, aftersales service is the key element of retail services quality in the context of Pakistan. For example, free and safe home delivery, easy exchange or return of products are the most sought benefits customer seek from retailers. Other dimensions of retail service quality include empathy, friendliness, prompt interaction and intellectual conversation. For example, the following statements indicates such dimensions as:

*“Our customers come through reference and they expect special or VIP protocol from us and we give them respects and offer drinks, and customized services to their needs”*

*“Delivering quality services is not about special treatment, but having professional staff, understanding customer’s needs and problem solving”*

*“If you build close relationships with customers and take care of their problems properly, they will not go anywhere else”*

*In conclusion*, retailers focusing employee-customer engagement and improving conversation quality can lead to customer relationships and loyalty. Although, retail services quality is complex and context specifics, usually involve physical people and systems. In the case of high involvement purchase situation, the human factor is critical in customer purchase decision. Poor communication can spoil customer experience as well damage store image. The physical appearance and communication of salesperson affect consumer perception of services quality and purchase intentions.

#### **D: Key Elements of Retail Brand Equity**

Appendix 7 illustrate key aspects of retail brand equity and factors driving store loyalty as:

*“I think it is more about salesmanship and selling top quality brand”*

*“It much depends on the quality of product/merchandise and how you deal with your customers”*

*“Multiple factors play role in building store image including salesmanship, relationships, and services/aftersales services”.*

*“If a store offers a nice environment, well-behaved staff, and good variety, it increases customer trust and satisfaction”,*

*“We are one of the biggest stores in the city offering full variety, well-educated and well-trained salesperson which is our strength”.*

*“As customer know the quality of the product is same, price and services creates differentiation”*

The interviews text reveal key component or drivers of store loyalty including merchandize quality, service quality, after-sale services, and behavior of salesperson. Services quality and store atmosphere are the main intangible attributes that create brand differentiation. For example, a unique store atmosphere stimulates customers' moods, creates excitement, which in turn generate positive purchase intentions. Store design/layout is the dimension of the retail environment and the factor attracts customers in the store. Store design, a dimension of environment gives the first impression about store personality and create excitement for customers when patronizing the store. Store environment effects quality perception as depicted by following statements.

*“Customers prefer to shop from the store where they have a reference or relationship first, if not, then they choose the store with attractive design and environment because they think it offers best quality products”.*

*“Store with normal look have to put extra efforts to convince the customers, sometimes customer even doubt the quality/originality of product if store size is too small”*

### ***E: Selling Behavior and Salesmanship***

Analysis of interviews indicates that salesmanship is at the core of a retailer's success, especially in big tickets items. Pakistan is the country with roots in oral culture and little concerns for details in writings. Customers are used to ask everything's from retailers because no culture of product descriptions on display. A majority of customers depend on the advice or recommendation of the salesperson when buying consumer durable products. Very few people make independent decisions based on their experience and have ability to choose the best product. Therefore, the role of a salesperson as an expert is more obvious in retailing of consumer electronics in Pakistan. The analysis of interviews reveals that “salesmanship” is all about the art of selling and how to deal with customers. A good salesperson commit time, energy and resources to engage in conversation with customers. Interview informant also commented that good salespeople actually empower the customers by providing full and accurate information and sharing secret information such as technical aspects of product and policy that allows customers to make rational decisions and safe brand choices.

*“Customers rely on retailer’s information to verify brand prior brand believes and salesperson educate customers about the brand benefits, product features, and others technical aspects which shapes consumer brand attitude”*

When a salesperson offers personal guarantee in case of any problem and ensure customers that he is only there to offer the best solution and take care about customers’ well-being and interest. Such promise increases customers' confidence in the retailer and they buy from it. Therefore, it can be concluded that salesmanship is not about opportunistic behavior; rather it involves benevolence, honesty and integrity in the behavior of salesperson.

*“The art of selling is systematically comparing two or more brands and providing honest opinion on about the actual performance of product. However, the salesperson has their own favorite brands and targets that enforce them to show some bias in recommendation behavior.*

*“In this industry, most salespeople manipulate the information (over or under evaluation) the just to change customer mind and push for specific brand”*

*“Superstore use pull sale strategy adopts low-pressure selling and role of the salesperson is limited, just to facilitate the customers in choosing their favorite brand. Whereas, small retailers use push strategy and use high-pressure selling techniques”.*

*“Salesperson puts efforts to show customer different models and explain benefits, make a systematic comparison of product features i.e. capacity, size, cooling function 3D, 5D, gas kit, pipe material, glass door and shelves capable of bearing weights e.g. 100 kg”.*

In conclusion, the art of salesmanship refers to the capability index of a salesperson that involves products knowledge, problem-solving skills and friendly behavior. In modern retailing, customers expect intellectual discussion, interaction quality, and value-added experience. The salesperson should use *adaptive selling* depending on the needs of customers and situation. Salesperson’s efforts to motivate customer buying a specific product depends on three factors: 1) stock level (what store has to sell), 2) sales target (what he wants to sell), 3) customer needs (what customer demands and he should be selling). Salespeople always try to push less established brands for more profit margin. Therefore, some customers do not trust in the advice of salesperson straight away, rather they look for environmental cues such as store reputation, environment, service level and flow of customers.

### Results from Advance Coding

In third phase of interview analysis, *selective coding* was performed for the purpose of theoretical integration and theory building. The selective coding process resulted in six major themes that explain store loyalty. It also set the foundation for conducting quantitative research.

Table 3.2

Selective Coding Process of Interviews

Selective Coding	Open Codes & Axial Categories
1: Information Seeking and Attitude Formation	A:1,2,3,4,6,8, 11
2: Purchase Risk and Brand Trust	B:7,14, 15, 32
3: Store Attributes	C:10, 16, 20, 22, 23, 34
4: Elements of Retail Brand Equity	D: 5,13, 24,31, 35
5: Selling Behavior and Relationships	E: 9, 21, 26, 33

Source: Author's illustration, based on research findings

*Information seeking* behavior refers to customers' confirmation of belief, attitude and perceptions about the product. Customers with a high level of product knowledge and brand awareness are less influenced by external cues. Information seeking behavior increases customers visits to other stores and may reduce dependence on one store. Demographic differences affect customers' perception of retailers and store patronage behavior. Information seeking results in the formation of brand believes, attitude and intention to buy or not from the store.

*Purchase risk* and *trust* are related concepts and compliments each other in conceptualizing trust. This theoretical category includes purchase risk, brand trust, relationships and loyalty. From a theoretical perspective, brand trust reduces customers' purchase risk and leads to brand loyalty. In the buying of consumer electronics, customer perceived purchase risk play a critical role in the selection of product brand as well as the retail store. Retailer's promise significantly reduces customers' risk and increases trust in a retail store. Store attributes explain retail brand equity dimensions including store pricing, merchandise, atmosphere, retail services quality, aftersales services, problem solving and salesmanship. Retail brand equity as a thematic category shares similar characteristics as store attributes in addition to intangible aspects such as reputation, and retail brand personality.

These store attributes explain much of the retail brand loyalty and provide a source of brand differentiation. Customers' expectations of retailers' benefits generally include monetary incentives

such as discounts and free delivery. However, people with high- income have expectations in terms of superior services, a comfortable environment, and efficient after-sale services. Customer positive interaction with the salesperson foster relationships loyalty. Therefore, retailers need to focus on services innovation, relationships, experiential marketing, and developing store capabilities to solve customer problems.

### **Results from Theoretical Integration**

In the final stage, the resultant codes were arranged in a way to form theoretical categorization, which provides a better understanding of how retail store attributes contribute to store loyalty. Thematic integration is performed in the modeling form to explore the relationships between store factors such as store features, brand trust, relationships, satisfaction and brand loyalty. Theoretical integration is performed based on the resultant themes and categories such as store attributes (e.g. *merchandize quality, services quality, pricing image, and the salesperson*), purchase risk, brand trust, relationships and brand loyalty as illustrated in the Figure 3.2. Theoretical integration explains the process of retail brand loyalty and key factors affecting customer choice of retail store. Thematic model shows that when consumers faced with a problem, they seek information from multiple sources and salesperson or retailers are one of the credible sources to get right information. Buying high involvement products such as consumer electronics involves purchase risk; therefore, retailer play important role in reducing customer's risk. Retailers can reduce customer purchase risk through its perceived trustworthiness and relationships investment programs. Selling behaviors and interaction quality influence customer confidence and trust in retailers that in turn leads to long term relationships.

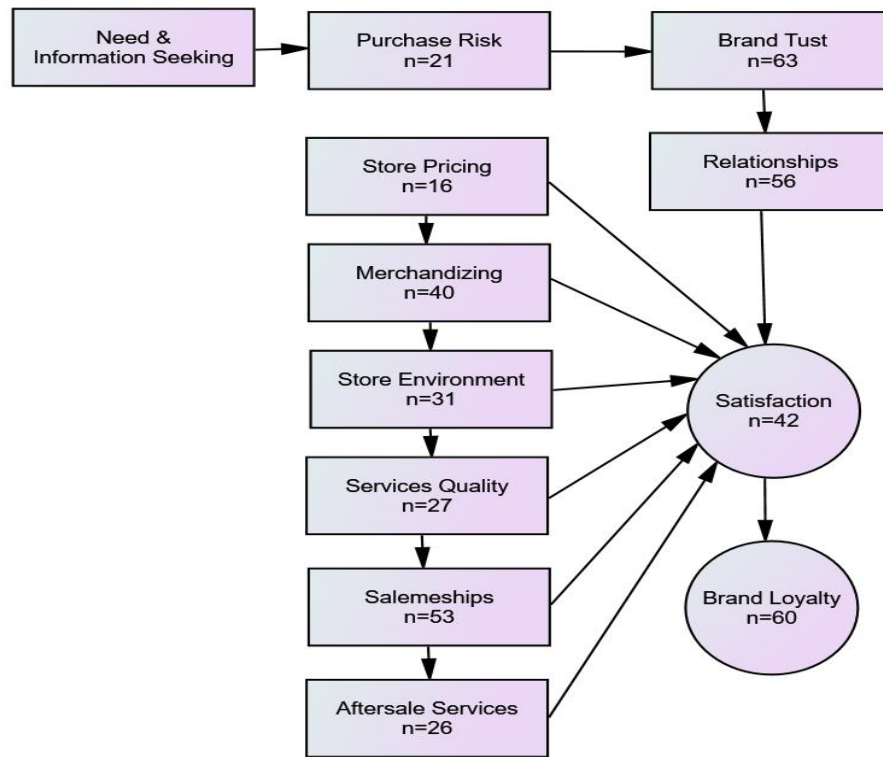


Fig 3.2 Theoretical Categorization & Integration

*Source: Author's own illustration based on author's theoretical and empirical research results.*

Salesperson's capability to identify customers' needs and offering them best solution result in trusting relationships. This is the point where salesperson's demonstration of professional skills, category knowledge and friendly behavior pave the way for relationships loyalty. In addition, thematic model indicates importance of store multiple attributes on consumer behavioral outcome such as satisfaction and brand loyalty. The relative importance of each attribute explaining brand loyalty vary significantly as depicted by the frequencies in the thematic model as well as in table 3.1. Among the set of retail store attributes *salesmanship* is highly important factor with 53 repeating statements followed by merchandize (n=40), environment (n=31), services (n=27), aftersales services (26) and price (n=16). The results indicate relative low significance of store pricing. Thematic integration also reveals that brand loyalty is the outcome of customer satisfaction and brand trust. Findings from thematic integration process provides the basis for conducting quantitative research and test the research claims. Next section of this chapter presents empirical results obtained from customer survey forms.

### 3.2 Findings from Quantitative Survey Forms

In the second phase, quantitative research was conducted to test the research hypotheses and validate the findings derived from interviews analysis. Quantitative data was collected using customers survey forms on a *Likert scale* of 1-7 with a usable number of 463 respondents. Inferential statistics (e.g. multiple linear regression and mediation) were applied to analyze the data.

#### Sample's Demographic Characteristics

The final sample comprised 463 respondents out of 650 total circulations that represent above 72 percent response rate in high involvement purchase situation in the retail industry of Pakistan. The survey responses were obtained both online and offline, approaching customers in the stores, shopping centers, and retail centers across big cities in Pakistan. Of the 463 samples obtained 263 forms were retrieved online and using electronic devices (i.e. smartphones and tablets) which were provided to the participants for data collection purposes. Some people opted to receive a link to a survey form on their email in order to provide feedback later. While 221 questionnaires were administered physically with a pen and paper in real retail environment. In order to improve the reliability of data, the author decided to exclude misleading information and discarded 17 surveys in the favor of more genuine and standard survey forms. Those cases were discarded because of missing data in the demographic information section as well as the scale items. As a result, the valid questionnaires comprised 463 responses out of 650 total circulations online and offline. The demographic information from a sample of 463 valid responses shows 345 (74.5 percent) male, while 118 (25.5 percent) female respectively as illustrated in Fig 3.3. The female participation in job sector and in other public affairs is limited. Pakistan has the lowest female labor force participation rates (LFPR) in South Asia across all age groups (Tribune, 2021).

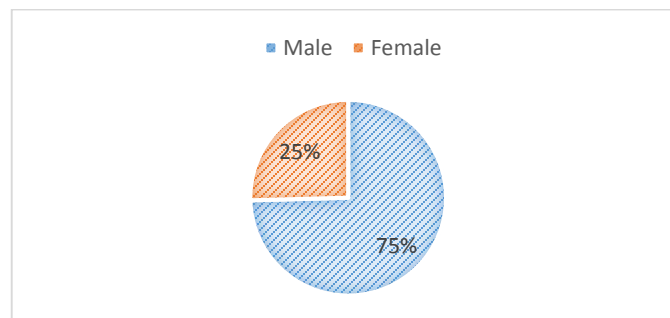


Figure 3.3 Respondent's gender distribution

*Source: Author's own illustration based on empirical research results.*

In terms of respondents' age, 335 (72 per cent) were aged between 23-29, while 20.4 per cent (95) age between 30-39 and 5.2 per cent of the respondents were aged from 40-49 and 1.7 per cent within age bracket of 50-59, respectively. Whilst only three respondent were, 60 years or over which represent only 0.6 per cent of the sample as shown in Fig 3.4. The higher representation of young population in the sample size is because of country's higher proportion of young population. According to United Nation, Pakistan has 64% of population which is younger than 30 years and almost 29 % of the population is between age 15 and 29 years and its forecasted to increase until at least 2050 (UNDP, 2018). In addition, UNDP reports reveals that young people between the ages of 15 and 29 constitute 41.6 % of Pakistan's total labor force and almost 4 million young populations enter the working age every year.

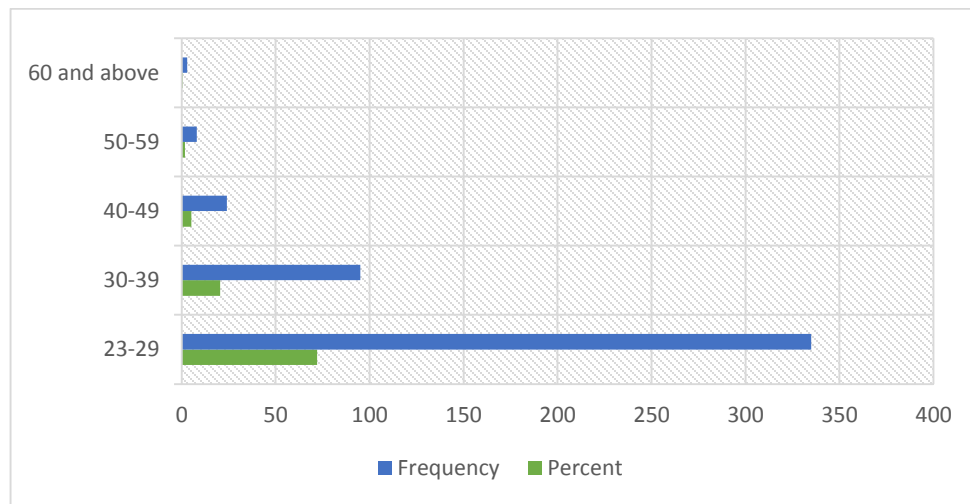


Figure 3.4 Respondent's age distribution

*Source: Author's own illustration based on author's empirical research results.*

The breakdown of respondent's place of residence shows *Lahore* with 164 (35.3%), *Sialkot* and *Gujranwala* 40 (8.6%); *Multan* and *Bahawalpur* 95 (20.4%); *Islamabad* and *Rawalpindi* 142 (30.5%) *Karachi* 14 (3.0%) and *Peshawar* and *GB* 10 (2.2 %).



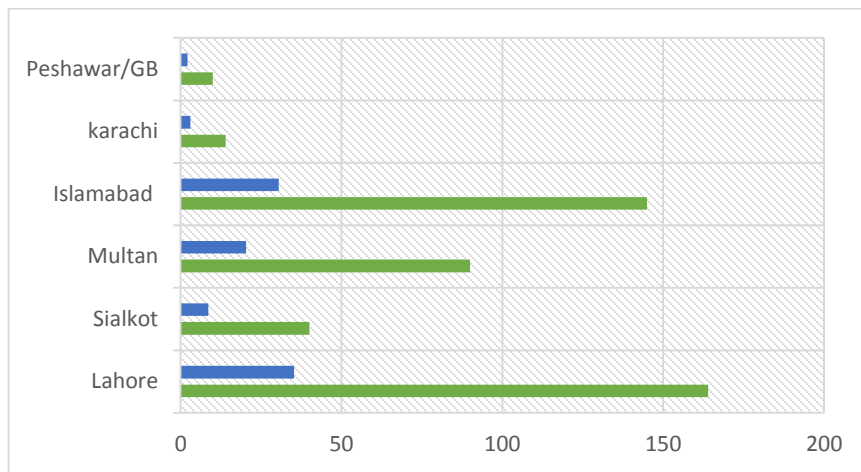


Figure 3.5 Respondent's Distribution City/Region Wise

*Source: Author's own illustration based on author's empirical research results.*

In addition, respondent's occupation represents the following set of professions as skilled worker 25.2%; managers 12.3%; businessperson or self-employed 13.8%; university students 33.3%; other professional accounts 12.9% and members in the household were 2.2 %. The minimum education level of respondents was bachelor's degree or diploma from university/college.

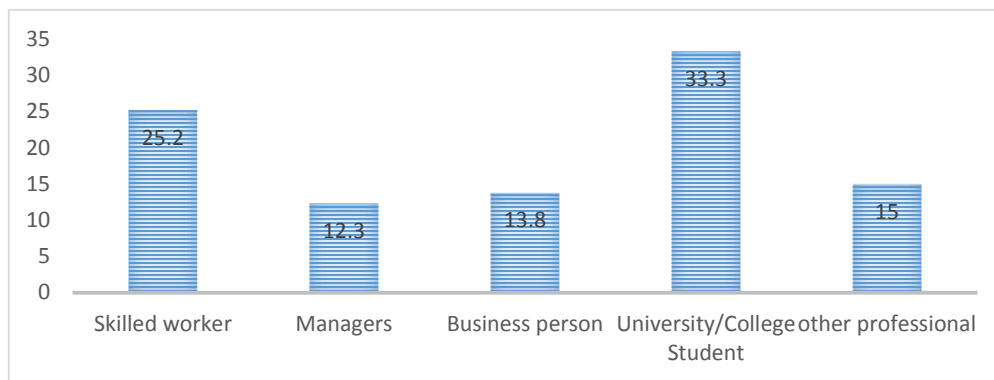


Figure 3.6 Education Profiling of Respondents

*Source: Author's illustration based on empirical research results.*

The types of retail channels in the sample include independent store representing 330 (71%); chain store with 39 (8.4%); superstore 52 (11.2%) and company outlet 44 (9.5%). Retail trading of consumer electronics in Pakistan is still dominated by independent retailers that why it is highly reflected in the sample characteristic. In contrast, modern retail channels (e.g. chain store, company outlets and, superstore) have low penetration, therefore low representation in the sample.

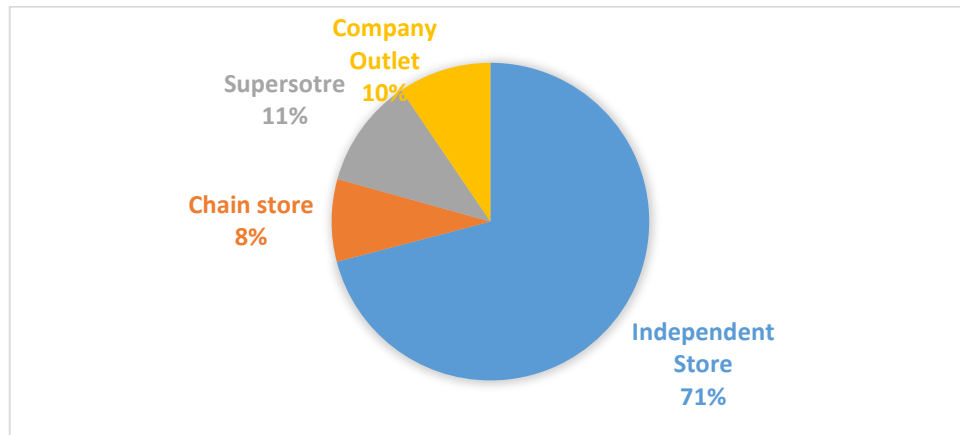


Figure 3.7 Retail Channels Distribution in the Sample

Source: Author's illustration based on author's empirical research results.

Given the context of Pakistan society and culture, females have an increasing role in all economic activities including shopping for family members and important decision-making. A large number of females are now into higher educations and corporate employment than before. Despite this, it is easier to approach men than women in public places such as shopping centers to get their opinions on different topics and feedback on questionnaires. The retail sector of Pakistan is still emerging, so the independent retailers dominates the retail industry in Pakistan. The younger generation of Pakistan is much more involved in purchasing and has more brand awareness and product knowledge than the older generation and their parents. Therefore, the youth is more approachable and willing to take part in surveys than the older generation. Youth population is well educated and have social skills. In Pakistan's culture, female and older people are given more respect and priority in public and private services. The analysis of survey data also reveals customers prefer to buy consumer electronics and appliances from modern retail formats such as *Metro Superstore*, *Afzal electronics*, and *Naeem electronics* and franchise store. The company-operated outlet of consumer electronics includes *SAMSUNG*, *SONY*, *HAIER*, *PELL*, and *ORIENT*.

#### Analysis of Descriptive Statistics

Before running factor analysis to find the underlying structure of factors, analysis of descriptive statistics can provide insight for each variable. Descriptive statistics analysis helps to understand the way respondents have answered each question. All the items/statements in different variables were evaluated using a *Likert scale* from 1-7 as given below.

Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
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In the questionnaire, the first variable is “Assortment” which supposedly plays a crucial role in the formation of store image and affects customer choice of store. Table 3.3 shows descriptive statistics of the variable.

Table 3.3

Main Indicators of Descriptive Statistics for Merchandise Quality

Items	Mean	Median	Mode	Range	Std. Deviation
<b>SA1:</b> The store I made a purchase carries high quality products	5.56	6	7	6	1.383
<b>SA2:</b> The store sells variety of products from different manufacturers	5.50	6	6	6	1.348
<b>SA3:</b> A this store, all products are available whenever I needed	5.30	6	7	6	1.467
<b>SA4:</b> At this store, products are stylish and latest model	5.61	6	7	6	1.388

Source: Author’s illustration, based on SPSS analysis

Store Assortment (SA) four items were adopted from a validated questionnaire to assess how much importance customers give to assortment/merchandise quality when choosing a retail store. Table 3.1 shows a considerable means score above 5.5 for most items except SA3 (mean=5.30) which is not bad and may serve as the indication for its intended impact on store loyalty. SA2 and SA1 comparatively have a low mean score (5.5, 5.30), the possible reason could be that the retailer’s policy is to keep stock of 1-2 main brands in the store and adopt a *niche marketing* strategy. It implies that increasing merchandise variety does not influence consumer-buying behavior. Customers care about only a few brands and retailers should not remove the customer-preferred brands from the store. In addition, for small retailers, it is not possible to keep the stock of multiple brands, and therefore they keep exclusive or limited products. Further, company-operated outlets and franchise store only sell specific brand instead of selling variety from different manufacturers.

Moreover, technological innovation and e-commerce platforms have reduced the importance of stock and inventory in the store. The statements measuring product “variety” and “availability” dimension relatively got a low mean score. It indicates large variety does not influence customers of retailers. SA1 and SA2 items have high mean scores (5.56, 5.61) which indicates that customers give more importance to quality products and the latest model than simply more variety. It can be concluded that more variety does not contribute to merchandise image, whereas the presence of the

latest model and top quality products strongly predicts merchandise image. Hence, more variety does not increase customer satisfaction with retailers. Therefore, retailers need to blend the right assortment having the latest model and quality products.

*Store Assortment (SA)* image varies significantly across different retail channels as shown in Figure 3.8. The sample includes four major types of retail channels in Pakistan as *Company-Owned Store (COS)*, *Chain Store (CS)*, *Superstore*, and *Independent Store*. Descriptive statistics for the COS channel reveals that it has a low score of 3.95 for SA2 “...sell a variety of products from the different manufacturer”. It is obvious that the COS store sells only one particular brand and that is the reason this format does not perform well on a variety dimension compared to other types of stores. In the consumer electronics industry of Pakistan, the main COS includes *Sony, Samsung, Orient, Haier, LG, and TCL* and they primarily sell their own merchandize. In fact, customers visiting franchise stores have already made up their minds and know exactly what to buy. Such customers are less likely to exhibit variety-seeking behavior and choose products from company outlets and do not patronize different stores to search for the best alternatives rather show brand loyalty to one particular brand. The mean score for other items falls in the range between 5.25 to 5.70, which is nearly good and indicates customer satisfaction with the merchandise quality of the COS/franchise store.

Secondly, superstores have competitive positioning in terms of assortment image with the highest score for all dimensions such as SA1-“carries high-quality products”(mean=6.0), SA2-“sells a variety of products”(mean=6.58), SA3-“all products are available” (mean=5.98), SA4-“products are stylish and latest model” (mean=5.92) respectively. It clearly suggests that customer perception of assortment at superstore is highly favorable than other formats that could result in store trust and customer satisfaction.

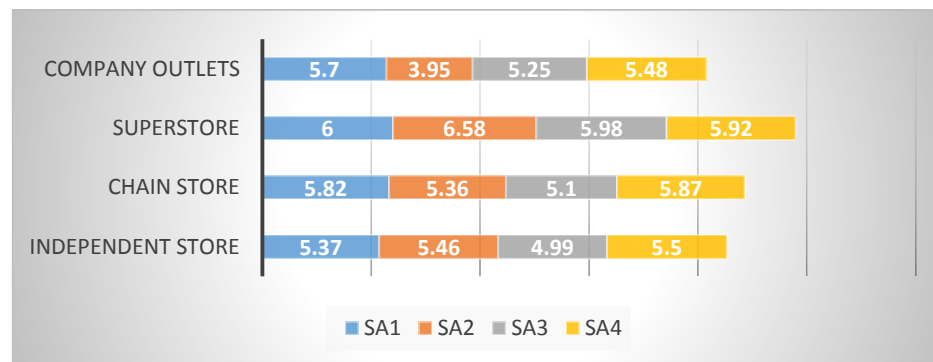


Figure 3.8 Arithmetic Mean Score for Retail Channels' Merchandise Image

Source: Author's Illustration, based on survey results

Thirdly, *Chain Store's* (CS) overall merchandise image is higher than COS as well as independent store (IS). Results are evident that chain store gives customers more choice variety and quality products than independent store. It can be inferred from the results that the positive assortment image of chain stores predicts the future growth of organized retailing and acceptance of chain retailing in Pakistan. Fourth, *Independent Store* (IS), the largest contributor in the retailing industry of Pakistan has poor assortment image/merchandise quality in the eyes of consumers when compared to emerging retail formats. It suggests that IS will face severe threats in the future and possibly lose significant market share to chain stores and superstores. Therefore, independent retailers need to arrange right mix of merchandise to fix this perception problem. Independent store needs to identify its key resources, capability, and skills to develop a retail-marketing strategy to survive/compete in the market. The small retailer can make alliances/networks to solve the inventory problem.

*Pricing policy* scale items presents key attributes of retail stores that may affect consumer purchase decisions. Store pricing policy serves as a key criterion for customers when choosing a retail store and could have profound effects on customer satisfaction and store loyalty. Table 3.4 shows main descriptive statistics of store price images and it can be inferred that customers are nearly satisfied with the current pricing policy of consumer electronics/home appliances stores in Pakistan. The lower score for price satisfaction indicates that customers visit multiple stores to compare the prices and get the best offer. Another reason for lower satisfaction with store pricing could be the result of “*No-Fixed Price*” and final price subject to negotiations. As price comparison is more physical by visiting multiple stores, this could possibly lead to misleading price quotations by the competitors.

Table 3.4

Main Indicators of Descriptive Statistics for Store Pricing

Items	Mean	Median	Mode	Range	Std. Deviation
<b>PR1</b> The prices are very reasonable at this store	4.89	5	6	6	1.578
<b>PR2</b> Store has a satisfactory prices level	4.82	5	5	6	1.486
<b>PR3</b> Prices of all products are cheaper at this store than others	4.30	4	4	6	1.723

Source: Author's illustration, based on survey results

However, the price differences from one store to another store are not so high, and a little price difference may not be important for some customers. In fact, customers are price sensitive and will definitely switch the store if the store prices exceed their expectations. Price differences are irrelevant for those customers who want high-standard services, a comfortable environment, and after-sale services. In addition, the price difference in comparison to the total cost of the product are not so high; therefore, it may not significantly affect customer choice of store. For example, the price difference of \$10 per item (Air conditioning unit) of a high-quality brand costing \$500 accounts only 2%. Although price image is one of the core elements of retail positioning strategy and determines the flow of customers into the store. Therefore, the store-pricing image needs little improvement by offering a competitive pricing policy along with special sales promotions, regular discount offers, and repeat purchase incentives programs.

At the next level, price image between different store formats was analyzed to see if a significant difference exists among four major types of retail format. For this purpose, the means score of item PR3-“...Prices of all product at this store appears to be cheaper than others store” serve as a litmus test. Arithmetic mean score shows that customer perception of price level significantly varies across different retail channels as company-operated outlet (m=4.02, Std 1.89); chain store (m=4.21, Std 1.5); independent store (m=4.25, Std 1.74); and superstore (m=4.90, Std 1.4). The format suffering from poor price perception (expensive-costly) is *COS* and franchise store, whereas, superstores are at the other extreme i.e. lower or fair price image. Chain store pricing image is better than an independent store, which further supports the growth of chain store retailing in the context of Pakistan. In general, it was a common belief that chain stores are expensive than independent retailers which have been proven wrong from the samples’ findings. Thus, it can be argued that customers have a more favorable price image towards Superstore, followed by *independent store*( IS); *chain store*(CS); and *company operated store*(COS) respectively.

Analyzing gender perception of store price reveals a considerable difference between the male and female groups. Male tends to show more satisfaction with current pricing level (m= 4.40, Std 1.70) than female (m=4.00, Std 1.75). However, the proportion of females and males in the sample is not equal (25: 75), but still reveals important insight regarding price satisfaction level between males and females. Based on the evidence, it is clear that salesperson needs to put more efforts and offer personalized services to female customers to satisfy them in terms of store prices.

Store managers should focus on increasing customer shopping experience and value for money by offering personalized and dedicated services by competent staff so that customers perceive the store prices as fair/satisfactory. Alternatively, sales promotions and discount offers could improve the store-pricing image and satisfy customers. Store manager needs to offer competitive prices on all items or at least main items in order to improve store-price perception. For example, the PR3 item has to mean score of 4.30, Std deviation of 1.72 which is evident that customers have concerned about the store's overall pricing policy. Pricing level also affects customers' perception of product quality within the store. Thus, retailers have to consider the price policy as a key source of competitive advantage. Customers patronize different stores for information seeking, variety seeking, and price seeking behavior that in turn shape consumer overall attitude towards the store. However, price is not the only factor affecting customer decision-making, but definitely remains a key determinant in customer decision-making and store choice. Therefore, store managers should think of setting price policy from a strategic point of view rather operational perspective.

*Store Environment* is another key attribute of retail stores and has profound effects on the perceived quality of product and store loyalty. Customer's assessment of store environment items is considerably high and it shows the prospect of having a positive influence on store loyalty. The score range is between (5.09, 5.44) for SE2- "Physical facilities at the store are good" and SE5-"I feel comfortable..." respectively. SE4-"Store offers pleasant environment" with a mean score of 5.32 and SE5-"feel comfortable..." with m=5.44 respectively as shown in table 3.5.

Table 3.5

#### Main Indicators of Descriptive Statistics for Store Environment

Items	Mean	Median	Mode	Std. Deviation
<b>SE1</b> I like the layout of this store very much	5.11	5	6	1.525
<b>SE2</b> Physical facilities at this store are visually appealing	5.10	5	6	1.551
<b>SE3</b> Display of product and store decor is very attractive	5.22	5	7	1.556
<b>SE4</b> This store has a pleasant environment	5.32	6	7	1.520
<b>SE5</b> I feel comfortable when shopping at this store	5.44	6	6	1.471

*Source: Author's illustration, based on survey results*

Results suggest that customers have a higher satisfaction level with the intangible aspects of the store atmosphere than physical facilities. Store managers should consider improving the physical facilities and physical layout of the store so that it constitutes a more positive assessment of the store atmosphere. A unique store atmosphere may increase customer satisfaction and trust in retailers. Small independent stores do not give importance to building a unique store atmosphere and attractive physical facilities and layout i.e. convenience of navigation, space, seating, temperature and lights, cleanliness. A unique store atmosphere can invoke the feeling of excitement, fun, entertainment intelligence, and comfort that leads to positive purchase intentions. In addition, the comparative analysis of SE arithmetic means score in relation to store format is shown in Fig 3.9.

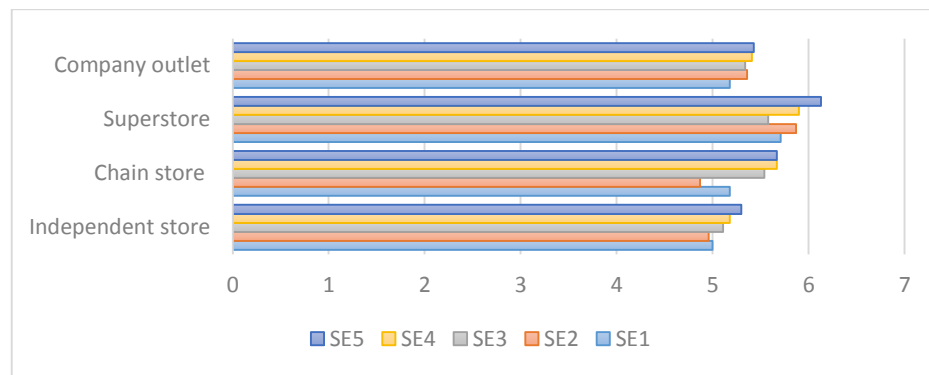


Figure 3.9 Arithmetic Mean Score for Retail Channels Environment Image

Source: Author's illustration, based on survey results

Results show that superstores are perceived to offering a unique atmosphere to its customers where they feel more comfortable and relaxed. Secondly, *chain stores* are also in a good position to offer customers with better store environment than the traditional format. Following the path, it is a matter of concern for an independent store that offers a less attractive store atmosphere. They are still running the retail operations in a conventional way and in most cases store appears to look like a warehouse. *Independent store* owners need innovation in their thinking and have to take bold decisions regarding store design, layout, and display to revive store image. In recent times, shopping is pleasure-seeking activity and the Store atmosphere could have profound effects on customer moods, well-being, and store patronage behavior.

*Retail Service Quality* is another key predictor variable of store loyalty which is represented by five dimensions as friendliness & help, courtesy, knowledge and skills level of employee and



delivery of prompt services. Fig 3.10 illustrates the mean score for all items falls in the range between 5.27 and 5.50, which is a moderately high level of customer agreeableness to services quality provided by retailers in the sample. Three service items including SEV1 (store offers a high level of services); SEV3 (...employees are knowledgeable); SEV5 (...employee gives prompt service) were rated with lower scores as indicated by their mean values 5.27, 5.30, and 5.37 respectively. While SEV2 (employees are friendly and available for help) and SEV4 (...treats customers courteously) were rated more favorably with mean scores 5.50 and 5.46 respectively. The Median for all service items is 6 except SEV1 which is 5 and similarly, the mode for all items is 6 except item 2 which is 7.

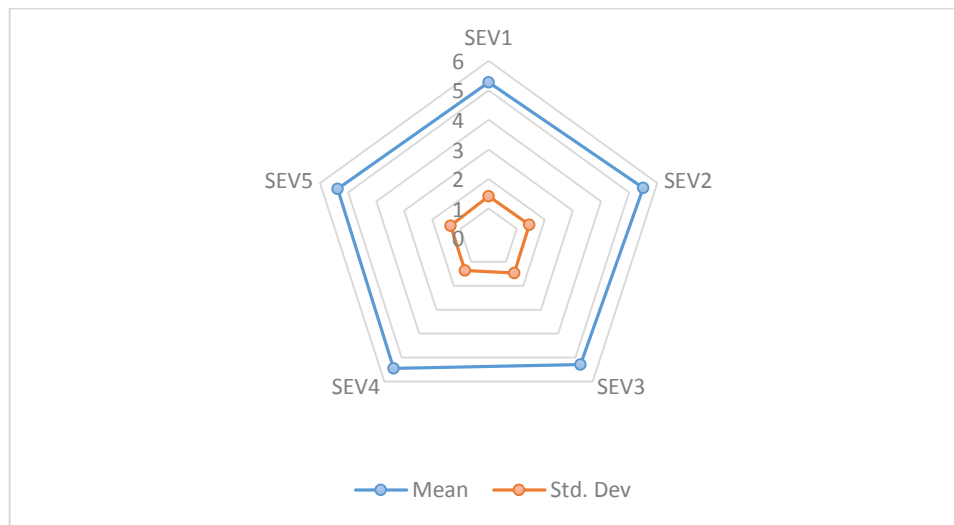


Figure 3.10 Arithmetic Mean Score for Retail Service Quality

*Source: Author's illustration, based on survey results*

Results suggest the quick delivery of services is dependent on the knowledge/skills level of employees. Lower the knowledge/skills level of employees, slower the delivery of services and it affects overall services quality perception. Therefore, the knowledge/skills of employees are the most critical component of retail service quality, especially in the case of high involvement products where customers seek the advice/recommendation of a salesperson/staff. It is also evident from the results that the friendliness, customer help, and courtesy is core feature/behavior of staff when delivering services. The store "Competence" scale includes three items with an average mean score of 5.30. These items capture the competence of store employees such as COMP1 (...has the adequate skill to deliver services); COMP2 (...are expert in their field); COMP3 (...work quickly and efficiently). The competence scale measures the knowledge, expertise, and capability of staff to deliver the right service and it gets a moderately high rating. Store competence items belong to the retail services quality

network and particularly focus on the skills/knowledge of employees than other behavioral aspects. Next, we analyze the mean score of “*relational selling behavior*” and “*consultative selling behavior*” as shown in Fig 3.11.

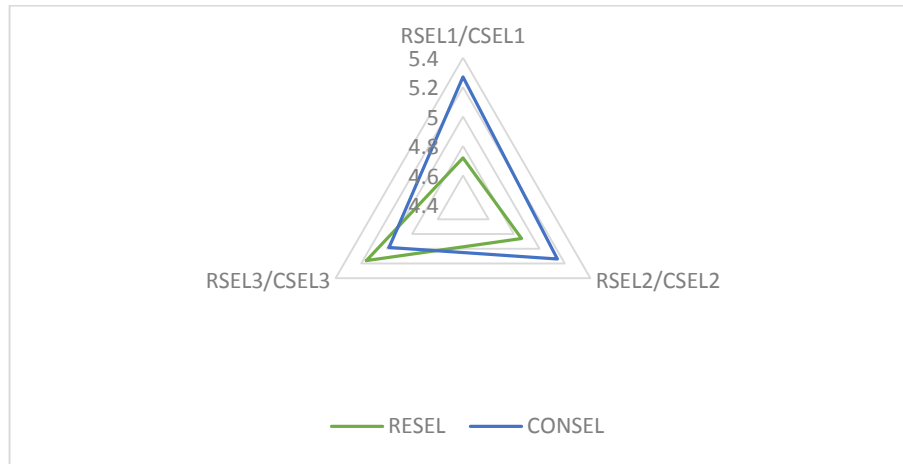


Figure 3.11 Arithmetic Mean Score for Selling Behavior

Source: Author's illustration, based on survey results

Empirical findings show that consultative selling behavior is more prominent than relational selling. Relational selling scale includes items as RSEL1-“...try to get know the customer on a personal level”; RSEL2- “...exchange views on a variety of topics” and RSEL3-“...enjoy the services/company of salesperson” with a mean score of 4.72, 4.86 and 5.16 respectively.

Table 3.6

#### Main Indicators of Descriptive Statistics for Relational and Consultative Selling

Items	Mean	Median	Mode	Std. Deviation
<b>RSEL1</b> “...try to get know me personally”	4.72	5	6	1.711
<b>RSEL2</b> “...exchange views on variety of topics”	4.86	5	5	1.700
<b>RSEL3</b> “...enjoy the services/company of salesperson”	5.16	5	5	1.409
<b>CSEL1</b> “presents the facts which highlights benefits”	5.27	5	6	1.468
<b>CSEL2</b> “...acts like consultant to me”	5.14	5	6	1.507
<b>CSEL3</b> “...gives sincere and honest opinion”	4.98	5	5	1.565

Source: Author's illustration, based on survey results

As Table 3.6 shows, the mean score is not so impressive and the reasons for the low score could be social or cultural norms in the society. For example, high power distance and a wide social class gap may discourage employees to demonstrate less relational behavior. However, RSEL3 got the highest mean score, which tells that customer; somehow enjoy the company of a salesperson. In

contrast, consultative selling items CSEL1- “...presents the facts the benefits of the highlight” and CSEL2-“...acts like a consultant to me” were rated high with a mean score of 5.27 and 5.14 respectively. Whereas, CSEL3- “...gives sincere and honest opinion” got a slightly lower score of 4.98. Statistical results indicate that salesperson exhibits high consultative selling behavior and low relational selling. Nevertheless, customers have less score for salesperson recommendation and do not accepts straightaway. The comparison provides an insight that consultative selling behavior might have a significant impact on customer store loyalty than relational selling behavior.

Salesperson’s loyalty (SPL) scale: SPL1- “...have trusting interpersonal relationship with a salesperson” and SPL3-“...feel loyal to a salesperson first then his store” with  $m=4.76$ , while, SPL3- “my relationship with salesperson enhance my overall shopping experience” with  $m=5.04$ . Results indicate that customer loyalty to salespeople is low to a moderate level and a customer might maintain their primary loyalty to the store. However, loyalty to a salesperson (SPL) could play mediating role between IVs (relational selling and consultative selling) and the outcome variables (store loyalty). In addition, the recommendation’s behavior scale contains three items as 1) I approach the salesperson for his advice, 2) His advice is important to me” and 3) I would consider the product recommended by the salesperson. The mean average mean score for all three items is near 4.85. Results clearly show that customers accept the recommendation of a salesperson at a moderate level when choosing a brand. It can be inferred that the advice of a salesperson plays a role in customer’s decision-making.

Statistics further show that *satisfaction* items gained a higher mean score of  $m=5.67$ , while brand trust items were recorded with a low mean value of 5.52, 5.67, and 5.53 respectively.

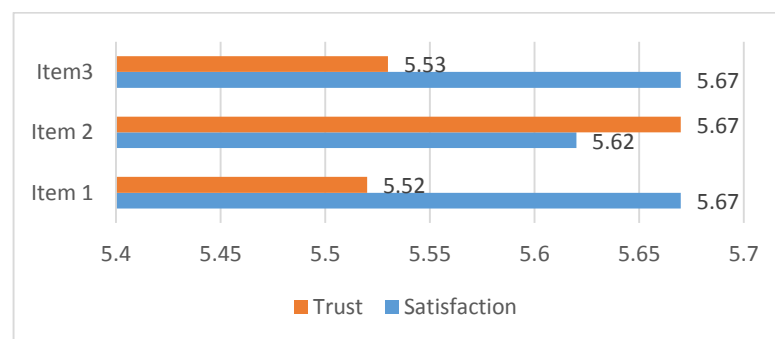


Figure 3.12 Arithmetic Mean Score for Satisfaction-Trust

Source: Author’s illustration, based on survey results

Trust Item2, “this store has reputation for being good...” got more positive assessment in the survey. Results clearly suggest that satisfaction and trust have a positive impact on store loyalty.

Assessment of store loyalty items such as SL1 (5.31), SL2 (5.28), SL3 (4.83), and SL4 (5.41) reveals that store loyalty gets an impressive score for all items except SL3-“I will not switch this store in the future: which is little less. Interestingly, SL4-“I will recommend this store to my friends” get the highest rating with a mean score 5.41. Store loyalty is the outcome variable and the main concern of this study. We have multiple predictor variables including assortment, price, services, atmosphere, competence, relational selling, consultative selling, recommendation, trust, satisfaction factors analysis (EFA and CFA) will help to reduce the data, and then we can use multiple regression to find which elements contribute to store loyalty.

Finally, the scale “manufacturer loyalty” or “brand loyalty” is adopted to compare the mean score between store loyalty (SL), loyalty to the salesperson (SPL), and brand loyalty (BL) as shown in Fig 3.13. The mean score of BL items is high as BL1 (5.74) BL2 (5.58) and BL3 (5.85). The comparative analysis indicates that brand loyalty, followed by store loyalty and salesperson loyalty. It is difficult to ascertain increase or decrease in-store loyalty or salesperson loyalty will have an opposite/negative effect on product brand loyalty and vice versa unless finding their correlations.

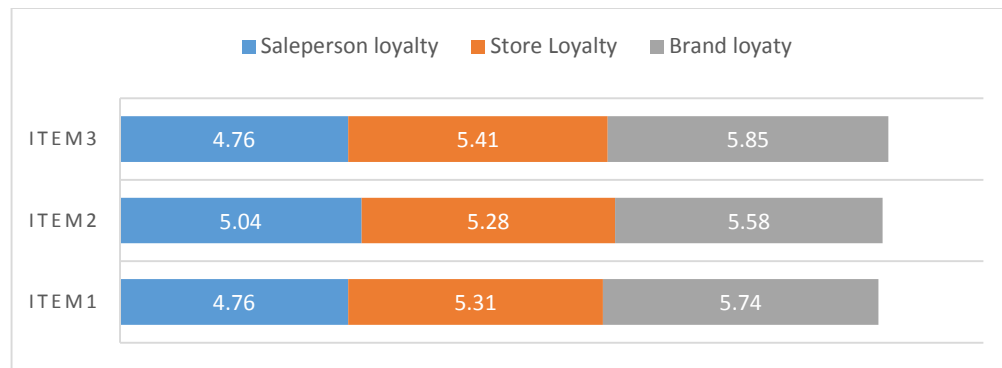


Figure 3.13 Arithmetic Mean for Loyalty to Salesperson, Retailer and Manufacturer

Source: Author's illustration, based on research results

Results indicate that customers have strong associations with a product brand, followed by loyalty with the store and salesperson respectively. In other words, customers maintain primary loyalty with the brand and then retail store. However, relational selling generates loyalty to salespeople that in turn leads to store loyalty. Hence, it can be concluded that loyalty to the manufacturer is *first-order loyalty*, while retail stores enjoy *second-order loyalty*, while customer loyalty to salesperson is the least. Analysis of descriptive statistics provided deeper insight into variables and items, which have increased our understanding of how customers have responded to items in the survey form. However, descriptive statistics are not enough to draw conclusions.

Therefore, inferential statistics are applied to test the research hypotheses and find correlations between variables. First, *exploratory factor analysis* (EFA) and *confirmatory factor analysis* (CFA) are performed with help of SPSS and AMOS structural equation modeling to know the underlying structure of factors in the section of the thesis.

### Exploratory Factor Analysis (EFA)

Factors analysis is an interdependence technique used to find underlying structure among a set of variables (indicators), by identifying latent factors i.e. by identifying common factors that are responsible for correlation among variables. It reduces the number of variables by combining two or more correlated variables into factors (data reduction). Factor analysis attempts to achieve parsimony by explaining the maximum amount of common variance in a correlation matrix using a small number of explanatory constructs (factors or latent variables) i.e. factor analysis tries to identify the factors that are responsible for the correlations among the variables. The basic purpose of exploratory factor analysis(EFA) is to see if the items in each construct load together or group together to represent the same constructor not?. In social sciences, the items are correlated which requires EFA with *principle component analysis* (PCA) and *Varimax rotation*, so we used the same for EFA. Total 463 survey responses were assessed using 51 statements from multiple variables with help of a Likert scale point (1-7) 1 as “strongly disagree” and 7 as “strongly agree”. SPSS software produced various outputs and tables, which are reported in the following. The KMO measures 0.955, which tells us about sampling adequacy, and in this case, it is in a marvelous region. Kaiser and Rice (1974) suggest that anything above 0.5 is acceptable and the higher the value is better. It is a good indication that it is appropriate to further analyze the factor matrix.

Table 3.7

KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	17277.765
	Df	1128
	Sig.	.000

Source: Authors Illustration, based on survey results/SPSS output

The Bartlett test for Sphericity is highly significant which means that the correlation matrix differs significantly from an identity matrix. Further, the examination of the anti-image correlation matrix shows sampling adequacy with diagonal elements all above 0.5 and the off-diagonal small

values. The Correlation Matrix shows large number of correlation with a value above .30 that means it is appropriate to proceed with the factor analysis. The determinant value denoted with subscript “a” under Correlation Matrix is 1.00 that is higher than the threshold level of .001 which suggests multicollinearity is not an issue. If the value is below the threshold level, it indicates that the items are too unrelated and correlation is low. The communality table shows the commonality before and after extraction and it reflects the proportion of common variance within a variable. The variables with their commonalities under 0.5 are subject to removal and no item falls below the threshold level in this case. However, three survey items were removed, resulting in a total of 48 retained items to fit in the data and make factor loading in an appropriate theme. The total variance explained table produced by IBM-SPSS software indicated nine (9) factors solution based on that Eigenvalue value greater than 1.0 using “Principle Component Method” extraction with Varimax rotation. The factor structure explained 70.4 % of the total variance in the model. By default factors, which have an Eigenvalue greater than 1 are retained as shown in a scree plot Fig 3.14

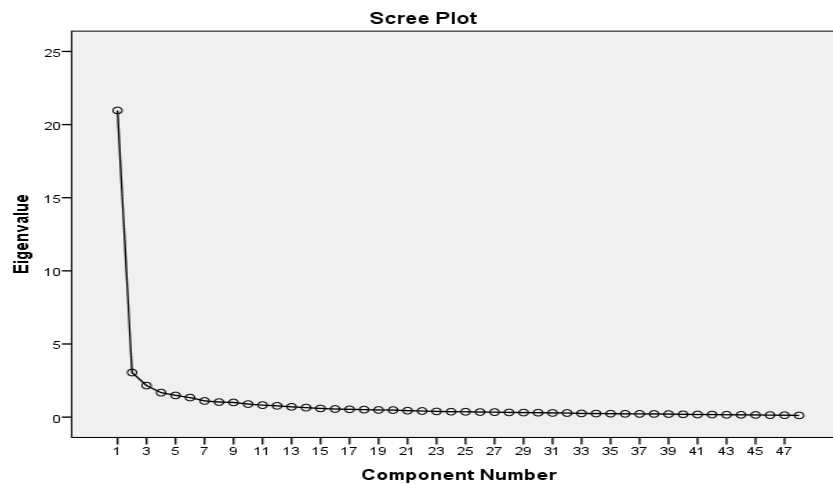


Figure 3.14 Factors Extraction-Scree Plot of eigenvalues

*Source: Author's Illustration, based on SPSS output*

The Factor Matrix table shows the factor loading before rotation and in this case loading less than 0.5 was requested to suppress as a small coefficient. Before rotation, most variables loaded high on the first factor, which is a common case as in this case. The main factor in the model is the “Services-Environment” which explains 43.67% of the total variance. The “Rotated Factor Matrix” presents the factor loading after rotation and provides the basis for interpretation of factors by forming a common theme among the items that load high on the same factor.

Table 3.8

# Rotated Component Matrix

Rotated Component Matrix <sup>a</sup>									
	Component								
	1	2	3	4	5	6	7	8	9
SE3 Store Environment	.801								
SE4 Store Environment	.759								
SE5 Store Environment	.727								
SE2 Store Environment	.692								
SS1 Store Services	.633								
SE1 Store Environment	.599								
SI1 Store Image	.558								
SI2 Store Image	.535								
SS2 Store Services	.528								
SS5 Store Services	.467								
SAT2 Satisfaction		.718							
SAT1 Satisfaction		.699							
SAT3 Satisfaction		.674							
ST1 Store Trust		.629							
SI3 Store Image		.610							
ST2 Store Trust		.592							
ST3 Store Trust		.561							
REC3Saleperson's Recommendation			.824						
REC2Saleperson's Recommendation			.784						
REC1Saleperson's Recommendation			.775						
SPL3 Saleperson Loyalty			.642						
SPL1 Saleperson Loyalty			.544						
SPL2 Saleperson Loyalty			.486						
SS3 Store Services				.693					
SC1 Store Competence				.684					
SC2 Store Competence				.643					
CSEL2 Consultative Selling				.551					
SS4 Store Services				.511					
CSEL1 Consultative Selling				.502					
SC3 Store Competence				.445					
RSEL2 Relational Selling					.777				
RSEL1 Relational Selling					.728				

RSEL3 Relational Selling					.515				
SA2 Store Assortment						.817			
SA3 Store Assortment						.772			
SA4 Store Assortment						.614			
SA1 Store Assortment						.483			
PBL3 Product Brand Loyalty							.769		
PBL1 Product Brand Loyalty							.762		
PBL2 Product Brand Loyalty							.733		
SL3 Store Loyalty								.787	
SL2 Store Loyalty								.633	
SL4 Store Loyalty								.626	
SL1 Store Loyalty								.518	
SP1 Store Price									.803
SP2 Store Price									.767
SP3 Store Price									.748
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									
a. Rotation converged in 8 iterations.									

Source: Author's Illustration, based on SPSS output

**Factor 1** contains total 10 items concerning intangible attributes of retail stores and explains 44% of the total variance. The structure of factor 1 comprises five items from “Store Environment” (SE1 to SE5); three items from “Store Services” (SS1, SS2, SS5); and two items from “Store Image” (SI1, SI2). Store image items (SI1, SI2) actually measure store attractive/pleasantness that connects with the network of “Store Environment” as a common theme. Store image items read “...is a pleasant place to shop” and “store provides attractive shopping experience” respectively. The factor can be named “Service-Environment” with an average mean score of 5.30.

**Factor 2** loads seven items together, three from “Satisfaction”( SAT1, SAT2, SAT3); three from “Trust”( ST1, ST2, ST3), and one item from “Store image”( SI3) with an overall mean score of 5.60. Store Image (SI3) “...offers high-quality products/services” actually reflects the trustworthiness of the store and loads together with “Satisfaction-Trust”. As store trust mainly depends on the quality of products and services offered at the store, therefore; it manifests as trustworthy. The overall mean score hints that retailers enjoy an impressive level of customer “Satisfaction-Trust”. More positive



assessment of store attributes leads to increased satisfaction-trust and subsequently store loyalty. Store loyalty may or may not be the direct outcome of store attributes; therefore, we employ “Satisfaction-Trust” as the mediating variable in this study.

**Factor 3** summarizes the data pertaining to “Salesperson’s Loyalty” (SPL1, SPL2, SPL3) and “Salesperson’s Recommendation” (REC1, REC2, REC3) under one common theme, which can be broadly termed as “Loyalty to Salesperson” with overall mean score  $m=4.84$ . The mean score for all items is between 4.75 to 5.03, which is not as high as expected. The only item Salesperson’s Loyalty (SPL2) has a mean value above 5.0 that indicates that customers’ acceptance of “Salesperson’s Recommendation” is not so high. The possible reason could be customers’ lack of trust in a salesperson or alternatively, they have enough brand awareness and product knowledge to make independent decisions. However, the means score is not too low or negative and we cannot discount the role of the salesperson in customer decision making of high involvement product category retail sector of Pakistan. The new factor “Loyalty to Salesperson” may predict “Store loyalty” as well as could play mediating role.

**Factor 4** loads together with a total of seven items under a common theme, which can be renamed as “Competence-Consultation”. The factor structure contains three items from “Store Competence” (SC1, SC2, SC3); two items from “Consultative Selling” (CSEL1, CSEL2), and two items from “Store Services” (SS3) with overall means score of 5.26. Store competence items were actually meant to measure retail brand personality and thus it loads with consultative selling items. Store Service item (SS3) measures “...employee is knowledge” that is why it sticks with a network of “Competence” scale. All the items loaded together actually measure “Competence”, “Knowledge” “Expertise”, and “Efficiency” of employees/salesperson. In a high involvement purchase situation, the role of the salesperson is more active and the customer expects to demonstrate competence, knowledge, and adequate skills to deliver the services.

**Factor 5** loads all items related to “Relational Selling” as RSEL1 to RSEL3 with an overall mean score of  $m=4.91$ . Results indicate low mean score of “Relational Selling” than “Consultative Selling”. The possible reason might be the number of reasons including high power distance in the society, conservativeness, or low social skills of employees to openly engage in discussion with customers on a variety of topics to build ties and relationships. In addition, it is not easy for a

salesperson/ employee to openly have discussions with females/families and try to know them on a personal level. However, the factor is distinct from normal retail services quality items.

**Factor 6** measures “Store Assortment” items (SA1, SA2, SA3, SA4) with average mean score  $m= 5.49$  for all items.

**Factor 7** measures “Product Brand Loyalty” with an overall mean score  $m=5.72$  for BL1, BL2, BL3. The factor loading is distinct from store loyalty or loyalty to the salesperson as per our expectations and thus forms a separate construct. The value of the mean score indicates that customers have expressed a high level of loyalty to manufacture than loyalty to store or salespeople. As we know, product brands reduce customers’ purchase risk and save time when making a brand choice. Therefore, customers maintain a stronger or primary level of loyalty to the manufacturer's brand.

**Factor 8** explains all four items of store loyalty (SL1, SL2, SL3, SL4) with an overall mean score of 5.20. It is the most sought outcome or dependent variable (DV) in this study. The variable mean score is higher than loyalty to the salesperson”, but less than product brand loyalty.

**Factor 9** measures the “Store Pricing” image with a mean score  $m= 4.68$  for all three items distinctive from other store attributes.

To test the reliability of extracted variables, Cronbach’s  $\alpha$  is used as an indicator of inter items reliability. Cronbach’s Alpha measures the internal consistency between all items in the given factor. In this questionnaire, we do not have any negatively worded statements, so no reverse coding is required to run the reliability test. Cronbach’s  $\alpha$  for each sub-scale was calculated to check the internal consistency between items as shown in Table 3.9. Cronbach’s  $\alpha$  for the total scale was 0.972 which is also above .70 and its good range to proceed with the next level of analysis. It is important to note that the response format used (Likert scale or continuous response format) in the questionnaire produces different results, that is to say, scales with a higher number of points produce a higher alpha  $\alpha$  score<sup>1</sup>.

Table 3.9

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<sup>1</sup>. Churchill GA & Peter JP, 1994, Research Design Effects on the Reliability of Rating Scales: A Meta-Analysis, Journal of Marketing Research, Vol. XXI, November 360-375.

### Reliability Measure of Cronbach's $\alpha$

Components	Cronbach's $\alpha$
Factor1 Services-Environment	.932
Factor2 Satisfaction-Trust	.930
Factor3 Salesperson Loyalty	.893
Factor4 Competence-Consultative selling	.885
Factor5 Relational selling	.799
Factor6 Store Assortment	.861
Factor7 Product brand loyalty	.847
Factor8 Store Loyalty	.885
Factor 9 Price image	.817

*Source: Author's Illustration, based on SPSS output*

At the end of EFA, we move to Confirmatory Factor Analysis (CFA), which is necessary when scale items are adopted from validated questionnaires. We use IMB SPSS-AMOSS (Version 26) and a handful of plugins available on the Statwiki website.

### Confirmatory Factor Analysis (CFA)

AMOS output gives us various information. The first information from AMOS output is about the model. The model is “*recursive*” with a sample size of 463. A recursive model is one that does not complete the cycle. For instance, A to B to C. In contrast, the *non-recursive model* is one that completes the cycle as A to B to C to A. CFA diagram is illustrated in the Fig 3.15 given below that shows different values. The values on the arrows between observed variables and latent variables show regression weight that is a standardized estimate-correlation between observed items. Whereas, unstandardized estimates give co-variance between two or more unobserved variables as in this case total of nine unobserved variables.

The equation for correlation between observed variables, for example, first item (Q.10) in the first variable can be written as  $Q_{10} = 1.0 \times \text{ATMOS factor} + \text{Error term}$ . These values are produced corresponding to 1 given/assigned to an item in the set of baskets. We can change the value by changing regression weight by assigning it to another item; however, the beta value does not change.

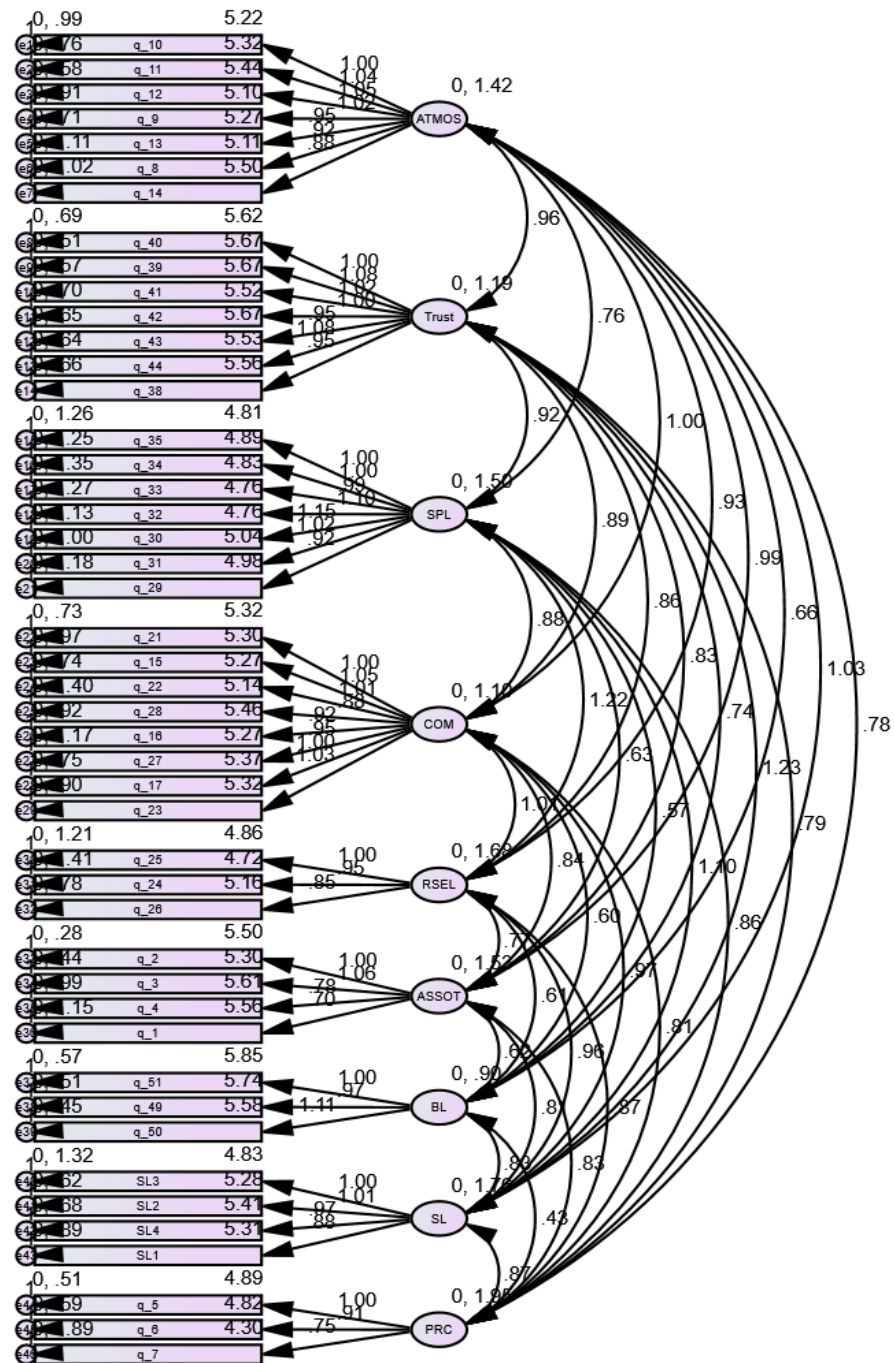


Figure 3.15 Confirmatory Factor Analysis

Source: Authors Illustration, based on AMOS-output

In this model, no rotation was applied to change the regression weight. For validity issues, the first thing is to check is P-value and it should be less than .05 ( $P < 0.05$ ). For this, we check the

Estimate. Estimates output, the first item is 1.000 and then have to look P- value should be less than .05. We have  $p < .05$  which means all factors are explaining their respective statements correctly (See Table 3.10).

### **Model Fitness**

The second check is the model fitness that is to check error terms are small or not. In the fitness model, we check the range of values. The saturated model represents maximum best values, while the independence model shows the possible poorest result in the model. There are two types of checks, the *goodness of fit* indicator (CFI, GFI, IFI, NFI, and AGFI) and the *badness of fit* indicator (RMSEA, RMR), and their values are between 0 to 1. The good of fit should ideally be 100% but it is not possible. Therefore, more than 95% is good. However, the tolerance level is above 90%. CFI above .80 (80%) is acceptable. AGFI values are always less because it is adjusted value. While *badness of fit* ideally should be zero and in practice acceptable up to 5-10%. Chi-square gives the magnitude of difference between observed and expected but its significance is biased.

Table 3.10

Minimum Discrepancy Per Degree of Freedom-CMIN/DF Output

Model	NPAR	CMIN	DF	P	CMIN/DF
<b>Default model</b>	174	3209.046	953	.000	3.367
<b>Saturated model</b>	1127	.000	0		
<b>Independence model</b>	92	16926.728	1035	.000	16.354

Source: Author's illustration based on AMOS-Output

CMIN is the minimum amount we get by assigning an arrow to any observed item. Dividing this value by DF (degree of freedom gives us CMINDF. AS thumb rule, if CMINDF value is less than 3.0, then all result/values will be good. Because Comparative Fit Index (CFI), Goodness-of-Fit Index (GFI) values are derived from it. In this case, the CMINDF value is 3.367, which is a good indicator for the study model. Default model, CFI value is .858 which is below 90% but is also acceptable.

Table 3.11

Root Mean Squared Error Approximation (RMSEA) Output

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.072	.069	.074	.000
Independence model	.182	.180	.185	.000

Source: Author's illustration based on AMOS-Output

RMSEA should not be more than 10% and in this case, it's .072, which meets the criteria. However, we can improve the model by establishing residual relationships, which were not explained in items/statements. So residual is an unexplained part of the model. The relationship or common reason between residuals could help to explain the unexplained part. Modification indices extract the relationship of each error with items and construct. By connecting errors make free parameters and improve the model fit. Therefore, we can check the modification indices and make a free parameter to improve the model. It is important to note that making free parameters is only possible within the items of the same construct. Modification indices show that if we repeat the analysis treating the covariance between e30 and e31 as a free parameter, the discrepancy will fall by at least 39.567. Similarly, if we repeat the analysis treating the covariance between e15 and e16 as a free parameter, the discrepancy will fall by at least 121.920. The total magnitude, Chi-square value = 3209.0, df 956 will fall down by 160 by making the above-mentioned a free parameter. By running the analysis, the degree of freedom falls from 956 to 951, and the chi-square value is 3006.45.

The new model fit is 3.1 and CFI increases to .871 and RMSEA value falls to .068. Further, we make free parameters e25 and e27 to improve the model. If we repeat the analysis treating the covariance between e25 and e27 as a free parameter, the discrepancy will fall by at least 91.599 with Chi-square = 2906.501 and Degrees of freedom = 950. As result, CFI increases to .877 which is almost near 90%. Therefore, the model is sufficiently good because increasing the number of free parameters is not a good idea/ practice. In other words, some other reasons could be responsible for the unexplained part. The logical reason is that we ask only certain statements/questions to measure the constructs and the possibility is for asking more questions to fully capture the construct.

In the next stage, we check construct validity and it has two types: the convergent and discriminate validity i.e.  $AV > .05$ . Convergent means how close are the variables in a specific construct. So convergent validity is between the items in a specific construct. Whereas, discriminate validity measures how far the variables/items are from other constructs. Table 3.12 shows Composite reliability (CR) of all constructs is higher than 0.7, which is acceptable. Average Variance Extracted (AVE) is also higher than 0.50, no need to remove any item to improve AVE and we have proper fit

as in this case. Malhotra N. K., Dash S. argues that AVE is often too strict, and reliability can be established through CR alone<sup>2</sup>.

Table 3.12

Validity Analysis

	C R	AV E	MS V	MaxR( H)	ATM OS	Trus t	SPL	CO M	RSE L	ASS OT	BL	SL	PR C
ATM OS	0.91 7	0.614	0.647	0.922	<b>0.784</b>								
Trust	0.93 1	0.657	0.723	0.932	0.738** *	<b>0.811</b>							
SPL	0.89 6	0.552	0.626	0.901	0.527** *	0.694* **	<b>0.743</b>						
COM	0.89 9	0.528	0.647	0.905	0.805** *	0.776* **	0.676* **	<b>0.727</b>					
RSEL	0.75 0	0.505	0.629	0.789	0.666** *	0.656* **	0.791* **	0.793* **	<b>0.711</b>				
ASSO T	0.87 0	0.631	0.451	0.916	0.671** *	0.618* **	0.415* **	0.648* **	0.480* **	<b>0.795</b>			
BL	0.84 7	0.649	0.520	0.851	0.582** *	0.721* **	0.500* **	0.601* **	0.496* **	0.533** *	<b>0.806</b>		
SL	0.88 5	0.658	0.723	0.891	0.654** *	0.850* **	0.683* **	0.695* **	0.600* **	0.494** *	0.661* **	<b>0.811</b>	
PRC	0.83 3	0.630	0.297	0.877	0.470** *	0.518* **	0.504* **	0.545* **	0.514* **	0.482** *	0.326* **	0.469* **	<b>0.794</b>

Significance of Correlations:

†  $p < 0.100$

\*  $p < 0.050$

\*\*  $p < 0.010$

\*\*\*  $p < 0.001$

Source: Author's illustration based on AMOS-Output

Third, the diagonal values (reliability values) are higher than correlation values between the items that also indicate model fit. CFA ends here with positive results of regression, model fitness,

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<sup>2</sup> Malhotra N. K., Dash S. (2011). Marketing Research an Applied Orientation. London: Pearson Publishing.

and validity. Regression weights of all variables produced in AMOS are illustrated in *Appendix Table 12*, which further shows the suitability of CFA analysis.

### Multiple Linear Regression Model

Regression analysis is used to find relationships between variables and the strength of relationships between variables. In order to run the multiple regression analysis, the study design should have at least two or more than two IV and one DP and all should be on a metric scale. For each predictor variable, we need a 20-sample size, if 3 IV, then 60 cases are required, etc. This rule only applies if DV is normally distributed, If not, then we need more sample size. We met the conditions and have six independent variables and one dependent variable as described below.

**Independent Variables (IVs):** 1) *Assortment*, 2) *Price*, 3) *Environment-Services*, 4) *Competence-Consultative Selling*, 5) *Relational Selling Behaviour*, 6) *Salesperson Loyalty*.

**Dependent Variable (DV):** *Store Loyalty*.

First, we check for the multi-collinearity (coefficient) as the independent variable shows at least some relationship with the dependent variable. In other words, R-value is greater than 3.0. In Pearson correlation, all six predictor variables have values greater than .30 such as ASSOT (.539), PRC (.520), ATMOS (.705), COMP (.753), RESEL (.682) and SPL (.741). The tolerance values for all predictor variables are well above .10 and VIF values are less than 10. However, variable COMP and RSEL tolerance level are just above the threshold .130 and .125 (above .10) and VIF-variance inflation factor, which is inverse of tolerance at 7.6 and 8.0 less than 10, which shows no concern for multi-collinearity.

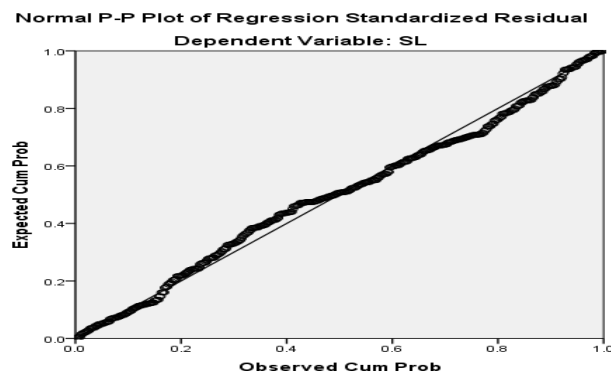


Figure 3.16 Probability Plot of the residuals from regression

*Source: Author's Illustration, based on SPSS results*



Normality and outlier check was done through Probability Plot as illustrated in Fig 3.16. The probability plot shows the dots lie reasonably close to the perfect line with little deviation. It is not possible to get a line of best fit in practice and the line seems a good fit. In addition, the Scatter Plot does not have a systematic or clear pattern of dots and it is roughly clustered in the center, which suggests that the assumption of linearity has been met. Further, by looking at the dots, no cases approach close to +4 or -4 or near its neighborhood. In residual statistics, the maximum value of cooks distance is .069, which is much less, than 1.0 which indicates any outlier or individual does not have undue influence to predict the outcome.

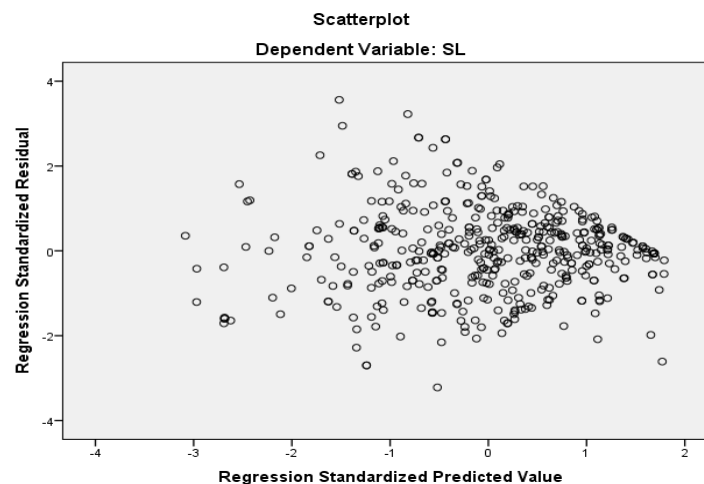


Figure 3.17 Scatter Plot

Source: Author's Illustration, based on SPSS results.

### Checking the Quality of Model

Checking the quality of the model is performed in three steps as given below.

#### Step 1: R-Square Value

$R$  is the correlation that shows how two variables move in relation to each other, whereas,  $R$ -Square is also called the *coefficient of determination*.  $R$ -Square is the amount of variation in the outcome variable explained by the model relative to the total variation in the outcome variable. We are confident to use to  $R$ -Square instead of adjusted  $R$ -square because we have a good sample size and our dependent variable (Store Loyalty) is normally distributed.

Model summary table 3.13 shows  $R$ -square .713 which means 71% of the variance in the dependent variable is explained by the model. In other words, .713 taken as a set, the predictors including *assortment*, *price*, *environment-services*, *competence-consulting*, *relational selling*, and *salesperson's loyalty* accounts for 71% variance in store loyalty.  $R$ -Square tells us that our model

explains 71% of the variance on the dependent variable that is statistically significant (.000). It means if the p-value ( $<0.05$ ) then the variable is significant in the model and coefficient values are significant and different from Zero. The proportionality of variability in *Y*-dependent variable (SL) explained by *X*-Independent variables is 71%, which should be ideally above 80% for prediction.

However, 71% variability is within good range, and remaining 30 % of the variance in the outcome variable (Store Loyalty) could be explained by other factors, which were not included in the study such as location, promotions, etc. This base model contains six IVs which explain 71% of the variance on the dependent variable and the model is overall significant, thus we meet the first criteria of quality check.

Table 3.13

Regression Model Summary

Change Statistics									
					R Square Change	F Change	df1	df2	Sig. F Change
1	.844 <sup>a</sup>	.713	.709	.68429	.713	188.591	6	456	.000
a. Predictors: (Constant), SPL, ASSOT, PRC, ATMOS, COMP, RSEL									
b. Dependent Variable: SL									

Source: Author's Illustration, based on SPSS results

### Step 2: Overall Quality of Model

ANOVA output table tells whether *R-Square* is significantly greater than zero or not? *R-Square* multiplied by 100 is the percentage of the total variation in the outcome variable (SL) that is explained by the model. A value less than .05 tells us the *R-Square* value is significantly greater than zero. The overall regression model was significant (sig .000) as illustrated by the equation.

$$F(6, 456) = 188, p < .001, R\text{-Square} = .713$$

*F-ratio* is the statistical test of the model. The null hypothesis is  $\beta_1 = \beta_2 = \beta_3 = \dots + \beta_k = 0$  and the alternative hypothesis is that at least one of the variables  $\{\beta_1, \beta_2, \beta_3 \dots \beta_6\}$  is not zero. Under the null hypothesis that all coefficients are zero. *F*-statistic follows *F*-distribution with *k* and *n-k-1* degree of freedom. The large value of *F* is statistically significant as illustrated in the equation above. Since the *p-value* in ANOVA is .000 < than 0.01, So we can reject the null hypothesis (*H*<sub>0</sub>) and accept the alternate hypothesis (*H*<sub>1</sub>). It implies that means scores in SL are not equal among all six IVs.

The ANOVA test the null hypothesis that the slope of Y is zero. Results show the significance of the overall model.

### Step3- Checking Regression Coefficients

The multiple regression model is more than two (k) explanatory variables (regressors) is

$$SL = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \beta_6 + \epsilon_i$$

The regression coefficient  $\beta_0$  is the constant value of store loyalty when everything is zero.

While  $\beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \beta_6$  are regression coefficient (slope) and E is random component.

$$SL = \beta_0 + \beta_1 \text{ASSOT} + \beta_2 \text{PRC} + \beta_3 \text{ATMOS} + \beta_4 \text{COMP} + \beta_5 \text{RSEL} + \beta_6 \text{SPL}$$

$$SL = .411 - .068 .040 .419 .527 -.706 .846$$

$$SL = (.000) (.102) (.206) (.000) (.000) (.000) (.000)$$

Table 3.14

Regression Coefficients for Linear Relationships (Base Model)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.411	.174		2.355	.019		
	ASSOT	-.068	.041	-.064	-1.637	.102	.417	2.397
	PRC	.040	.032	.042	1.266	.206	.576	1.736
	ATMOS	.419	.058	.382	7.266	.000	.228	4.386
	COMP	.527	.087	.421	6.054	.000	.130	7.689
	RSEL	-.706	.086	-.580	-8.175	.000	.125	8.004
	SPL	.846	.061	.721	13.904	.000	.234	4.274

a. Dependent Variable: SL

Source: Author's Illustration, based on SPSS results

A standardized beta coefficient is used to compare the strength of the effects of each individual variable in the model to the dependent variable SL. The higher the value of the beta coefficient, the stronger the effect. In this case, SPL has the higher beta value (.72) which means the variable has strongest effects as compared to RSEL (-.580); COMP (.42) and ATMOS (.382). The comparison tells the relative importance of each variable in the model as each variable have different strength of the effects on the dependent variable. Standardized coefficients are useful in explaining variables with different measurement units such as age, income, weight, height etc. The variable is

standardized by subtracting the mean value from the variable and then dividing by its standard deviation that result in a mean score of 0 and a standard deviation of 1.

Standardizing these variables allows comparison between variables. For example, COMP-competence has a standardized beta coefficient of .421, which implies that with every increase of one standard deviation in-store competence, store loyalty increase by .421 standard deviation. Similarly, with every increase of one standard deviation in-store atmosphere, the store loyalty increases by .382 standard deviation. Next, the RSEL ( $b=.721$ ,  $p=.000$ ) is strongest effects but its coefficient is negative that indicating the greater proportion of relational selling case low store loyalty. Adopting RSEL (is highly related to SPL-“loyalty to the salesperson” than a retail store, which makes sense.

We focus on unstandardized coefficients as the independent variables are measured in the same unit. Using an unstandardized coefficient represents the amount of change in a dependent variable if we change the independent variable one unit, while other factors remain the constant. It analysis the individual effects of an independent variable(X) on the dependent variable(Y). The interpretation is intuitive and straightforward without any adjustment. The sign of the regression coefficient indicates whether the correlation between each independent variable and the dependent variable is positive or negative. A positive coefficient indicates an increase in the value of the independent variable(X) causes an increase in the value of a dependent variable(Y) and vice versa. The variable X is also called repressors. The statistical significance of an explanatory variable is determined by the t-statistics. However, the economic significance of an explanatory variable is determined by a *standardized regression coefficient*. The standardized coefficients are computed when  $Y_i$  (SL) and all repressors (X) are standardized to have mean 0 and variance 1.

Repressors in the model including ATMOS (*Environment-Service*), COMP (*Competence-Consultative Selling*), RSEL (*Relational Selling*) and SPL (*Salesperson's Loyalty*) are the only significant variables since their p-values are significant (.000). While ASSOT and PRC are non-significant predictors of SL. As far as the store merchandize and price variable are concerned, it is found that they no longer explain SL. It is not surprising to see the non-significant contribution of *Merchandize and Price* variable in customer choice of store. In consumer electronics, retailers are offering almost similar products which no longer serve as source of competitive advantage and brand loyalty. More precisely, manufacturer brands or national brands are easily available at a large number of retailers, so the variable does not have a significant impact on store loyalty.

In addition, there are minor price differences among retailers from \$10-20 per product/item, which is relatively very small in comparison to the total price of product (\$500-1000). Little price differences do not really matter to customers buying expensive consumer electronics items for their dream home which make the variable non-significant to predict loyalty with retailers. However, the price is important variable for most customers; but in this case, price is non-significant predictor of store loyalty.

By looking at the values of standardized coefficients, the most important predictor variable is SPL with beta .846 followed by RESEL with -.706, COMP with .527 and ATMOS .419 the least important explanatory variable. All these variables have statistically significant ( $p < .001$ ) and have unique contributions to predicting outcome variable-SL. Since, the predictor variable SPL, COMP, RESEL and ATMOS are statistically significant and account for significant amount of unique variance in SL, which other variables do not explain. In this context, we interpret the metric to find the relationship of each variable as below.

If the independent variable ATMOS (*Services Quality & Environment*) increase by one unit (services standard and comfortable atmosphere per customer interaction), then Store loyalty increases by .419 units from the range 1-100 or scale 1-7), *ceteris paribus*. So improving services quality and store atmosphere per customer visit in the store, result into increases SL. Similarly, if COMP (*Competence of Employee and Consultative Selling*) increases by one unit, SL increases by .527 units from the range 1-100 or scale 1-7, *ceteris paribus*.

If RSEL (*Relational Selling*) increases by one unit, the SL decrease by -.706 units from the range 1-100 or scale 1- 7, *ceteris paribus*. It implies that relational selling behavior does not have a positive direct impact on store loyalty. Customers may not like personal talking and engaging in a friendly relationship with salespeople because of cultural or religious barriers in the context of Pakistan. Further, relational selling behavior possibly leads to salesperson loyalty-SPL instead of store loyalty. By adopting high relational selling orientation reduces store loyalty, and salespersons need to focus on consultative selling orientation. In other words, an increase in *relational selling* may lead to an increase in “Salesperson Loyalty”, not to the retailer. The negative relationship between the variables actually means, if the salespersons leave the store, customers will also switch over the store and will buy from the same salesperson irrespective of the store name.

Another reason of RSEL negative relationships with SL could be due to fact that customers may not feel comfortable when salesperson try to know them on personal level, carry discussion on variety of topics, especially with female customers and religious orientated family person. Socio-cultural barriers may cause negative effects of relational selling behavior on store loyalty. However, the variable is subject to further testing to see if RSEL has positive relationship with SPL or serve as a mediator.

The last variable is “Loyalty to Salesperson-SPL” and the unstandardized Beta coefficient indicates that one unit increase in SPL increase SL by .846 from the range 1-100 or sale 1-7, *ceteris paribus*. SPL is the strongest predictor of store loyalty among all other explanatory variables followed by COMP (*Competence and consultative selling*) and ATMOS (*Services-Environment*). Therefore, increase in “Loyalty to Salesperson” increases “Store loyalty” because customer become dependent on the services provided by the salesperson. Despite the strongest effects of SPL on SL, the variable does not qualify as functional or psychological attribute of store.

In order to improve the model, explanatory variable SPL (loyalty to a salesperson) is not the true measure of the functional or psychological feature of the store as other variables such as ATMOS, COMP and RSEL. In factor analysis, the variable came into form as the result of three items from “Loyalty to Salesperson: and three items from “Salesperson’s recommendation” which make the variable more close to outcome variable rather explanatory variable. SPL is a candidate for a variable to be excluded from the final model. Theoretically, a regression model is *over-specified* if some irrelevant explanatory variables (SPL) is included in the model. Including irrelevant explanatory variable in the model leads to less precise parameter estimates (larger standard errors). Thus, we get rid of (SPL) as an explanatory variable in the model and use it as dependent variable or moderator later on. Hence, removing irrelevant explanatory variable leads to high efficiency and reduce biased in the research results.

### **Improved Regression Model**

By running multiple linear regression by eliminating SPL, while keeping the other five IVs, the *R-Square* is .591 that explains almost 60% of the variance on the dependent variable and it is statistically significant (.000). In theory, adding a more explanatory variable in the model always result in a higher value of *R-Square* and removing the variable leads to a lower value as in this case. However, excluding the explanatory variable SPL does not worsen the fit of the model and improves the precision of the estimated regression coefficients of the explanatory variables.

$$F(5, 457) = 132, p < .001, R \text{ Square} = .591$$

Consistent with the base model, COMP (competence-consultative selling) and ATMOS (service-environment) are the only significant variable since their p-values are significant (.000). While, ASSOT and PRC remains non-significant as their  $P > .001$  ( $P = .351, .008$ , respectively). Moreover, RESEL becomes a non-significant predictor of SL as its p-value is greater than .005 ( $p = .201$ ). It implies that the RESEL variable has a strong link with SPL (loyalty to a salesperson) because as long as SPL was removed from the model, RESEL influence on SL changed from significant to non-significant. It is also interesting to observe the notable change in the significance level of PRC (Price) that improves little ( $p = .008$ ) but just fall outside the acceptable range.

Table 3.15

Regression Coefficients for Linear Relationships (*Improved Model*)

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.530	.208		2.554	.011		
	ASSOT	-.046	.049	-.043	-.933	.351	.418	2.394
	PRC	.101	.038	.104	2.676	.008	.587	1.703
	ATMOS	.269	.068	.245	3.984	.000	.236	4.233
	COMP	.551	.104	.441	5.316	.000	.130	7.686
	RESEL	.098	.076	.081	1.281	.201	.226	4.416
a. Dependent Variable: SL								

Source: Author's Illustration, based on SPSS results

However, if the alpha-confidence level was set at 90%, then the price was a statistically significant predictor in customer choice of store. However, we keep the confidence level at 95% and discount the significance of the price variable as a predictor of SL. It can be inferred that store-pricing policy is a critical factor in store patronage and purchase intention than assortment quality and merchandize. In conclusion, the means of all IVs in the regression model is not equal and we can reject the null hypothesis. ATMOS and COMP are psychological or intangible attributes of retail stores with a significant impact on SL. While, assortment and price are tangible attributes of the retail stores that have an insignificant impact on store loyalty. In addition, relational selling in comparison

to consultative selling has a non-significant impact on SL. Regression model results obtained from IBM-AMOS software also indicated similar results as illustrated in Fig 3.18 below.

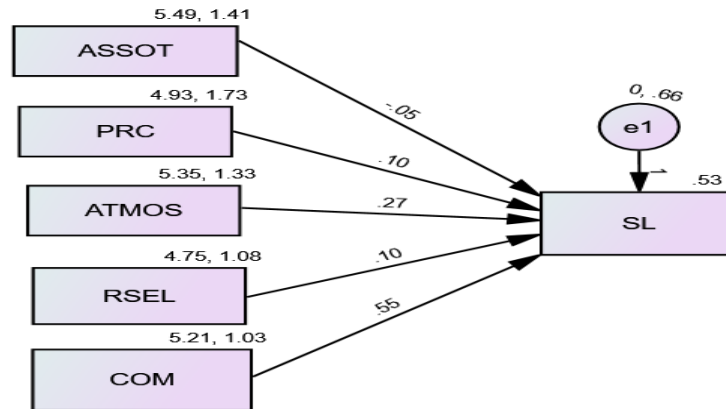


Figure 3.18 Regression Model -AMOS

Source: Author's Illustration, based on AMOS results

### Regression Sub-Model-A

**Independent Variables** = COMP (Competence-Consultative Selling) and RSEL (Relational Selling)

**Dependent Variable** = SL (Store Loyalty)

Table 3.16

Regression Output for Sub-Model-A

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.755 <sup>a</sup>	.571	.569	.83293	.571	305.738	2	460	.000

a. Predictors: (Constant), RSEL, COMP

b. Dependent Variable: SL

Source: Author's Illustration, based on SPSS results

*R-Square* explains .57 (57%) of the variance on dependent variable (SL) and model is statistically significant (.000) as:  $F(2, 460) = 698, p < .001, R \text{ Square} = .571$

Since, p-value in ANOVA is  $.000 <$  than 0.01, we reject the null hypothesis ( $H_0$ ) and accept alternate hypothesis ( $H_1$ ). Means are not equal in the model.



$$SL = \beta_0 + \beta_1 COMP + \beta_2 RSEL + E$$

$$SL = .630 + .820 + .137$$

$$SL = (.002) \quad (.000) \quad (.068)$$

Table 3.17

#### Regression Coefficients for Sub-Model-A

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.630	.203		3.101	.002
	COMP	.820	.077	.655	10.620	.000
	RSEL	.137	.075	.113	1.829	.068

a. Dependent Variable: SL

Source: Authors Illustration, based on SPSS results

Again, consistent with the base model, COMP is the only significant variable with p-value less than .001 and it is the strongest predictor of store loyalty with a beta value of .820. While RSEL (*relational selling*) is statistically insignificant and does not contribute to predicting Store Loyalty. By interpreting unstandardized coefficients, it is found that If COMP increases by one unit, SL increase by .820 units from the range 1-100 or scale 1-7, ceteris paribus. Increasing competence personality dimension and consultative selling behaviour of salesperson leads to increase in-store loyalty. While an increase in relational selling does not have a significant impact on store loyalty. The main reason for the non-significance of relational selling to predict SL may involve the mediating role of SPL-Loyalty to the salesperson. If a salesperson highly demonstrates relational selling behaviour (e.g personal talking, discussions on a variety of topics, asking about the well-being of customers etc.) during service encounters, then customers feel more connected and committed to the salesperson rather than a retail store. Thus, relational selling has an indirect relationship with SL but it is an important variable in fostering customer-employee relationships. Hence, it is essential to find out the relationships between SPL, COMP and RSEL.

#### Regression Sub-Model-B

In this sub-model, we analyses the effects of explanatory variables COMP and RSEL on SPL as the outcome variable. Thus, in this model, the DV changes from SL to SPL. The model summary shows that *R-Square* explains .752 (75%) of the variance on the dependent variable (SPL) and the model is statistically significant (.000) as:

$F(2, 460) = 698, p < .001, R^2 = .752$

Since, the p-value in ANOVA is  $.000 < .01$ , we can reject the null hypothesis ( $H_0$ ) and accept the alternate hypothesis ( $H_1$ ). Means are not equal.

$$SPL = \beta_0 + \beta_1 COMP + \beta_2 RSEL + E$$

$$SPL = .187 \quad -.088 \quad .972$$
$$(.155) \quad (.080) \quad (.000)$$

The regression coefficient indicates that RSEL is the only significant predictor of SPL-Loyalty to Salesperson, whereas COMP is non-significant. If RSEL increases by one unit, SPL will also increase by .972 units, from a scale of 1-7, *ceteris paribus*. Competence selling behavior does not have any influence in predicting SPL. It is interesting to note that RSEL has a significant impact on SPL, while the opposite is true for COMP. In contrast, the COMP variable has a significant impact on store loyalty and the opposite is true for the RSEL variable.

### Mediation Analysis

The study involves the mediating role of “Satisfaction-Trust” between IVs and DV. Mediation analysis tells us what leads to what? Mediator intervenes between predictor and outcome variable to explain relationship path. Baron and Kenny (1986)<sup>3</sup> suggest three steps to test mediation as 1) Independent variable should have a significant effect on dependent variable at first; 2) Independent variable must predict mediator variable; and 3) Mediator must predict the dependent variable. According to Baron and Kenny, *Full Mediation exists* if the independent variable effect on the dependent variable decreases (*Insignificant Beta Weight*) by involving mediator than direct effects. *Partial mediation* takes place if Beta weight reduces than direct effects but remains significant. AMOS is used to check the estimates output and the direct effects of variables defined in the path.

### Mediation Model-A

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<sup>3</sup> Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173-1182.

We use “Satisfaction-Trust” as a mediator between IVs (ATMOS and COMP) and DV (SL). Regression results have already proved the significance of the impact of these two explanatory on SL. Fig 3.19 illustrate relationship between IVs and DV with mediating role of Satisfaction-Trust.

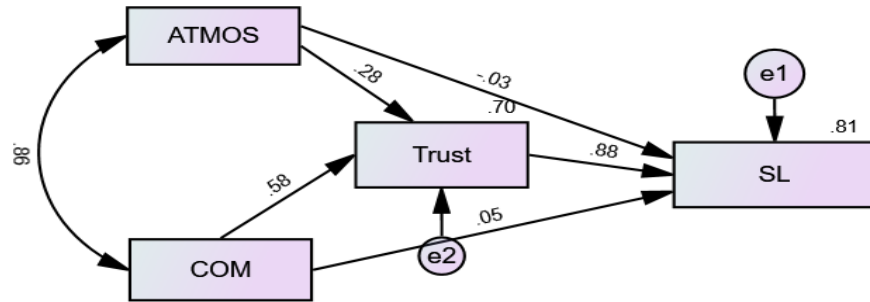


Figure 3.19 Mediation Model-A

Source: Authors Illustration, based on AMOS-results

**Step-1:** The estimates Table 3.18 shows that independent variables (ATMOS and COMP) have an insignificant impact on dependent variable (SL), while the independent variable effects on the mediator (Trust) is significant and Trust effect on dependent (SL) is also significant.

Table 3.18

Mediation Model-A Regression Weights

		Estimate	S.E.	C.R.	P	Label
Trust <---	COM	.608	.052	11.797	***	
Trust <---	ATMOS	.261	.045	5.777	***	
SL <---	ATMOS	-.028	.044	-.636	.525	
SL <---	COM	.062	.056	1.111	.267	
SL <---	Trust	1.052	.044	23.864	***	

Source: Author's calculations based on AMOS results

Results indicate that full mediation exists according to Baron and Kenny (1986). Further, the analysis of standardized regression weights indicates the strength of each path. In this case, Trust to SL has the highest weight .880, followed by COMP to Trust (.58). By involving the mediator variable (Trust), independent effects on the dependent variable become insignificant.

**Step-2:** Next, we see the total indirect effects of COMP on SL is .640 and ATMOS on SL is .275. In Bootstrap, the confidence interval set at 95%, total indirect effect for lower bound and upper bound shows that lower bound indirect effects for COMP on SL is .405 and upper bound is .623.

**H<sub>0</sub>: IE=0** (the indirect effects of a predictor variable on the outcome variable is zero).

In this case, zero falls outside of this range, so we infer that indirect effect on the population is non-zero. We can say the indirect effects is statically significant and accept the alternate hypothesis (H1). Therefore, in COMP, total indirect effect is non-zero (statistically significant). Similarly, when we look at ATMOS score, lower and upper bound (.125, .370), it again shows that total indirect effects of ATMOS on SL is statistically significant, with two-tailed significance at 95%. The indirect effects of COMP on SL is statically significant  $p < .001$ . The indirect effect of ATMOS on SL is statically significant  $p < .001$ . This gives us the layout for total indirect effects.

**Step-3:** In this step, we calculate specific indirect effects, and we label the parameters and specify user-defined estimates in AMOS as ATMOS to Trust= A, Trust to SL= B and COM to Trust = C. Again, the estimates shows that parameter A, B and C are significant, while the independent effect on dependent is not significant. According to Baron and Kenny, this is the case of full mediation. Whereas, according to Hyes process, we check that indirect path is significant or insignificant?

**Step-4 & 5:** We check user define estimates output and get the value of  $A \times B = .238$ . To check this value is whether significant or insignificant, we look at the user-defined estimate and found that the indirect path is significant  $p < .01$  as stated below.

Parameter	Estimate	Lower	Upper	P
A x B	.275	.138	.409	.001

For path C to B, the value is .640 and it is statistically significant,  $p < .001$ . Thus, it can be concluded that the indirect path is significant and full mediation exists in this case. Satisfaction-Trust plays a full mediating role between store attributes and store loyalty.

#### **Mediation Model-B:**

In this model, we use SPL as a mediator between RESEL (relational *selling*) and SL. Previous results obtained in Sub-Models-A indicated that RSEL has a significant impact on SPL but insignificant on SL. Therefore, we use mediation analysis to check if SPL plays mediating role between RSEL and SL. According to Baron and Kenny, full mediation exist because IV (RSEL) effect

on Mediator (SPL) is significant and mediator to DV (SL) is also significant; whereas IV to DV direct path is non-significant as table illustrated in Table 3.19

Table 3.19

Regression Weights for Mediation Model-B					
		Estimate	S.E.	C.R.	P Label
SPL	<--- RSEL	.898	.024	37.284	***
SL	<--- RSEL	.196	.076	2.598	.009
SL	<--- SPL	.705	.073	9.683	***

Source: Author's illustration based on analysis

Further, we go through the Hyes process and estimate indirect effects by defining parameters. User define estimate  $A \times B = .634$ . We check the probability value of AB score in bootstrap confidence, percentile method, two tail significant, which show  $p < .001$  as stated below.

Parameter	Estimate	Lower	Upper	P
A x B	.634	.482	.767	.001

The indirect path is insignificant and full mediation exists in this case. It can be concluded that SPL plays mediating role between relational selling and store loyalty. In other words, relational selling behaviour leads to salesperson loyalty that in turn leads to store loyalty as shown in Fig 3.20

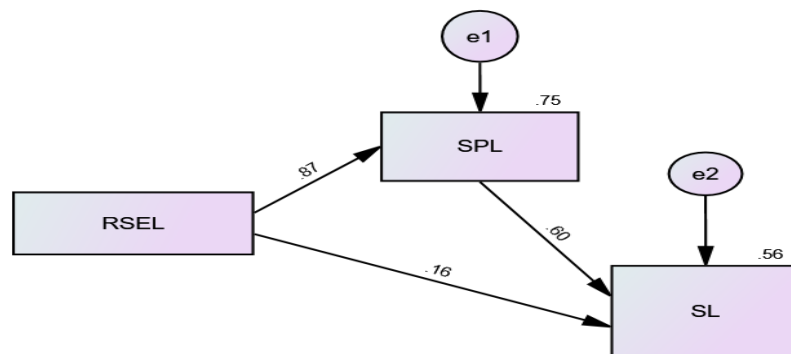


Figure 3.20 Mediation Model-B

Source: Author's own illustration based on AMOS results.

In conclusion, the mediation analysis explains what leads to what and the flow of variable relationships with each other. By performing mediation analysis, we find that customer satisfaction-

trust is a precondition for true brand loyalty to exist. Retail store attributes do not directly cause brand loyalty, rather it goes through satisfaction and trust. Similarly, relational selling effects store loyalty only through SPL.

### **Correlation between Loyalty to Salesperson, Retailer and Manufacturer**

Correlation is used to find how strong the relationship between data or variables is. The main condition for running correlation is two variables should be metric scale or continuous. Whereas, in the case of nominal scale, cross-tabulation is performed instead of correlation. In this study, we have a metric scale; therefore, use correlation to find the relationship between three levels of customer loyalty to a) *Salesperson*, b) *Retail Store* c) *Manufacturer*. In correlation, there is no such IV and DV as in the regression. The main feature of correlation is to be free from the concern that which one affects which, rather we just look at the relationship between two variables. Before calculating coefficient, first, there is, need to see the graph, the scatter plot of two variables, which tells about the linear relationship. As three variables are on the metric scale, we use *Person Correlation* to look at the strength of the relationship. Correlation coefficients are used to measure the strength of the linear relationship between two variables. Correlation coefficient value between -1 and 1, where 1 indicates a strong positive relationship, while -1 shows a strong negative relationship and zero means no relationship exist at all.

### **Correlation between SPL-Loyalty to Salesperson and BL-Product Brand Loyalty**

The correlation coefficient between SPL and BL gives us a value of .561,  $p = .000$ . The larger the value, the stronger the relationship. The relationship is strong if the value is close to 1, and in this case, the relationship is moderate as the value is .561. The value is positive which means if one variable increases, the other will also increase. A positive increase in one variable, there is a positive increase in other variables with a fixed proportion. If the value is negative, it means if one variable increases, the other variables will decrease. However, the relationship between SPL and BL is moderate positive. It implies that if customer loyalty to salespeople (SPL) increases, the other variable product brand loyalty (BL) will also increase. Loyalty to a salesperson does not have a negative influence on the manufacturer and the result makes sense because customers accept the advice/recommendation of a salesperson in decision making that positively leads to a favorable image of the product brand. If a salesperson recommends a quality product to the customers that will have positive effects on customer-salesperson, relationships but also on manufacturer brand equity.

In conclusion, salespeople using relational selling behavior can generate customers' loyalty to themselves as well as a positive influence on the manufacturer brand. However, the relationship is moderate level but salesperson still can play a critical role in building a positive image of the manufacturer brand.

### **Correlation between Store Loyalty and Product Brand Loyalty**

The correlation coefficient value is .733, sig .000 which means there is a strong positive correlation between store loyalty and product brand loyalty. The coefficient measures how these two variables change together. As the coefficient is greater than zero and positive which indicates that both variables move in the same direction. The relationship between variables is much stronger since the value is closer to 1 (.733). So, if one variable increases, the other variable will increase with the same magnitude. It implies that if store loyalty increases by one unit, product brand loyalty will also increase with the same magnitude. The relationship is positive, which means if SL increase, BL will also increase and both moves in the same direction. Store loyalty is second-order loyalty and has a strong correlation with first-order loyalty (BL). The relationship strength increases from SPL to SL and BL. It is concluded that store loyalty enhances the brand equity of the manufacturer. Retailer's offers enhance customer experience that leads to a positive evaluation of product brand. Further, we run a linear regression model to measure the relationship between these three variables. In this case, we take BL as the dependent variable, whereas SL and SPL as independent variables. The results show R-Square .538 (53%), Sig .000. Therefore, we reject the null hypothesis (H0) and accept the alternate hypothesis (H<sub>1</sub>) means are not equal.

### ***Linear Regression Equation***

$\beta_0$  is constant, while  $\beta_1 + \beta_2$  are regression coefficient and E is random component.

$$BL = \beta_0 + \beta_1 SL + \beta_2 SPL + E$$

$$BL = 2.09 \quad .492 \quad .032$$

$$(.000) \quad (.000) \quad (.405)$$

The unstandardized beta value shows that SL has a significant impact on variables on BL, while SPL has a non-significant impact. It clearly indicates that SPL-Loyalty to Salesperson does not have a significant impact on product brand loyalty. In other words, SPL does not directly translate into product brand loyalty; rather it first leads to store loyalty and then product brand loyalty. Similarly, the correlation coefficient value between SPL and BL was not so high, which demonstrates a weaker relationship between the two variables. Hence, the correlation between SL and BL is positive

and both variables move in the same direction. Whereas, the relationship between SPL and BL is positively moderate.

### **Comparison of Research Results with Previous Studies.**

Empirical results from the study show a significant impact of services quality, store environment, consultative selling behaviour and competence on store loyalty. The relationship between these variables is mediated by *satisfaction-trust*. Previous studies also show a positive relationship between services quality, satisfaction and loyalty (Jain and Agarwal, 2017; Ha & Janda, 2014; Han & Hyun, 2013). Thesis results clearly indicate that *Services-Environment* and *Store Competence* significantly influence customer choice of retail store. These are intangible factors and previous literature indicates that intangible factors play important role in building store loyalty (Zeithaml et al., 1996). Services quality and environment are key factors that affect loyalty and purchase intentions (Sirohi et al., 1998; Baker et al., 1994). Moharana & Pattanaik, (2018) also claims that store atmosphere and service quality are the key determinants of store patronage behaviour in the context of India. Services quality is an antecedent of brand loyalty and enjoys great importance in retailing literature. Our results are consistent with previous literature and show the significance of retail *services and the environment*. Further, previous literature provides evidence for mediation effects of *trust and satisfaction* on brand loyalty (Nikhashemi and Valaei, 2017).

Customer satisfaction has a direct relationship with loyalty (Martenson, 2007) and loyalty is the outcome of customer satisfaction (Cronin et al., 2000). Chen and Fu (2015) established service quality influence store loyalty through the mediation effect of satisfaction and these findings are similar to our results. Marketing literature identifies brand trust key element of brand loyalty (Fung, King, Sparks, & Wang, 2013); retailers trust significantly influence customers purchase intentions (Jones and Kim 2010). Drawing from the empirical findings of this thesis, services quality, customer satisfaction and brand loyalty are closely related. In other words, quality services lead to customer satisfaction that in turn affects store loyalty. As we know from the literature, satisfaction refers to post-purchase evaluation and influence consumers' intentions to revisit the store. Interaction quality and problem-solving capability are the key dimensions of retail service quality and these variables play critical roles in customer satisfaction with retailers.

Despite the differences in direct and indirect effects of services quality on loyalty behaviour, the construct remains highly important in retail brand positioning. Services quality is unique and subjective in each cultural context as well as in product category; measurement of the variable in the



context of Pakistan was imminent. Results indicate that customers give high importance to intangible dimensions of retailers' services than tangibility features, which is consistent with previous studies in Asian countries (Mattila, 2001). Since, one of the key research objectives was to measure the effects of services quality on store loyalty, which has been proved by the empirical findings and previous literature. In addition, empirical findings show that the *store environment* has a direct and positive relationship with store loyalty intentions, which are consistent with previous studies (de Villier et al., 2018; Belwal and Belwal, 2017).

Positive experiences in the store increase customers trust in retailers (Sweeney et al., 2016) and perceived credibility (Guyader et al., 2017). Offering a unique store environment can satisfy customers' social and leisure needs in addition to transactional value. Previous literature suggests that store environments influence utility and pleasure-seeking (Maggionia et al., 2019); and retail patronage behaviour (El Hedhli et al., 2016). The store design is one of the key aspects of the store environment (Garaus et al., 2015) and it should be the focal point in the development of the store environment.

Research findings also highlight the significance of Competence-*Consultative Selling* on store loyalty. The variable manifests the knowledge, skills, and behaviour of the salesperson during the interaction process. Kaul (2007) also used similar dimensions in the retail service quality scale in the context of India. Jain and Aggarwal, (2017) argue that product knowledge of employee (competence) have significant effects on choice of store. Iwu et al. (2017) also proved that retail brand personality and service quality influence consumer purchase intentions. Hence, our study findings related to *store competence* are consistent with the literature in the past.

*Consultative task behavior* has high recognition in the literature (e.g. Butaney, 2007; Hicks 2008) and this study proves the importance of salesperson selling behaviors. Consultative task and competence behavior reflects perceived capability, expertise, product knowledge, skills and other jobs performance-related behavior that leads to the customer's satisfaction. Understanding clients' needs are the main feature of consultative orientation (Futrell, 2004; Manning and Reece 2004).

It implies that identifying customer needs, providing necessary information, guidance and problem-solving increase customer trust in salespeople. Consultative selling influences buyer perception of salespersons' expertise and purchase intention or continuing relationship. Interaction quality during sale conversation mediate the relationships and increase satisfaction. Literature

establishes a link between interpersonal communication and trust (Orth et al, 2013). In the case of high involvement products such as electronics and automobiles, salespersons play an important role in developing relationships and promoting product brands. Salesperson interaction can significantly affect the perceived quality and brand choice. Therefore, salespersons should consider the type of selling orientation during sale presentation and alter the strategy accordingly.

*Adoptive selling* is effective in understanding customers' needs; therefore, salespeople should move from relational selling to consultative selling behavior. Regression results show relational selling behavior as an insignificant predictor of store loyalty, although a positive relationship with "*Loyalty to Salesperson*". Previous literature is indicative of the fact that maintains their primary loyalty to the salesperson in an upscale retail environment, which in turn have spillover effects on store loyalty (Reynolds and Arnold, 2000). *Relational selling* involves knowing customers at a personal level, carrying discussions on a variety of topics, caring about the well-being of customers. Relational selling is effective for small retailers because they have limited resources and the approach can store loyalty. In relationship behavior, customers also prefer to receive services from a particular salesperson. Relational selling should be adopted during interaction with customers up to some extent because it has a link with trust (Newell et al., 2011).

Next, thesis findings reveal that *Store Price* and *Merchandise Quality* have an insignificant impact on store loyalty. Since we fail to reject the null hypothesis and assume that price and merchandise factors do not influence customers' selection of retailers selling high involvement products in the retail setting of Pakistan. Store pricing is insignificant at a 95% confidence interval (CI), however, the variable becomes significant if the confidence Interval is at 90%. The level of CI is the choice of researcher and it does not depreciate the results. In social sciences, traditionally 95% is CI; however, 90% is also acceptable when the sample size is small. In this case, we have a sample size of 463 and consider CI at 95% that means the price is an insignificance determinant of store loyalty. Bezes (2015) comments that price is an extrinsic feature of the store that mainly contributes to the choice of product, while merchandise is an intrinsic feature that contributes to the choice of retailer.

Previous studies also show contradictory results between price and store choice (Lumpkin and Burnett, 1992). For example, literature is evident that customer use price as an indicator of product quality (Völckner and Hofmann, 2007); while other argue that price is not a reliable indicator of product quality in low felt purchase (Imkamp, 2008). Similarly, literature also suggests that reduction

in price at the retail store had little effect on purchase intentions (Sigurdsson et al., 2010). In addition, Freymann (2002) investigated the relationship between price and store choice and found that majority of customers do not have a particular sense of product price or internal reference price, rather they choose a store based on the basket value that affects their store choice. Customer expectation of basket price much depends on shopping list, time spent and specific unit price expectations (Kim and Kim, 2017). In the case of consumer electronics, the price difference (\$10-20) is a relatively small amount in comparison to the investment of \$500-1000 per item.

Further, other factors such as services, atmosphere, and reputation compensate for the price differences. Thus, in line with previous studies, buying of consumer electronics is high felt purchase situation, and store price image does not influence customer choice of retailer. Analyzing customer images of different retail channels shows variation. For example, superstore and chain store enjoys favorable brand image than small retailers. As we know, customers are shifting from traditional retailers to organized retail formats (Prasad and Aryasri, 2010). Traditional retailers should innovate services, atmosphere, and selling strategies.

Ahmed et al. (2019) commented that the retail industry of Pakistan is going through a transformation phase with the arrival of foreign brands. New retail channels have a strong association of offering unique experiences and customer value. Therefore, retailers should find innovative sources of competitive advantage to build strong brand equity. Brand equity has positive effects on customer satisfaction (Kim et al., 2017) and loyalty (Vogel et al., 2008; Yoon and Oh, 2016). Based on the empirical results, the study concludes that store attributes including service quality; store environment, consulting task behavior, and competence are the key element of store loyalty in the retail setting of Pakistan.

Finally, *satisfaction and trust* mediate the relationship between independent variables and dependent variables. Previous researchers also identified similar store attributes such as store atmosphere, layout, services quality and store price (Moharana and Pattanaik, 2018; Swoboda et al., (2016). Morrison and Crane (2007) identified store physical, employee-customer relationship, store atmosphere and services as key drivers of store loyalty.

A study in the Indian retail context claim that the physical aspect of the store has the least or no influence on customer satisfaction in consumer electronics products (Jain and Aggarwal, 2017). This study also concludes that tangible features such as price and merchandize have the least

or no significance in explaining store loyalty in the retail setting of Pakistan. Mehta et al. (2000) also reported the significance of services quality and store physical in the consumer electronics industry of Singapore. Sharma and Kumar (2019) advocated mediating effects of customer satisfaction on consumer behavioral intentions.

In conclusion, the literature supports the main finding of a thesis that significant relationships exist between customer choice of store, satisfaction and loyalty. Nagar and Shukla (2018) asserted that service excellence, ambience environment, purchase experience and employee engagement are critical factors of store loyalty. A recent study on retail branding also provides support in the validity of research results that customer satisfaction is linked to store ambient factors, merchandise, store layout and pleasurable shopping environment (Calvo-Porrà et al, 2021). The drivers of retail brand differentiation include services excellence, pleasurable store environment, layout, and salesperson skills to engage with customers, competence behavior particularly in the selling prestigious and high involvement products. The empirical results as well as review of literature provides the base for promotional work and developing retail loyalty model/matrixes for effective retail brand positioning and developing a strong retail brand.

## 4. PROMOTIONAL WORK AND DEVELOPMENT OF RETAIL LOYALTY MODEL

Based on the literature review, theoretical understanding of key concepts in branding as well as empirical findings have helped to propose a retail innovation model which provides guidelines and conceptual understanding of retail brand positioning.

### 4.1 Retail Brand Equity Model (RBEM)

*Retail Brand Equity Model* (RBEM) or store loyalty Model (SLM) is the main outcome of this study and make a significant contribution to retail branding as shown in Fig 4.1. Recalling the main objective of the study was to identify key store attributes that contribute to store loyalty and constitute the basis of retail brand equity. This model structure various store attributes/features in a ladder step to building a store brand. The model explains the process of building a strong retail brand rather than simply telling the effects of variables on store choice. The model encompasses key store attributes that serve as building blocks of retail brand equity.

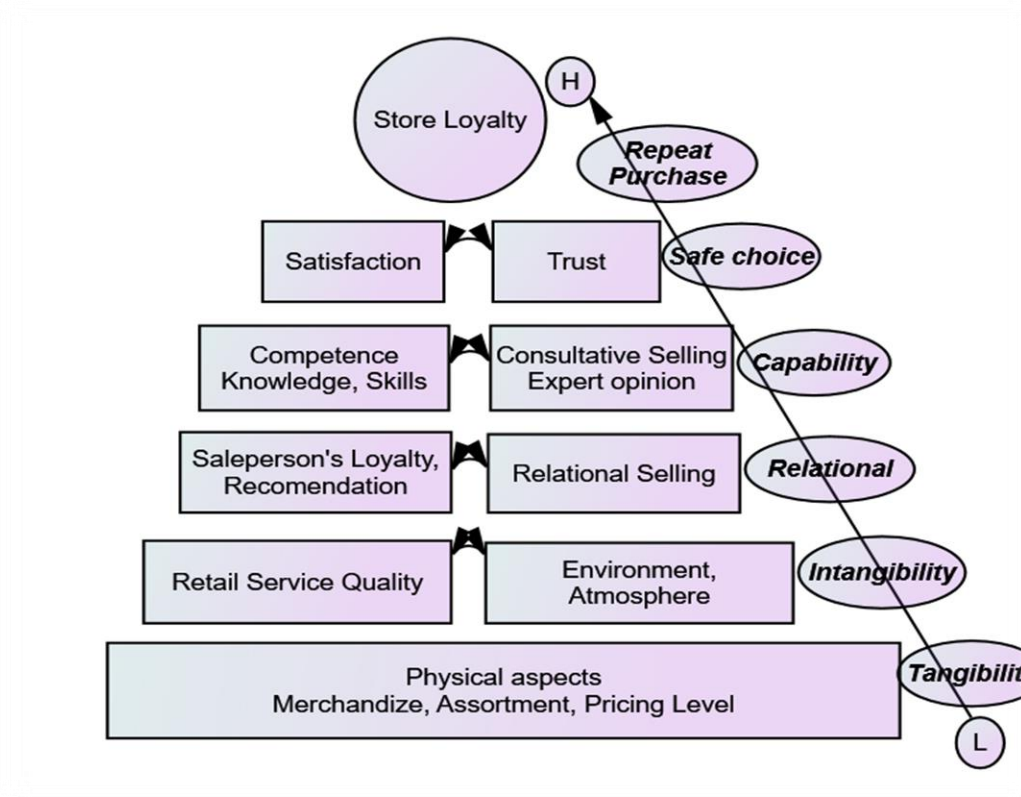


Figure 4.1 Retail Brand Equity Model (RBEM)

Source: Author's illustration, based on research results.

### **Stage 1 - Tangibility**

The first step in building store loyalty is the “tangibility” features of the store that constitute merchandise and price. Statistical results proved that physical attributes (*merchandise and price*) have a non-significant impact on customer choice of store. It has a clear indication that store physical attributes no longer serve as a source of competitive advantage and have the least or no impact on customer choice of the store because the same brands are easily available at other stores. National brands are not exclusive to one retailer and are thus easily available in the market, which makes the variable least important when it comes to the choice of retailer. Similarly, the price as a predictor of store loyalty is non-significant but the price variable is more important than merchandise as it was significant at a confidence interval of 90%. The p-values for merchandize and price were insignificant,  $p=.351$ ,  $.008$ , respectively. The main reason for price low significance could be little price difference in the market and retailers offering the lower prices in the face of competition.

In addition, customers negotiate on prices if satisfied with other services. Merchandise and price form the basic features of the store, which are common among all retailers, and thus provide no differentiation. Therefore, both variables are placed at the bottom of the pyramid model considered as “*category point of parity*”. Retailers just cannot rely on merchandize and price image rather they should go beyond it tangible attributes. Hence, merchandise and price serve as *point of parity* - a necessary condition to be perceived in the mainstream. In fact, manufacturer brands generate consumers’ interest in the store and consumers expect certain products/brands in the store. Without assortment, it is difficult for retailers to move to the next level. Once, the retailers achieve category point of parity (*POP*), and then they can strive for a point of differentiation (*POP*) by offering intangible attributes.

### **Stage2 - Intangibility**

The second stage of the store loyalty model is “intangibility” which comprises services quality and store atmosphere. Both variables have a positive significant impact on customer choice of store and serve as true performance features that generate a source of brand differentiation. Intangible features differentiate a retail store from others and offer a real source of competitive advantage, which is extremely difficult to imitate. Previous literature also clearly indicates that the service brand aspect of intangibility and brand experience provides key associations than tangible attributes (Berry, 2000). Similarly, Baker et al. (2002) comment that store physical design (atmosphere) affects consumers’ perceptions of merchandise quality, price, and service quality.

It is concluded that store environment, design, services quality as intangible attributes offers unique brand associations. A store offering a unique atmosphere (i.e. physical design, lighting, colors, music, smell, and temperature) will have a positive evaluation of product quality and employee services leading to favorable purchase intention. A pleasant store environment and services quality stimulates consumer purchase intentions and increase the satisfaction of retail stores. Retailers should focus on intangible attributes to achieve brand differentiation.

### **Stage3 - Relational Selling Efforts**

The third stage is about customer relationships building, which comprises relational selling behavior and recommendations & loyalty to the salesperson (SPL). The level explains customer-employee relationships and tends to influence consumer behavioral intentions. *ANOVA results* showed us that *SPL* (Loyalty to Salesperson) has a significant impact on customer choice of a store with Beta .846. Secondly, relational selling orientation has a non-significant impact on customer choice of the store but a significant impact on loyalty to a salesperson. In other words, relational selling behavior first leads to loyalty to the salesperson and then store loyalty, which is a case of mediation and already proved in mediation *Model-B*. It implies that relational selling is helpful in creating customer trust salesperson.

The results are consistent with previous literature, which holds that a salesperson's interaction with customers develops credibility/reputation (Avinash, 2010). However, the downside of customer loyalty to a salesperson is that if the salesperson leaves the store, the customer will switch to other stores. Store managers need to develop customer relationships programs at the institutional/store level to avoid customer switching. Relational selling efforts contribute to loyalty to a salesperson (SPL) and it then leads to store loyalty. Relational selling is considered a point of departure to higher-order elements of store loyalty such as competence and consultative selling.

### **Stage4 - Competence Personality**

Stage four of the RBEM incorporates components of retail brand personality- competence and consultative selling behavior. Both variables have distinct features such as product knowledge, expertise in the field, efficiency, and acting like consultants to customers in their problem solving. These features actually constitute a dimension of retail brand personality and are labeled as "*competence*" which is a higher-order construct than relational selling. Competence as a dimension of retail brand personality is the ultimate level that leads to customer satisfaction-trust in store. Competence level enables store employees to correctly identify customers' needs and offer the best

solutions to their problems by providing proper guidance in product choice. This is the feature, which makes a significant contribution to the creation of customer satisfaction and trust. Hence, in the absence of competence as a trait of retail brand personality, it is unlikely to win customer trust and store loyalty. Retailers of consumer electronics/home appliances and similar products category should develop store competence and capability of employees to execute well on consultative selling behavior to achieve customer satisfaction, trust, and loyalty.

### **Stage 5 - Safe Choice & Response**

The fifth stage is the generation of satisfaction and trust in customer response to marketing efforts of retail stores. *Brand trust* is a key factor explaining the process of loyalty. Brand trust reduces purchase risk and makes the customer's decision a safer choice. In consequence, the customer feels more satisfied with store services and continues repeating business. Previous literature also reveals that trust is a key component in achieving store loyalty (Doney and Cannon, 1997; Sirdeshmukh et al., 2002; Ball et al., 2004). Thus, it can summarize that key store attributes such as services quality, store environment, competence, and consulting selling behavior generate customer satisfaction-trust, both preconditions of brand loyalty. In the mediation analysis, it quite was clear that *satisfaction-trust* mediates the relationships between store intangible attributes (services-environment and competence consulting) and store loyalty. It is safe to comprehend that certain store attributes features generate higher customer satisfaction-trust as shown in statistical results. The correlation between satisfaction-trust and loyalty has a strong standardized regression weight (.880) which confirms that position of trust in achieving store loyalty. When customers feel satisfied with a brand, they develop brand trust, which ultimately results in true brand loyalty. Hence, store managers need to allocate the resources in a way to progress all the stages identified in the model with proportionality.

### **Stage 5 - Repeat Purchase & Brand Loyalty**

At this stage customer, not only repeat purchases at the store but also spread positive word of mouth and stay committed to the store even better options are available at competitor's stores. Once customers feel satisfied with their purchase experience, they develop trust in the store and it increases the likelihood of future purchase intention, also called repeat purchase behavior.

Higher the frequency of repurchase, greater the level of personal interaction with customers that creates emotional bonds and enhance customers purchase experience/value as well as develops more trust and satisfaction. Customers' interaction process takes place through consultative selling or relational selling behavior of salesperson. The interaction of variables including atmosphere, services,



and competence within a store influences customer satisfaction-trust. For instance, a unique store atmosphere increases customer perception of product quality and service. Repeat purchase increases allow retailers to customize their services and solve customer problems in real-time that again increasing customer satisfaction and trust in the store. This process transforms simple repeat purchase behavior into true store loyalty. Jacoby and Chestnut (1978) argue that brand loyalty is biased which means it is nonrandom and by choice behavior. While repeat purchase is a random chance but result of limited factors and the manifestation of consumer behavior. Repeat purchase behavior is based on experience or other situational factors, whereas loyalty is a pure mental disposition, which involves consumer psychological commitment to the brand. The precondition for true to exist is the presence of customer satisfaction and brand trust.

Møller Jensen and Hansen (2006) posited that the brand loyalty between high-involvement and low-involvement products is different. Previous researchers claim that the true measure of brand loyalty in the case of a high involvement product is the repeat purchase behavior, while this criterion does not hold true in incase of low involvement products where repeat purchase simply manifest habitual buying behavior. (Dick and Basu, 1994; Møller Jensen and Hansen, 2006). It implies that for true brand loyalty to exist, customer psychological commitment to the brand is essential. Hence, we conclude that the presence of higher customer satisfaction-trust on brand results in true brand loyalty.

*In conclusion*, retailers can generate differentiation and loyalty as a result of performing sequential activities as indicated in the model. The process creates value for retailers and each stage contributes to building *Retail Brand Equity*. For example, the initial stage develops the point of parity that gives retailers recognition as mainstream players in the category. The second stage gives the point of differentiation, while at the third level, retailers build strong relationships with customers which follows the development of competencies at the fourth stage. The RBEM provides common grounds for interpreting marketing strategies and assessing the position of retail stores. Store attributes (tangible and intangible) are the descriptive features of a brand that characterize the service of a retailer. Retail brand equity translates those descriptive features into retail brand benefits such as trusting relationships, enhanced shopping experience, problem-solving, and brand knowledge that manifest personal value and meanings to consumers. The model provides the basis for effective brand positioning and building brand identity.

Kapferer (2008) emphasis that creating a unique brand identity differentiates the brand from competitors. Retail brand equity simply explains the strength of customer-brand (retailer)

relationships. This model explicitly explains the process of how to build a strong brand and achieve brand loyalty from store descriptive features to brand benefits. The main feature of this retail brand equity model is that it explains the process of achieving loyalty that was recommended by Arnett et al. (2003) who criticize most studies in retail brand equity as simply outcome variable. Intangible attributes explain most of the retail brand equity/store loyalty and it is consistent with Keller & Lehmann's (2006) idea of retail brand equity who argues that intangible assets/attributes provide a sustainable source of advantage as they are more difficult to imitate by competitors. The five-stage loyalty model may not hold true and be considered as a full measure of retail brand equity in other product categories, especially in low involvement ( grocery, clothing, etc.) and other cultural and geographic settings. The main limitation of the model is that it does not include other key components of retail brand equity such as location, awareness, reputation, etc.

### **New Definitions Proposed for Retail Brand Equity**

Based on the extant review of literature as well as empirical findings from this study, the author proposes new definitions in retail branding as following.

#### **a) *Retail Brand Equity***

*“Store brand loyalty stands largely on the intangible features of store and retailers ability to satisfy customers both intellectual as well emotional needs/expectations in the acquisition of their favorite product”*

This definition focus on four dimensions including intangibility, competence, intellectual, and brand relationships. Intangibility refers to services quality, store environment, and layout. Ability refers to the competence of employees to deliver the right services. Intellectual needs/expectation of customers refers to employees’ demonstration of consultative selling behavior and skills to provide information, consultation, and expert opinion about the products/brands. Emotional needs refer to employee-customer relationships.

#### **b) *Retail Brand Positioning***

*“Retailer’s designing of store attributes in a way that differentiates its services from others and build a unique identity based on functional as well as psychological attributes of the store that ultimate nurture the relationships and add value for customers”*

The definition entails the element of differentiation, identity, relationship, and customer value. Previous literature suggests that retail brand equity is about differentiation and identity (Ailawadi &

Keller, 2004), customer value (Swoboda et al., 2009), loyalty as a function of relationships (Sheth and Parvatiyar, 1995). Relationship marketing entails an affective component that emphasizes customer feeling, emotions, and satisfaction. Keller's (2003) idea of brand loyalty also stands on creating brand identity, brand meaning, and brand relationships. This definition focus on psychological and functional attributes of the store to build brand identity. According to this definition, retail branding relies on a value-based approach to develop long-term relationships.

**c) Salesmanship**

*“The art of salesmanship relies on the capability and behavior of salesperson to accurately identify the needs of customers and empowering them to make right choices with confidence”.*

The main argument in the definition is empowering customers and non-biased behavior in brand advocacy or recommendation to customers. The definition focus on capability and skills of salesperson in delivering services.

**4.2 Development of Store Loyalty Matrix**

Taking lead from previous RBEM model, we use the parameter of trust-satisfaction on the y-axis and loyalty on the x-axis to develop *Store Loyalty Matrix* (SLM) as shown in Fig 4.2. The SLM model gives various choices to retailers to assess their position using the matrix and take necessary actions for effective brand positioning. Companies and marketing consultants are always developing new models in response to changing business environment. Customer expectations of the service providers have changed dramatically and it has become necessary for businesses to correctly identity their position in the marketplace. Therefore, there is a need to develop new models to address the problems in given industry. Matrix structure become more popular in 1970 and 1980 (Bartlett and Ghoshal, 1990)<sup>4</sup>. Drucker's model for the analysis of the company are widely used in business. Matrix is useful to understand the key dimensions and choices for developing business. Each dimension reveals importance for business at a given point or life cycle. Putting dimensions in a perspective gives a pattern that can be labeled as a “management model” (Birkinshaw and Goddard, 2009)<sup>5</sup>.The

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<sup>4</sup> Bartlett.C. A and Ghoshal.Sumantra (1990), Matrix Management: Not a Structure, a Frame of Mind, HBR at <https://hbr.org/1990/07/matrix-management-not-a-structure-a-frame-of-mind>

<sup>5</sup> Birkinshaw. Julian and Goddard. Jules (2009), What Is Your Management Model? At <https://sloanreview.mit.edu/article/what-is-your-management-model/>

management model gives most fundamental choices about strategic and operational level guiding how to run the company and what should be focused on. The matrix provides basic principles and made an explicit explanation regarding how the retail brand positioning and differentiation can be achieved in the business life cycle. The loyalty matrix explains the difference between point of parity, point of differentiation, point of energized differentiation and true loyalty using retail store attributes.

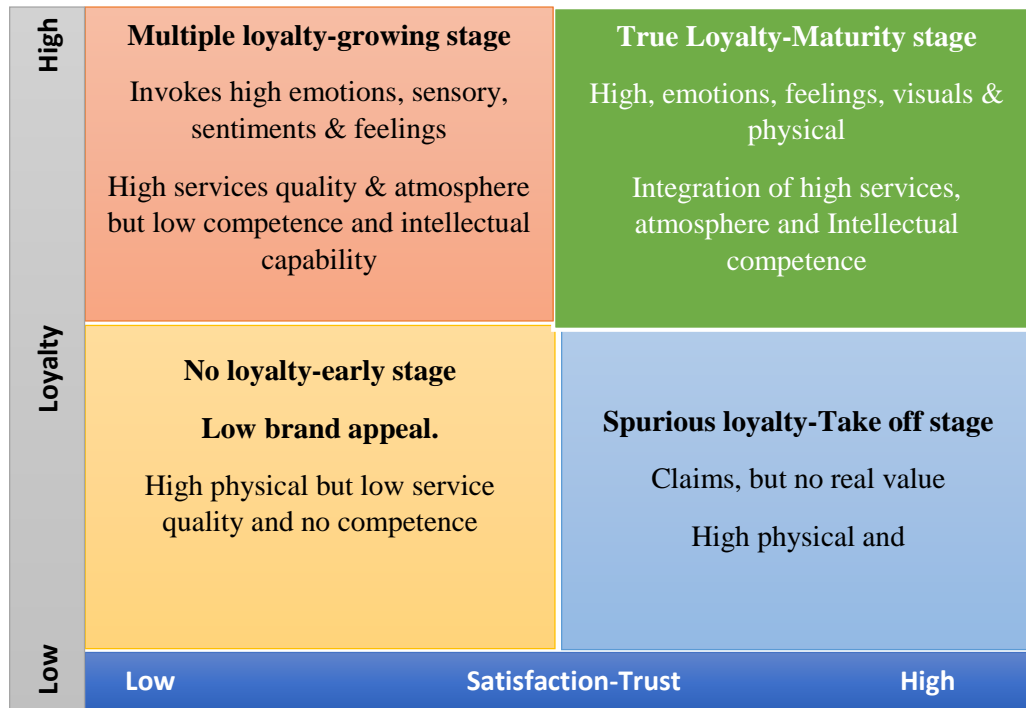


Figure 4.2 Store Loyalty Matrix (SLM)

*Source: Author's own creation based on theoretical and empirical findings*

### No Loyalty

Customers do not see such big differentiation in the brand appeal of retail store. Retail stores are in the early stage of their life cycle and developing point of parity. The store offers similar products/brands and almost the same prices as others with no other differentiation. Customers do not feel loyal because they do not see any benefits and value. The retail store has low appeal and does not

attract customers for repeat purchases. Customer satisfaction and trust are low because the store lacks services quality, environment, and capability to solve customers' problems in real-time.

#### **Multiple or Divided Loyalty**

In this scenario, customers can choose from a large number of retailers offering similar branded products easily available at stores. Customers have usually the habits to choose between different retail stores offering similar merchandise and services. A large number of the retail stores have the power to offer extra discounts, extended warranty time, and aftersales support that results in divided loyalty of customers to retail stores. Customers generally believe that retailers are the same; they sell similar branded products at the same pricing level. The retailers are in the growth stage and do not have the capability to offer the right information and proper consultation to satisfy the customers. Customers assume that aftersales service responsibility lies with the manufacturer and retailers have little or no role in this regard. Moreover, the changing structure of the industry with the introduction of new retail formats encourage the consumer to patronize different store and develop variety-seeking behavior. Hence, customers have divided loyalty between multiple retailers if they are not fully satisfied with retail services.

#### **Spurious Loyalty**

Customer satisfaction-trust is a high but low level of customer loyalty. Customer repeat purchases may be high, therefore it is the case of spurious loyalty. It suggests that customers may continue to buy at the store without actually being satisfied with the retailer. This is similar to Dick and Basu's (1994) loyalty matrix scenario of spurious loyalty where customers continue buying with a low brand attitude. The main reason for low attitude (in this case low satisfaction-trust) is the low point of differentiation. Customers have spurious or artificial loyalty with stores based on limited choice, unclear brand differentiation, and lack of information. This is the take-off stage as soon as the business sets a new direction, gets momentum, and repositions its brand image. It is important to get energized differentiation for retailers to attract customers.

#### **True Loyalty**

To activate true loyalty, it is necessary that customers must have high satisfaction and brand trust. It is cheaper and easy to retain satisfied customers than a non-satisfied customer. True brand loyal customers are less price-sensitive and tend to pay a premium price. Brand trust and commitment

are antecedents to brand loyalty and research prove that product involvement level directly influence consumers' commitment to the brand. Therefore, in the case of consumer electronics and high-involvement products, retailers should increase store trust to increase loyalty. A brand at the maturity stage is in a better position to generate customers' satisfaction and trust that results in true loyalty. As the consumer product involvement level increases, purchase risk also increases and trust play important role in customer satisfaction. *In conclusion*, retail brand significantly influences consumer-buying behavior and this claim seek support from Iwu et al. (2017). Retail brand loyalty is an outcome of multiple factors including services quality, atmosphere, competence personality, brand trust, and customer satisfaction. Previous studies also report that retail brand loyalty is the outcome of service quality (Bell et al., 2005), customer satisfaction (Shankar et al., 2003), and brand trust (Morgan and Hunt, 1994). Relational selling efforts strengthen employee-customer relationships and increase customer experience. Ailawadi & Keller (2004) also argue that retailers heavily rely on rich consumer experience that in turn creates brand equity.

#### **4.3 Retail Brand Positioning Matrix (RBPM)**

The proposed matrix is 2x2 by design with four options that present the levels of “*tangibility*” on the X-axis, while “*selling behavior*” on the Y-axis as illustrated in Fig 4.3. The matrix explains four possible choices in which different retail channels/formats can be placed according to their position and necessary actions to take. The matrix helps understand the retail brand positioning strategy of different retail channels with possible suggestions/actions that has strategic implications in the respective quadrants. The matrix choices help the store managers to take specific actions by identifying what is needed for the company within given boundaries or industry.

##### **Key Objectives of Retail Brand Positioning Matrix (RBPM)**

1. Give an overview of the retailer's position in the market to achieve customer brand loyalty.
2. Give different choices to retailers for formulation of marketing strategy.
3. Overview of different scenarios through combination of *tangibility level vs selling orientation* to assess customer loyalty. Identify different scenarios based on tangibility & selling behavior for retail brand positioning in Pakistan.
4. Suggest retail brand positioning strategies to create brand differentiation and store loyalty as per the placement in the model.
5. Propose guidelines to store managers to build retail brand equity by following steps and the manufacturers to make alliance with salesperson for brand promotion.

6. Implementing a loyalty matrix makes the retail industry of Pakistan more competitive and retailers can develop a positive image of the store. Different retail channels use the model to effectively position themselves in the market.

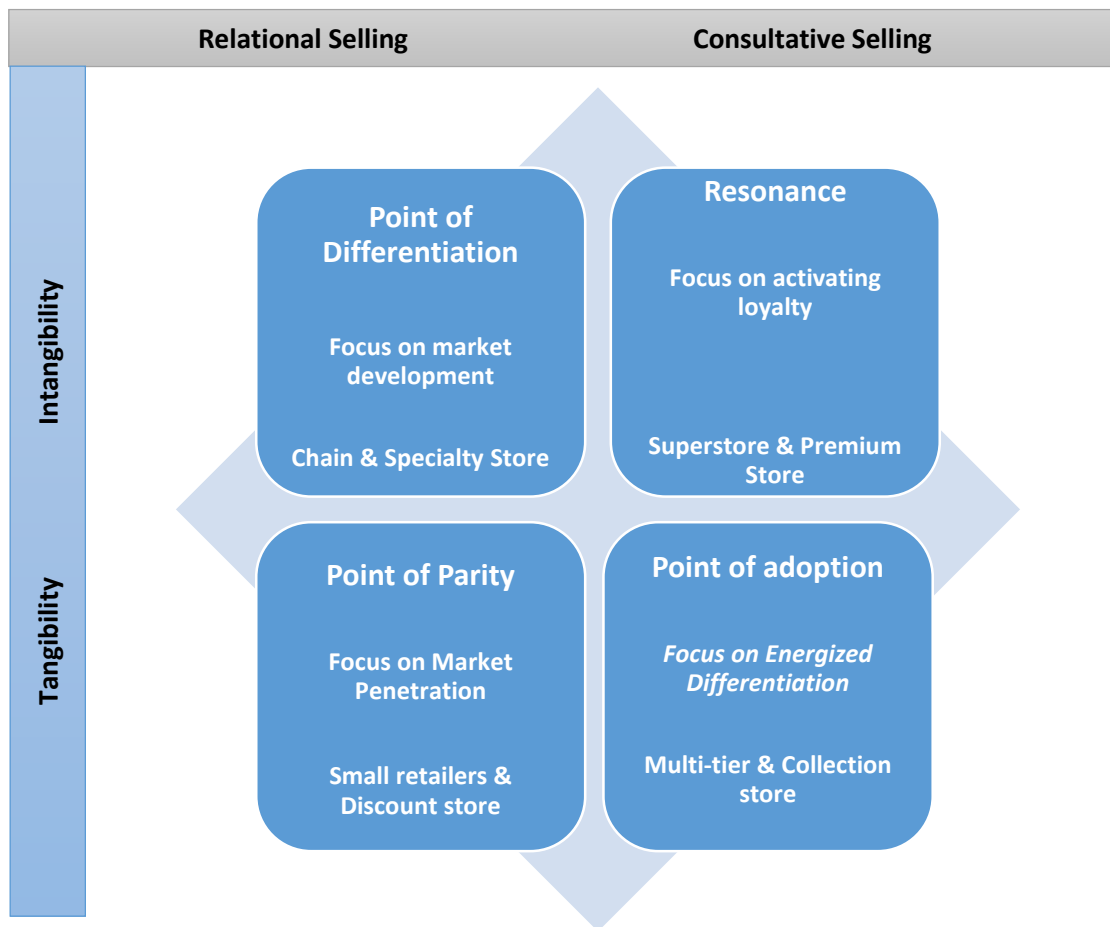


Figure 4.3 Retail Brand Positioning Matrix (RBPM)

*Source: Author's own creation based on the theoretical and empirical results*

#### **Point of Parity**

The combination of tangibility vs relational selling behavior is a scenario in which retailers can achieve a point of parity or category membership. These primary features give the store recognition in the market as the main player/service provider. For example, a wide range of merchandise, low pricing, and employee-customer relationship can help to penetrate the market. By adopting a market penetration strategy, small retailers can develop personal relationships with customers that will guarantee repeat purchases. Small retailers do not have the resources to compete

with big retailers and have limited resources to invest in developing brands. With a market penetration strategy, small retailers can choose 1-2 top-quality brands and offer reasonable prices to their customers. Personal relationships and customer services will bring repeat business to small retailers. Thus, it is necessary to achieve a point of parity before customers start thinking about choosing the retail store to buy their favorite product. Hence, achieving a point of parity is necessary to a condition in order to proceed next level of point of differentiation.

### **Point of Differentiation**

Intangible features and a high level of employee-customer relationships, also called relational selling behavior to generate a point of differentiation. Retailers in this quadrant are in the growth stage and have developed a reasonable level of customer services, the environment in addition to merchandise and pricing. They are in a position to exercise relational selling behavior and nurture customer-employee relationships. Such marketing efforts create points of differentiation for retailers. The type of retail channels in this quadrant has the financial muscle and the ability to expand the existing market. For example, chain stores and specialty stores are the best examples of that fits in the scenario. They should adopt a market development strategy and focus on increasing market share. However, they should constantly innovate the service quality, provide a unique atmosphere and relationships with customers to sustain the point of differentiation and brand identity. In a rapidly changing business environment, parity of difference becomes a point of parity and it demands businesses to innovate and find the new basis of differentiation. For example, free home delivery, store credit services; extra warranty period, etc. no longer create differentiation, as these features have become the industry norm.

### **Energized Differentiation**

This is the scenario of high tangibility, low capability, and no relational efforts. Energized differentiation is the repositioning of the brand. In this scenario, a brand is seen as slightly different from competitors and captures the new brand's direction and momentum. The brand lacks on clear brand identity and has to set the right direction and competitive positioning for the brand. In this quadrant, the retailers heavily rely on a wide range of merchandise and low pricing to attract customers to the store and generate profitability. However, retailers increase their learning capability and adopt new strategies and directions. Examples of the retail formats in this scenario may include collection stores, multi-tier stores, and department stores.

### **Resonance**



Brand resonance occurs with the combination of high intangibility, competence, and capability of the retail store. Retailers should integrate multiple features such as intangibility and competence level to develop customer trust and satisfaction, which are the antecedent of loyalty. Possible retail formats falling in this scenario are Superstore, company-operated store, and premium store. These channels offer the highest level of services, store environment with quality merchandize and reasonable price image. The employee serving at these channels have an adequate level of product knowledge and provide proper information and guidance. They have the ability and systems to solve customer problems within no time. Customers' trust level on these channels is comparatively high than other formats and perceived them more trustworthy/credible. Further, customers perceive the quality of products and services at these channels as more favorable. Relational marketing at the institutional level generates loyalty to an organization (retail store), while relational efforts at the individual or personal level generate loyalty to the individual. The retailers falling in the quadrant need to integrate multiple store attributes that lead to customer satisfaction-trust, which are the antecedents of store loyalty.

In short, the retail industry of Pakistan has dramatically changed from traditional stores to new retail channels. Superstores are increasing and capturing more market share from small retailers. Modern stores are offering standardized services, a wide range of products, low prices, a pleasurable atmosphere, and professional staff to deliver the service. In fact, modern retail channels are driving the growth of the Pakistan retail industry. The digital transformation and adoption of new technology explain the evolution of the retail industry of Pakistan. The matrix helps to identify the current market position of retailers and adopt appropriate strategy/actions proposed in the matrix. The main objective/purpose of the study has been achieved with testing of hypothesis and development of retail brand loyalty model and matrix. The research innovation is beneficial for retailers in Pakistan to create a unique brand identity and differentiated position. Brand identity is the main ingredient in the development of strong brand equity (Nandan, 2005). Building a clear brand identity also generates brand trust, customer satisfaction, and brand loyalty.

#### **4.4 Experts Evaluation of Loyalty Models**

The loyalty model and matrixes are subject to validation and require critical evaluation from industry experts. The experts were asked about the competitiveness of the loyalty model and matrixes and the overall evaluation was positive and support the wider application of model/matrixes in the retail industry of Pakistan.

### **Evaluation 1: Summary of Interview**

The first evaluation was performed through interview with the *Sales and Marketing Director* at Hero Pak Electrical Industry (Pvt) Ltd Pakistan in September 2021. The expert commented that the *Retail Brand Equity Model (RBEM)* is easy to use for types of retailers and provides guidelines for achieving loyalty in the long- run. The main feature of the model is that structural path to explain the relationship between stores attributes satisfaction and loyalty. It takes time and a lot of resources to acquire a satisfied group of customers and the model tells you how to increase customers' satisfaction and loyalty.

*“The model main characteristics is that it has “structural path modeling” which includes multiple related variables in the acquisition of satisfaction, trust and loyalty”*

A brand loyalty ladder is a unique approach, which is not found in previous models. The ladder enables retailers in achieving loyalty through a set of variables tangent on the loyalty line. The model is divided into five distinct stages and the combination or grouping variables is appropriate and best suits big and small retailers. The structural path of the model shows the relationship and significance of various store attributes.

*“The variables relationship with satisfaction and loyalty increases as the path moves upward direction”*

The inclusion of physical, emotional, intellectual, and relational variables in the model differentiates it from previously developed models. The model focus on visual aspects such as merchandize and store environment along with intellectual and relational component such as communication and competencies. The variety and structure of the model make it more robust and increase its practicality. Building brand loyalty is a long-term process in which customer satisfaction and trust play a key role. The model is effective and has implications in the strategic decisions but since the model was developed based on the findings of a specific industry, therefore, retailers one cannot treat the model as conclusive in all sort of situation. Therefore, retailers should adopt and make changes according to the need of the enterprise.

*“I am overall satisfied with the structure and composition of variables on X and Y-axis in Retail Brand Positioning Matrix (RBPM) and Store Loyalty Matrix (SLM)”*

SLM matrix measures the strength of the relationship between satisfaction-trust and loyalty that is the center of gravity for brand development. SLM is simple and easy to understand which

allows retailers across the industry to achieve brand differentiation in the least amount of time and using limited resources. The right quadrant of SLM is the active part, which corresponds to the behavior component of loyalty. While the left quadrants of the model are passive and correspond to the attitudinal component of loyalty.

*“The model is illustrative of attitudinal loyalty on the left side quadrants, whereas, the right side correspond to behavior loyalty on right side quadrants”.*

SLM suggests that customer with a high level of satisfaction and trust demonstrates true loyalty. In contrast, customers with low satisfaction levels are more likely to engage in attitudinal loyalty. Attitudinal simply represents repeat purchases but not a true advocate of the brand. The SLM features a high-low level of satisfaction and loyalty, which provide the basis for the brand-building process. SLM uses a brand equity approach that tells the strength of the relationship between customer and brand. The model feature with situation analysis and explain what is the current state or position of the company and what they will achieve by moving into next level of positioning in the quadrant.

*“SLM makes sense to me but the matrix itself does not explain explicitly how a retail brand can generate customers’ satisfaction and trust, which is a limitation of the matrix. However, the model is expressive with broader application for manufacturers and retailers as well”*

The limitation of the model could be the proposed prepositions in each quadrant, which may not be true for every all retailer. Therefore, the preposition illustrated in all four quadrants is general guidelines and the brand manager should assess the brand image of the company through customer surveys to make changes in the brand benefits structure. The application of the SLM model can increase the competitiveness of retailers in Pakistan.

*“The model features satisfaction and trust as the determinant of brand loyalty which supported by other industry experts”.*

The model uses a *customer-centric approach* that increases its effectiveness in the retail context of Pakistan. The industry expert finally evaluated the Retail Brand Positioning Matrix-RBPM, which resulted in the following insights.

1. Retail Brand Positioning Matrix (RBPM) is quite useful in customers’ segmentation process.
2. The model offers a holistic view that is more comprehensive to understand customers as well retailers’ current position in the market.

3. The combination of variables tangibility vs. selling orientation offer a four-dimensional loyalty matrix. The identification and adaptation of variables lead to brand loyalty.
4. There is no direct link of the individual variables with loyalty but the combination of variables adopted according to the need of the company can result in brand loyalty.
5. The model uses an *attributes-based approach* such as using a combination of store tangible features (e.g merchandise, price) intangible features (e.g. services and atmosphere) vs. selling orientation (relational and consultative).
6. The matrix does not include satisfaction that is the main driver of brand loyalty.

The loyalty model and matrix proposed for application in the retail industry of Pakistan is a good effort to increase the overall competitiveness of retailers as the retail trading in Pakistan lacks branding focus. The loyalty model is unique as it uses a ladder approach, which specifies steps and processes in the creation of customer satisfaction and brand loyalty.

## Evaluation 2. Likert Scale Rating

Industry experts with the executive position in the Customer Support and Maintenance department at Naeem Electronics, Sialkot Region assessed the retail brand equity/loyalty model on the Likert scale from 1-5 as illustrated in Table 4.1. The items used for the evaluation of the model includes operational, functional, psychological and strategic dimensions. Model efficiency items include all those factors that can influence customer choice of retail. The retail brand equity model includes aspects related to the industry, the competitors, operational system, resources/capabilities, prices, quality, services, and selling behavior requirements. The expert assessment of the model was overall positive and well indicated the efficiency/effectiveness of utilizing this model to achieve retail brand loyalty in case of high involvement products in the context of Pakistan.

Table 4.1

Efficiency of Store Loyalty Model

		To a Very Slight Extent 1	To a Slight Extent 2	To Some Extent 3	To a Great Extent 4	To a Very Great Extent 5
1	Loyalty model provide explanation for development of loyalty at each Pyramid Level					✓
2	The model is the foundation of retail brand loyalty				✓	

3	It helps to achieve retail brand positioning in the market				✓	
4	Product variety and assortment are important for achieving loyalty.	✓				
5	The model focus on resources and capabilities of retailers				✓	
6	Operational systems of retail store is the key focus of the model		✓			
7	Brand loyalty is long term and outcome of satisfaction					✓
8	Retailer brand personality is important for creating brand trust					✓

*Source: Author's illustration based on expert interview*

The rating of items shows retail brand equity is strongly viewed as the foundation of retail brand loyalty. The assessment shows that operational systems are not the focus of the model; rather it emphasizes the development of capabilities and resources to achieve loyalty in long run. Further, the expert indicated critical factors that affect customer choice of the store when buying consumer electronics in Pakistan. For example, what are the critical factors in achieving store loyalty?

Table 4.2

#### Expert Listing of Store Critical Factors

<b>Factors</b>	<b>Interdependency (I= low and 5=high)</b>	<b>Score</b>
1.Products	High	4
2.Relationships Selling	Very High	5
3.Services and Problem Solving	High	5
4.Price	Low	3
5.Environment-Employees	Very High	5

*Source: Author's illustration based on expert interview*

The listing of critical retail store factors indicates high significance for relationships and services-problem solving, while the low rating for a price corresponds to the pyramid structure of the retail brand equity model. Based on the expert evaluation of the model, the structure of the model has been simplified as illustrated in Fig 4.4. The simplification of the loyalty model is based on the level of perceived risk. High risk leads to low brand trust and loyalty, whereas, low purchase risk leads to high satisfaction and loyalty. Retail marketing mix such as assortment, pricing, services, and selling

orientation play a critical role in reducing customer purchase risk that in turn generates brand trust, satisfaction, and loyalty.

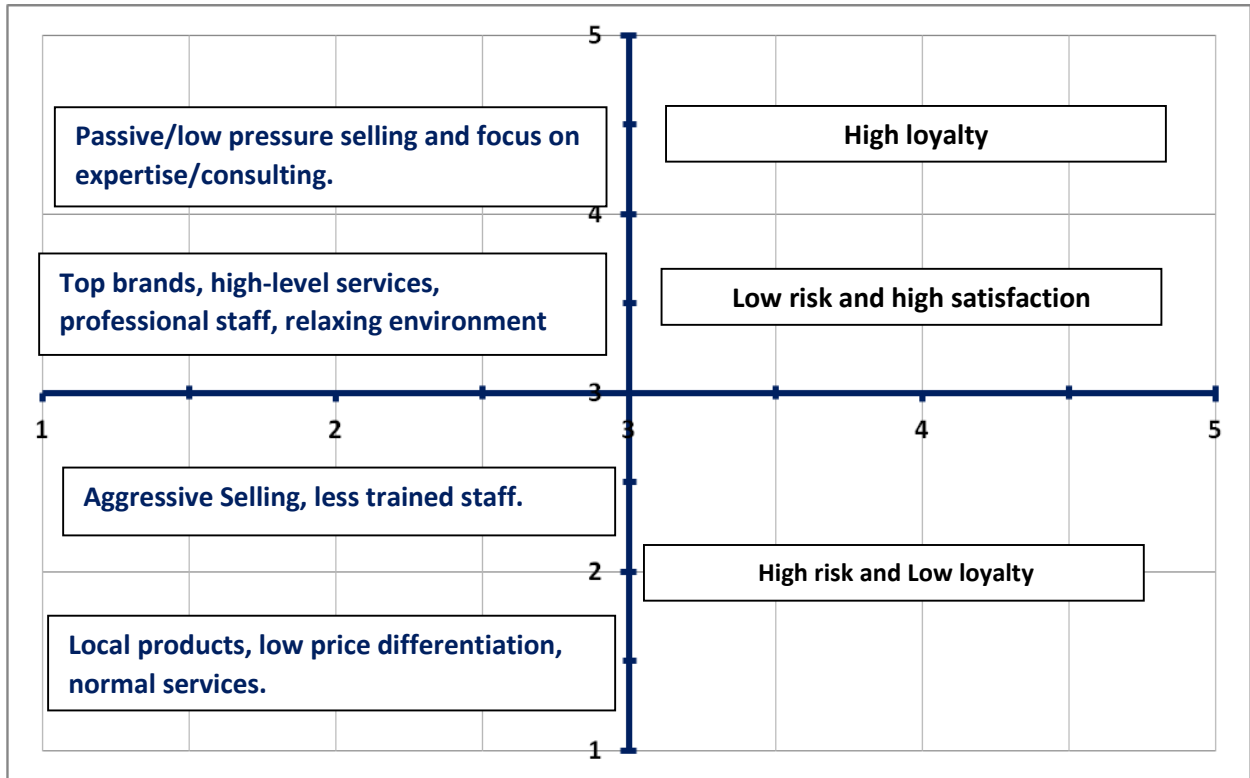


Fig 4.4 Evaluation on Retail Store Attributes Continuum

*Source: Author's illustration based on expert interview*

The expert's expression of the retail loyalty model contains all those elements included in the *retail brand equity model*-RBEM; however, the model is divided into high risk and low-risk realms. The low-risk realm is characterized by poor merchandise quality, a low level of services, and aggressive selling behavior. The salesperson is non-professional and uses pressure-selling techniques that make the customer feel uncomfortable and less satisfied with the purchase. While, low-risk realm or upper quadrant is characterized by top quality products, superior services, professional staff, and a relaxing store environment. Retailers focusing on these factors can enjoy high customer trust and satisfaction. Salespeople using low-pressure tactics and adoptive selling can perform better to convince the customer to buy the product. Premium store design services in such a way that customers feel relaxed and confident in decision-making after the interaction/consultation with sales staff. While, discount image stores offer local products, minimum services and usually rely on aggressive selling to generate revenue but it comes with high purchase risk and low loyalty.

## Conclusion and Recommendations

### Conclusion

Based on the theoretical background, empirical findings and novelty model proposed, following conclusion are drawn to increase the competitiveness of retailers in Pakistan.

1. The key drivers of retail brand loyalty are from modern retailing such as services innovation, quality services, unique store atmosphere, ambiance, retail brand personality, customer well-being & problem solving, consultative selling behaviors, customer satisfaction and brand trust. Consumer in Pakistan is also paying attention to intangible or psychological attributes which enhance customer shopping experience, value and satisfaction.
2. Psychological or intangible attributes of retail stores such as services quality, atmosphere brand personality, and competence selling plays a significant role in achieving store loyalty when buying high involvement products in the context of Pakistan. Whereas, store functional or tangible attributes such as price and merchandize are non-significant factors and they do not explain store loyalty in case of high involvement products in context of Pakistan. Functional or tangible attributes of store no longer provide source of competitive advantage and motivation for customers when buying consumer electronics. However, if the confidence interval (CI) was taken at 90% instead of 95%, *store price* becomes a significant factor, which is not the case for merchandize. It clearly reflects that retailers have to focus on intangible attributes to create brand differentiation.
3. Previous literature shows the significance of price and merchandize in customer choice of store, especially in grocery and clothing retailing but this is does not holds true in case of high felt purchase such as consumer electronics and home appliances. Hence, based on the empirical findings, it can be concluded that variables of store loyalty vary from product category and in this case tangible attributes little contributes in brand loyalty.
4. Empirical findings suggest that sales professionals using consultative task behavior can easily motivate customers to buy the product because it increases customer satisfaction, trust and loyalty intentions. In contrast, sale professional using relational selling techniques can develop strong personal relationships and ties with customers. However, this approach does not create store loyalty automatically.
5. Customers value more to *intellectual experience* during purchase transaction rather than simply engaging in friendly or *emotional experience* when buying high involvement and

expensive products. Retailers and sales professionals paying more attention on capabilities, skills and competence behavior can achieve high level of brand loyalty. Relational selling behavior does not directly contribute to *store loyalty*; rather the variable first generates Loyalty to Salesperson and then retail store. However, relational selling has spillover effects on store loyalty and it is effective in building employee-customers relationships.

6. Using adoptive selling techniques depending on the situation and types of customers can be effective in creating relationships and brand loyalty intentions. Consultative or intellectual selling increase customer trust in the retailers, whereas, relational selling ease developing ties and relationships.
7. Empirical findings suggest that variable *Satisfaction and Trust* play fully mediates the relationship between store attributes and customer loyalty intentions. Store attributes does not automatically leads to store loyalty intentions, rather it go through customer satisfaction and trust. Hence, customer *satisfaction and brand trust* are the precondition for true brand loyalty to exist.
8. The empirical findings reveal that customer's holds higher level of brand loyalty to manufacturer than retailers or sale professional. Comparing customer loyalty level between salesperson, retail store and manufacturer indicates that customer maintain primary loyalty to manufacturer followed by retail store and salesperson respectively.
9. There is positive and strong correlation between store loyalty and product brand loyalty. The increase or decrease in one variable will have positive or negative effect on other as both variable moves in the same direction. In addition, loyalty to salesperson (SPL) and store loyalty also have strong positive correlation. This also implies that increase in SPL variable will have positive effects on store loyalty. However, SPL has a weak correlation with product brand loyalty (BL). This implies that if customer maintains primary loyalty to salesperson, then it does not have significant impact on product brand loyalty and vice versa. Although, retail brand equity (RBE) is much dependent on manufacturer's reputation and both have positive or negative influence on each other.
10. In relational selling, sale professionals are in better position to advice customers which product or brand to buy. Brand advocacy and recommendation behavior by sales professionals can moderately influence customer brand choice. Customers having close ties and relationships with sales professionals can easily accept the advice and product recommended by sales professional in case of high felt purchase to reduce purchase risk. Therefore, sales



professionals influence consumer choice of brand through brand advocacy and recommendation behavior.

11. The retail trade industry of Pakistan is going through transition phase and retailers are changing from traditional practices to modern retailing which demands more professional management of retail brand. Therefore, it is significant for retailers to focus on more relevant store attributes that create competitive position and brand loyalty.
12. The Retail industry of Pakistan is still dominated by unorganized and traditional formats such as Kiryana shops and Bazzars, but retail channels dealing with consumer electronics products are comparatively innovative including chain stores, company operated outlets, and superstore.
13. Customers have different perceptions and image of modern retail channels operating in Pakistan in terms of pricing policy, merchandize image, services quality, shopping convenience and atmosphere. Research findings show that *superstores* have more favorable image in terms of price *and merchandize* quality followed by *chains stores*. On the other hand, *company-operated outlets* and independent retailers are perceived as expensive and with limited stock and variety. It can be concluded that chain stores will have better prospects and performance for consumer electronics retailing in the country than other formats. Thus, modern retailing and innovative retail channels have growth potential in Pakistan as the country is going through transition and customers value experience, convenience and lifestyle over bargains and price hunting.
14. Gender satisfaction level with retail channels vary significantly in Pakistan, as male customers showed higher satisfaction with store pricing levels than female customers. Thus it can be comprehended that customer satisfaction and perception of store features is dependent on the gender and it vary from male to female.
15. Analysis of current situation and empirical findings reveals that retailers need psychological or intangible features for attracting and retaining customers. Developing retail brand mix should be aimed at increasing customer satisfaction and brand trust.
16. Retailers needs to segments customers based on their values, motivations, life style, demographics, income and gender in order to design sale strategies and product mix. High income and educated class desire sophistication, high quality services and problem solving. Low income and middle class have high expectations in terms better prices, more variety, and extended services. Therefore, it is possible to assume that young and educated class in Pakistan

will prefer soft, intangible or psychological features of retail store that enhance shopping convenience, experience, value and lifestyle. Both classes differ in education, income and value setting, therefore, educated class is more oriented to modern shopping.

17. It is logical to conclude that retail brand equity is an important area of research and it has gained considerable attention of the researchers in the past as well. Theory of retail brand equity and retail brand or store loyalty includes several factors but the need is to consider the product category, culture and local context. According to this research, intangible or psychological type of store attributes and consultative selling behavior of sale professionals are more effective in designing retail brand strategy.
18. The research findings prove the research hypothesis that psychological or intangible attributes of retail store are more effective in attracting and retaining customers than functional or tangible benefits. Further, research also proves that retailers/sales professionals do influence customer's choice of store through relational selling behavior, brand advocacy and product recommendation in case of high involvement products in context of Pakistan.
19. Research novelty - Retail Brand Equity Model explains that customer brand loyalty increases as per the level of intangibility increase. Price and mechanize quality as a functional benefits do not provide source of competitive advantage, however, they are basic parameters for category membership in the mind of customers. The model also explains intangible aspects (e.g services quality and atmosphere) and intellectual capabilities on the top of pyramid generate customer satisfaction and trust that in turn leads to true brand loyalty.
20. Research novelty-Store Loyalty Framework explain different brand positioning options for retailers based on the level of Trust and Loyalty. Customers usually have divided loyalty between multiple retailers when trust level is low. It possible to generate higher brand loyalty by increasing the level of customer trust in retailer.
21. Research novelty-Retail Brand Positioning Matrix explain different options for brand positioning based on level of tangibility-intangibility vs. relational and consultative selling. The model explains retailers can achieve differentiation with high level of intangibility and relational selling behaviors. Retailers will have energized differentiation with high tangibility and consultative selling behavior. To achieve, high brand resonance, it is necessary to adopt consultative selling and intangible features of store.
22. The validation of research models from industry experts concluded that retailers offering local products, low price differentiation, normal services and aggressive selling carry higher

purchase risk and customer do not trust them. In contrast, customer trusts only those retailers who offer top brands, professional staff, better services and low-pressure selling. Brand trust is the precondition for brand loyalty and multiple factors contributes to developing brand trust and satisfaction.

23. It is concluded that retail brand loyalty is highly dependent on psychological or intangible features than functional or tangible benefits when buying high involvement product in context of Pakistan. The retailing practices in the country have changed significantly and customers are giving importance to shopping experience, sophistication, well-being, value, and life style. Store intangible attributes such as services, store environment, competence personality and consultative selling behavior play significant role in driving store loyalty. Satisfaction and trust are the precondition for brand loyalty to exist and play fully mediating role. However, it is also possible to conclude that drivers of store loyalty are not universal and their application in other categories such as low involvement products (e.g. grocery) is hard to extend.

### **Recommendations**

Based on the research findings and theoretical analysis, several recommendations can be made to retailers in order to manage store brand more effectively.

#### **For Retailers**

1. Store managers and business owners of retail store in Pakistan should focus on such attributes-psychological features (e.g. services quality, atmosphere, competence, and consultative selling behavior) that minimize customer purchase risk and enhance shopping experience, purchase value and satisfaction. Customer should trust the services of retailers so that can engage in long terms relationship and continue buying from them.
2. Retailers should differentiate between *order qualifying* and *order winning* attributes of retail store. Functional attributes (e.g price and merchandize) are order qualifying or category membership attributes that do not create store differentiation. In order to achieve brand differentiation, retailers should focus on order winning attributes (intangible) that creates brand trust and store loyalty.
3. Store managers and retailers of consumer electronics, should develop capabilities and skills in solving customer problems and aftersales services. They should invest resources and time to develop expertise in aftersales services so that customers can trust in retailers.
4. Retailers should hire professional staff and provide them training in selling skills, behaviors, customer orientation, customer relationships management and problem solving.

5. Retailers should introduce *information management systems* to segments customers according to their needs, motivations, income, class, education, lifestyle, shopping and spending patterns. It will allow retailers to correctly identify customers' needs, use adoptive selling and offering right solutions.
6. Retailers should design services cap and store ambience in a way that offer service convenience, intellectual experience, top quality products, and purchase value for high end customers and educated class. Whereas, for middle class, they should customize services and product range/assortments which offers best value, economy, relational benefits, and extra benefits and services (e.g. extended warrantee period, free home deliveries and gadgets). Store managers, especially chain stores should recognize the difference between urban class vs rural class, housing societies vs. old town customers.
7. Salespersons should be able to identify customer needs and can adopt different selling behaviors such as customer orientation, relational selling and consultative task behavior to satisfy the diverse needs of customers. Retailers with high prestige image should use low pressure selling because it reduces customer risk and increase trustworthiness.
8. Retailers can implement relational marketing programs through salesperson or staff by emphasizing key aspects such as interaction quality, friendliness, cooperation, honesty, integrity, benevolence, and trustworthiness. In Pakistan, special treatment and priority services are considered one of the key dimensions of services quality, therefore, these aspect should be taken into account.
9. Store managers should identify store current position, life cycle and resources before developing retail brand strategy. Retail channels can use research novelty models proposed- Retail Brand Positioning Matrix for effective positioning of brand. For example, achieving *point of parity* first and then moving to *energized differentiation* and *point of differentiation*.
10. Store managers and sales professional should recognize that customers always maintain their primary loyalty to a manufacturer brand. Therefore, choosing top national brand can increase the image and reputation of retailers.
11. Brand advocacy and recommendation of sales professional is only effective when store has top quality products, high level of services, good atmosphere. Hence, brand advocacy should be done only for trusted brands so that customer doesn't feel let down or under pressure to accept the advice of sale professional.

#### **For Manufacturers**

1. Selling high involvement products (e.g. consumer electronics) is much dependent on the choice of retail channels and relationships with them. Manufacturers should recognize the importance of retailers as well as salesperson when designing sales and distribution strategy. Making strategic alliance and partnership with retailers and salespersons can help in achieving sales targets.
2. Manufacturer should be selective when choosing retail channels and only retailers with good reputation should be included in distribution network. Retailers with high prestige will have positive impact on perceived quality of product, and more likely customer purchase intention. Retailers' reputation and manufacturers' brand equity have positive impact on each other; therefore, the channel selection should be done in line with brand image. Retailers are at the front foot of customer services and serve as *first touch point* of customer encounter with product and can significantly influence perception of product quality.
3. Manufacturer should pay high attention to improve the level of aftersales services by extending the cooperation and facilities, platform and other resources together with retailers. Retailers should be trusted and given some power to resolve customer problems at their own end rather passing on to company service centers which are sometime not in the easy access of customers. It is recommended to empower retailers and decentralize the process of aftersales services to quickly solve customer problems and give them peace of mind.
4. Manufacturer should assist retailers in setting up technical support, help desk and also provide necessary training to salespersons for effective implementation of company policies and brand promotion.
5. Manufacturer can reduce conflict with retailers by aligning organizational objectives, sale targets, monetary incentives and performance recognition programs.
6. Manufacturers should make sure a uniform and consistent pricing policy is being followed by all retailers and distribution channels to reduce the price hedging and price war. Implementing uniform pricing policy can promote healthy competition and protect small retailers as well. Big retailers should be given a framework to limit the amount of discount as it has negative impact on quality signals as well as market competition.
7. The retail trading in Pakistan has changed significantly and customers have high expectations from services provider as well as the manufacturer. Shopping is now more value driven and lifestyle, therefore, manufacturer should introduce innovative features and products which fit

with customer personality and life style. They should also consider modern retail channels/formats in sale and distribution network.

### **For Customers**

1. Customer relationships with a brand and buying habits are changing rapidly, so is the role of retailers and manufacturers. Customers should understand the role of retailers, salesperson and manufacturer when buying their favorite product. Customers have different level of expectations, loyalty and commitment to each entity in the distribution channels and then decide who can be trusted more to solve the problem.
2. Developing long term relationships with retailers can offer numerous benefits such as special offers, recognition, priority treatments and receiving special information.
3. Shopping and retail trading practices in Pakistan have become more than variety seeking, Price seeking and bargains as it used to be in the past. Instead it involves sophistication, convenience, emotions and relationships, intellectual experience and value driven shopping. Therefore, customers should think what they want from the shopping trip and the benefits they want from retailers and manufacturer. Effectively engaging and frequently communicating with retailers as well as manufacturer via online platform can help the customers to express their ideas and needs.
4. Customers' should recognize and accept the changing taking place in retailing such as online buying, card payments, loyalty programs, and customer information management to improve the competitiveness of retailers in Pakistan.
5. Customers should choose only those retailers offering top quality products and reliable services in order to reduce their purchase risk. Paying little extra price for dependable and reliable services can guarantee peace of mind and positive purchase experience.
6. Salesperson's advice or product recommendation should not be taken blindly and customers should consider other aspects such store reputation and services level. In relational selling, customers maintain their primary loyalty with salesperson which should not compromise product quality and brand recommendation should be accepted carefully.
7. It is important for customers to consider multiple factors when evaluating brand such as brand name, product quality, product features and benefits and after sale service. It can reduce customer risk and increase purchase satisfaction.

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## APPENDICES

### **Appendix 1**

#### **List of Questions for Semi-Structured Interviews**

### **Interview probing techniques**

Can you explain it more? What do you mean by this? Do you really think this is the case? Can you think of situation when it happened? You mean “X” is more important than “Y” ? If we reverse the scenario, what would be answer then? How it possible...explain? Why? When and so on...?

### **Questions**

1. How does a customer choose a store for buying of an electronic item? And which factors they considered in store selection?
2. Do you think customers have clear brand preference and know exactly which brand they will buy before they enter the store?
3. Do you think customers have enough product knowledge and brand awareness to make independent purchase decision?
4. Who influence more customer brand choice? (a) Friends/family members, (b) Media (c) retail store.
5. How customers decide or choose a product brand?
6. If customer is undecided about his brand preference, then how he make final purchase decision?
7. Do you think retailer or salesperson play significant role in customer selection of brand?
8. Do you think a retailer or salesperson can change customer mind and motivate him to buy different brand? If yes, then how it happens?
9. When a customer trust on retailer or salesperson?
10. How important are customer relationships and how retailer builds it?
11. Do you think customer feel more satisfied with manager than salesperson dealing?
12. What is most important for retailer to build positive image of store?
13. What should a retailer do to attract customers?
14. What are customer expectations from a retailer and what kind of services they value most?
15. Which factors customer consider most important when make final purchase decision?
16. How important is brand name in customer brand choice?
17. How customer judge the quality of a product/brand?
18. What makes customer product brand?
19. Do you think customer are more loyal to product brand and then store?

20. How important is retail store for customer in purchase decision?
21. Which one is more important for customer, product brand or store brand?
22. What are the factors which effects store image?
23. What makes customer loyal to retail store?

## Appendix 2

### Details of Interviewee Informant

S.No	Name and address of retail store	Store Type	Interviewee Person	Date	Duration
<b>Number of Interviews 08 : Sialkot City, North-East Punjab, Pakistan</b>					
1	Qaiser Electronics, PSO Pump, Pulli Tope Khanna, Sialkot city.	Chain Branch	Branch Manager	16.09.2019	1:00 hrs
2	Asia Electronics, Near Chowk Raheem Pur, Khichian, Sialkot city.	Independent retailer	CEO	17.09.2019	1:30 hrs
3	Afzal Electronics, Pulli Tope Khana, Saidpure Road, Allama Iqbal Road, Sialkot city.	Chain Branch	Branch Manager	17.09.2019	1:30 hrs
4	Afzal Electronics, Railway road, Sialkot city	Chain Branch	Sales Manager	16.09.2019	1:00 hrs
5	Mian Group of Chakwal, Pulli tope Khanna, op PSO petrol pump, Sialkot city.	Chain Branch	Branch Manager	19.09.2019	1:30 hrs
6	Qaiser Electronics, Railway Road, Sialkot	Chain Branch	Sales Manager	19.09.2019	1:15 hrs
7	Naeem Electronics Group, Sialkot city.	Chain Branch	Maintenance Manager	18.09.2019	0:45 mints
8	Naeem Electronics, Cantt, Opposite Idrees Hospital, Sialkot city	Chain Branch	Store Manager	20.09.2019	0:40 mints
<b>Number of Interviews 07: Multan City, South Punjab, Pakistan</b>					
9	Mashallah Electronics, Opposite Mehfil Cinema, Hussain Aghahi Road, Multan City.	Independent retailer	Sales officer	13.9.2019	1:00 hrs
10	Mashallah electronics, warehouse/customer collection point, Hussain Agahi, Multan City.	Independent Retailer	Supervisor collection center	13.09.2019	0:45 mints
11	Awan Electronics, Husain Agahi road, Multan City.	Independent Retailer	Store Manager	14.09.2019	1:20 hrs
12	Shan electronics, Near MCB bank, Hussain Agahi Multan City.	Independent Retailer	Sales manger	14.09.2019	0:45 mints
13	Pakistan Electronics, Hussain Aghahi road, Multan City.	Independent Retailer	CEO	12.09.2019	1:15 hrs
14	New Taj Electronics, Opposite MCB bank, Hussain Agahi road, Multan City.	Independent Retailer	Store Owner	12.09.2019	0:30 mints
15	Abdullah Electronics, Opposite MCB bank, Hussain Agahi road Multan City	Independent Retailer	CEO	12.09.2019	0:45 mints
<b>Number of Interviews 06: Bahawalpur City, South Punjab, Pakistan</b>					
16	Riyan Electronics, Circular road, Bahawalpur, City	Independent Retailer	Manager	07.09.2019	1:05 hrs
17	Maqbool Electronics, Circular road, AL-Kareem Plaza, Bahawalpur City.	Independent Retailer	CEO	07.09.2019	0:45 mints

18	Adnan and company: Haier Exclusive Dealer Circular road, Bahawalpur City.	Franchise Dealer	CEO	06.09.2019	0:50 mints
19	Ghyas electronics, Circular road, opposite Derawari gate, Bahawalpur, City	Independent Retailer	CEO	06.09.2019	0:30 mints
20	Rizwan Electronics, Opposite Derawri Gate, Circular Road, Bahawalpur, City	Independent Retailer	CEO	05.09.2019	0:30 mints
21	Japan Electronics, Circular Road, Bahawalpur City.	Independent Retailer	Sale Manager	05.09.2019	0:55 mints
<b>Number of Interviews 04: Lahore, Central Punjab, Pakistan</b>					
22	Metro Cash And Carry, Model Town Link Rd, Block G Model Town, Lahore.	Superstore	Sale officer Officer/Manager	November 2019	1:20 hrs
23	Metro Cash And Carry, 2KM Thokar Niaz Baig, Multan Rd, Amarkot, Lahore.	Superstore	Sale officer	November	1:20 hrs
25	Abdullah Electronics, Shop# 2, 3 Fysal Market, 3 Main Hall road, Lahore	Independent Retailer	Store Manager	12.12.2019	0:45 Mints
26	Arian Traders, Sahiwal city, District Sargodha	Independent Retailer	CEO	10.12.2019	0:30 Mints
<b>Number of Interviews 01: Gilgit Baltistan, KPK, Pakistan</b>					
27	Fida Electronics, Arif plaza, Cinema Bazar, Gilgit, KPK, Pakistan	Independent Retailer	Owner	9.12.2019	0:30 Mints

*Source: author's illustration based on research results.*

## Appendix 3

### Sample of Interview Transcription

#### 1. Sialkot City, North-East Punjab-Pakistan.

Name of Business: Qaiser Electronics, PSO Pump, Pulli Tope Khanna, Sialkot, Pakistan.

Interviewee person: Malik Muhammad Iqbal, Legal Head Branch Manager

Contact details: +92309-6660188, +923065353610

Date and Time: 16.09.2019 at 10.00 am -11.00am.

Duration: 1:00 hour

Language used and mode: Urdu, In-person, audio recording and short notes:

#### Questions and Answers

##### 1. Do you think customers are clear about their brand choice before they enter the store?

Some customer are clear and have already decided which brand to buy before they come to store. Most customers are not clear which brand they will buy before the market visit but they definitely have some brands in their mind. Customers who are clear about their brand choice are well educated and had experience of using brands. Usually customer consult with their family members and friends to decide which brand is best but they change their mind when they come to store and have conversation with salesperson.

##### 2. Who are the customers that have clear brand choice and what is their percentage?

Such customer are well-educated, upper middle class and have past experience with brand. They also make their decision based on advertising. Middle class usually take into account views from friends/family, visit different stores to choose their brand at best price. The percentage of customer having clear brand choice is 30-40 %. The remaining 60% customer can be easily switched to a brand what salesperson wants.

##### 3. How do you categorize the customer and their buying behavior?

In home Electronics, there are two types of customer- first, lease or installment customer and second, cash customer. Cash-customers are the actual user of product and buy items to fulfill their desires. Whereas, lease customers may not be the actual user of product and they could resell it in the market for cash. I do not know how they full fill their daily needs. Therefore, there is big difference between two types of customers (cash vs credit) in terms of their purchase motivation. The criteria to choose the brand or make purchase decision for both type of customer totally different. Cash customers value price, quality and aftersales services. Whereas, credit customer just look for difference between purchase price and resale value irrespective of anything else. Such customers always prefer to buy the brand, which gives them profit margin when resell it. At our store, we have 30% cash customer and 70% credit customer. Our chain (Qaiser Electronics) is not competing on the biases of wide range of product variety and low price, but offer our customer flexible and easy installments. Our prices are high and have limited range product range but we attract middle or lower class customer who are interested in leasing home electronics items on easy installments and with minimum requirements. We do not have proper verification system or department to check the credit history and credibility of person but rather direct and on spot feedback/background check from our local agent in that area. This system only works up to



a certain level. To expand the business on larger scale, you need sophisticated and comprehensive system for customer background check and need to set qualification criteria. But I think, this is how small retailers are diversifying and competing against large electronics chain in Pakistan. In recent times, customer purchasing power has decreased dramatically and more customers are buying electronics items on installments, which allows retailers to play a big role in customer brand selection process.

In typical shopping trip, 3-4 persons, usually family members, or sometime friends, come together to choose the brand and discuss everything such as product quality, price, design, warrantee etc. It is very rare that customer choose brand and make purchase decision on his first visit to a store. Customers visit many store, at least 3-4 in the same line, to collect the information as well as compare the price and quality of brands. As there are no fix price in the market, so each retailer decide the price on spot through customer negotiations. Customer relationship matters a lot to get better price deal.

All brands introduce latest models of each product line with little change in features, design, interior and colors, thus making it difficult for customers to compare different brands and their models. Salesperson reads the customer mind and then guide the customer accordingly with his own sales targets, and sometime customer expectations. When many family members come, then brand choice becomes more complex and takes much more time to decide. Single customer makes quick decision, while it is hard to convince 3-4 person to reach final decision. Some time it helps, they discuss with each and come up with final brand choice.

#### **4. Why the customer listen to the advice/recommendation of sale person? And how do you motivate the customers to buy the brand other than his choice.**

First, we understand the customer needs and develop some sort of ties with them during conversation. Sales person guarantee or assure customer number of things such as aftersales services, product reliability, warrantee and price. Sale person ensure customer that he will be there in case of any problem and it creates customer trust on retailer leading to sale of item what salesperson recommend. Aftersales services usually satisfy the customer and creates trust on retailer. Secondly, customer do not know much about the technical information of product despite high brand awareness level. Retailer's take advantage of customer lack of technical knowledge about product and try to change customer brand preference. For example, functionality of inventor technology, compressor and cooling, energy saving, capacity, voltage issue and outdoor & indoor specification etc. Customer cannot really differentiate the quality of brands accepts their brand name. Thirdly, positive store image, pleasant atmosphere, and services quality increase customer trust on store and result into purchase decision. Despite this, it is also fact that brand name play a role in customer brand choice. Customer only choose from 3-4 top selling brand in each category.

Few customer may also consider comparatively low quality brand offering extra benefits (price, features, and warrantee) than high quality brand. However, in most cases customer choose from similar brands. An experienced salesperson knows which brand to offer to customer depending his motivation, budget, and product knowledge. Customers really do not know the difference between brands and use price heuristic to judge the quality of brand. Customer wants only one surety that product will not fail and shopkeeper will take care of everything in case of any fault. Retailer/salesperson reassure customer about product quality through warrantee and promise of aftersales services that creates customer peace of mind and trust on retailer.

#### **5. What is most important for retail store to build store loyalty?**

I would say salesmanship is key factor to engage and motivate the customer in to retail selling environment like us. Not every store has so many brands and their models, therefore art of salesmanship win the customers heart and mind. Well trained and experience salesperson is the backbone of retail store, what no other elements can do. Sales person has power to influence the flow of customer on floor through his time and resources to build the relationships. We have very experience and talented salesperson who understand the need of customer and guide them through in their purchase decision.

Salesmanship is about liberty, enlightenment, giving customer choices and enabling them to decide which option is better for them. It is not about pushing or manipulating customer to buy the product. Customer only trust salesperson when he realize that salesperson is sincere, honest to them, and thinking of about well-being. Secondly, retail store with high reputation increase customer trustworthiness and store loyalty. Before final purchase decision, customer look at the trustworthiness of retailer than product brand. Customer trust more on retailer who they personally know than product brand, which they saw on TV. They know retailer will be there to help them in case of product failure and provide aftersales services. Price satisfaction is key detriment of customer loyalty to store. Therefore, retailers gives best price in the market to satisfy the customer. Customer believes in salesperson when he shown interest in customers, give them proper time, provide all necessary information and treat them with courtesy. Finally, the level of customer services make a big difference in customer satisfaction.

**6. Does product country of origin (COO) have any impact on customer purchase decision in home electronics?**

Not so much, because most electronics brand in Pakistan are local and very few from china. So it does not make any significant impact. However some international brand like LG, Samsung, Panasonic, Kenwood, but they are not as popular as domestic brands in home electronics. It also vary on product categories like air conditioning, fridge, LED TV etc. Country of origin have high impact in LED TV than fridge and AC. Top international brands in electronics have good market share in Europe and they work better in those conditions. Europe is cooler and do not have electricity shortage problem, here we have so many issues and international brands are not adopted to local conditions and customer requirements. Here we have very harsh summer and those brands are not fit for purpose here. National brands dominates the market and have local manufacturing unit here and some from China. However, customer knows local manufacturer also rely on China for assistance in manufacturing and component supply. So country of origin is not key purchase factor here and does not effects customer brand choice.

**7. Does customer brand selection varies depending on type of item.**

Yes, customer brand selection process and purchase decision vary from product to product within home electronics. In general, some electronics items are considered as necessity of life such as fridge and washing machine. Whereas, other products like Air conditioner and LED TV are considered luxury items. In case of necessities items like fridge, customer spend more time on product evaluation (features, price, and warrantee) and rely on advice of salesperson. Whereas, in case of Air Conditioning (AC) customer have already made up their mind and purchase only what they have demand. It is very rare to switch customer brand preference in AC. This case, it is hard to change their mind. AC sale is increasing than fridges, because it has not yet reached at proliferation stage and many households are installing AC in their home than ever before. Thus, it's easy for salesmen to convert the customer to other brand in fridge as compared to AC. Customer don't not compromise on brand when it come Air conditioning. People who enjoy this luxury are well educated and have high income. Brand name is important in brand selection of AC, especially the brands who advertise more on TV like Gree with celebrity endorsement, sell more and have high market share.

**8. What kind of aftersales services do you offers to customer and which services attract them most?**

Store actually do not offer aftersales services, but its manufacturing brand who have customer support centers and we help the customer in the process through our platform. Customer wants the retailer to represent or face the problem on behalf of customer. Product warrantee is the key and main element in aftersales services. Customer are concerned about warrantee period and give value to a brand that offers long warrantee within same price range. Some brands are offering extended or longer warrantee at lower price to attract low-income people. For example ChenHang Ruba, Hisense and TCL.

**9. What do you think is most important for retailers to gain repeat customers and build strong store brand.**

First, retailers need top selling brands on the floor with wide range of products and latest models. Second, pricing strategy is important in retail environment and it derives the flow of customer and store profit margin. What I believe, competitive price strategy is crucial to maintain tradeoff between sales volume and unit profit margin. Most electronics chain in our country have low price and high sale volume strategy but I think it has negative consequences maintaining services quality. Delayed or poor after sales services destroy store image. Price is used as source of differentiation and competitive advantage in this industry. It attracts lot of customers, although it reduce profit margin, but it increase customer purchase satisfaction. Strong retail chain like Naeem electronics use low pricing but they provide unique store atmosphere, great after sale services and professional staff. They have more satisfied customer and large customer base. High income class like to shop from Naeem electronics because of their store atmosphere, customer services and variety. The chain has built good corporate image which appeals to higher end income customer. In fact, their prices are competitive and offers the customer complete package.

**10. How does owner personality and presence influence customer purchase decision?**

In a store, salesperson play an active role to understand the needs and wants of customer, guide them through, provide necessary information on different brands, products, model, design, explain their features, quality, technical aspects, warranty and share their past experience/stories about different brands and customer satisfaction with them. In this all process, managers or owner is just there on his seat to overlook and observe the dealing of salesperson with customer. He does not interfere in brand selection process or purchase decision unless customer approach for final price or reduction in the price. Usually owner or manager has the power to offer more discount than salesperson. Therefore, customer wants to interact with owner or store manager to get extra discount and secondly, seek assurance about after sales services.

**11. Which factors you think are most important to build store loyalty?**

First, every retailers need to offer good aftersales services, which means complete take-care of customer problem arising after sales. Retailer must take ownership of customer problem and solve the problem at earliest. No matter how much variety and good atmosphere a store has but without efficient sale staff, it is not possible to make sale. So salesmanship is the core element of store brand. Salesperson good behavior, attitude, sound product knowledge and sale skills create customer trust. Thirdly, unique store atmosphere engage and keep interest of customer in store mechanize. Finally, store needs to have competitive pricing strategy to differentiate in the market. It is one of the most important element in building store image and customer satisfaction.

*Source: Author's interpretation of interview data.*

#### Appendix 4

##### Results of Open Coding Process

<b>CODES</b>	<b>FREQUENCY</b>
<b>1</b> Customer's with clear brand choice	34
<b>2</b> Customer's with little or no brand preference	25
<b>3</b> Major types of customers	29
<b>4</b> Purchase criteria for different customers	19
<b>5</b> Retailers brand positioning	28
<b>6</b> Consumer buying habits	48
<b>7</b> Retailer's relationships efforts	56
<b>8</b> Customer purchase decision criteria	38
<b>9</b> Role of salesperson in customer purchase decision	82
<b>10</b> Role of aftersales services in customer decision	26
<b>11</b> Importance of product knowledge in decision making	47
<b>12</b> Product brand differentiation	36
<b>13</b> key elements of retailer brand equity	50
<b>14</b> Consumer perceived purchase risk	21
<b>15</b> Customer trust level on retailers	63
<b>16</b> Store pricing	36
<b>17</b> COO effect on brand choice	37
<b>18</b> Product evaluation across categories	12
<b>19</b> Role of warrantee in purchase decision	25
<b>20</b> Effects of merchandise quality/variety on store	40
<b>21</b> Presence of store owner impact on customer	36
<b>22</b> Influence of store atmosphere	19
<b>23</b> Importance of store services quality to customers	24
<b>24</b> Customer selection of store	42
<b>25</b> Key factors in choosing product	70
<b>26</b> Key characteristic of salesmanship	53
<b>27</b> Information sources used in brand selection	30
<b>28</b> Brand range effects	11

<i>Source:</i>	<b>29</b>	Perception of retail channels	41	<i>Author's</i>
	<b>30</b>	Corporate image of retail store	4	
	<b>31</b>	Sources of store image	19	
	<b>32</b>	Customer loyalty retailer vs manufacturer	60	
	<b>33</b>	Customer loyalty to salesperson	4	
	<b>34</b>	Importance of store design/display	22	
	<b>35</b>	Customer expectation from retailers	26	

*Illustration, based on interviews analysis*

**Transcription Summary of Customer Information Seeking and Decision Making**

Key codes	Key words, meaning, statements and phrases
<p>Code 1</p> <p>Customer with clear brand preferences.</p>	<p>Well educated, brand knowledge, past experience, high income, hard to change brand preference, choose from two similar brands, finally decide aftermarket visit, only 25-30 % customers are brand loyal, 20-25% customers make purchase decision on first visit, 50% who have clear brand preference, buy top brand, customer buying average brand are flexible in decision, brand name is important,, demand product by name, price range matter, seek guidance from salesperson when looking new model/brand, 50 % of decision depends on the information /guidance from retailers, confirmation from retailers, little room for brand negotiations.</p>
<p>Code 2</p> <p>Customers with little brand preference</p>	<p>Ask to show good quality product, not brand preference and have some brand in mind, customer change their mind after conversation with salesperson, about 60% customers can be easily switched to other brands, customers rely on the guidance from the salesperson, delay band choice until visit store, purchase decision depends on two things: first interaction with salesperson and choice of store, Remaining 70% customers do not have clear brand preference, retail market structure influence customer purchase decision, about 50% customer do not know which brand will buy, middle class is flexible with brand choice, 70% accept the offer of salesperson very easily, customer have raw knowledge and information about product features, customer are almost blind in brand choice, customer do not know anything about the product features, 50% customer get convinced from salespersons guidance, customer make their decision in the store.</p>
<p>Code 3</p> <p>Major types of customers</p>	<p>Two types of customer: Installment and cash, installment customer has little option to choose brand, Ruler area customer demands certain brands, treat reference customer with protocol, customers wants negotiate, Middle class buy electronics as an assets, elite class buy electronics as lifestyle and status symbol. Upper class takes inspiration from TVC; Middle class is inspired from neighbors/relatives. Middle class buy average brand and has low loyalty, upper class is loyal and buy top quality brands, Most customers expects two types of benefits from retailers: financial rewards (discount &amp; price off) and social benefits, Middle class expect free home delivery, elite class expect high standard of services, professional salesperson, good environment and after sale services, installment customer pay extra 30% markup.</p>

Code 4 Purchase criteria for different customer	Cash customers are the actual user of product, installment customer resell the product in market for cash, Cash customers give importance to price, quality and aftersales services, whereas, credit customer just look for price difference between purchase and resale value, Middle class is quite flexible in brand choice, and price is the main purchase criteria for cash customers, Middle class expect special treatment, low price in exchange for store loyalty, Lower middle class customers do not want to develop relationships, and hunt for best price without concerning aftersales services, Lower class demand brands which are popular in their community, Installment have to accept our offers.
Code 6 Consumer buying behavior	In a typical shopping trip 3-4 person come together, Single customer makes quicker decision, Customers visit 3-4 different store, no fix price in the market and customer like negotiations, female makes final decision, group decision is complex, shopping center not first preference for buying electronics, some customer brings electricians for product selection, online shopping of home electronics is low, customer pay through cash, shopping is main social activity for female, female don't work and free at home, Only 30-40% customers buy in first visit, electronic buying for social status and prestige.
Code 8 Customer buying decision	Choose from 2-3 top selling brand, prefer extra features, no definite brand loyalty, Decision-making factors: brand name, store image, price and salesperson skills, social status buying, value more functions, Brand name and opinion of peer group influence purchase, , brand choice may change depending on store image, services and salesperson guidance, buying within price range, second opinion from salesperson, customer conceive brand idea in the store, time spent in store is more decisive than previous stages, confirmation of brand believes, buying within similar price range same quality, two main factors in decision-making: brand name and after sales services, multiple factors come into play for final purchase decision including brand name, store image, environment, customer give importance to product price, customer look for product name, price, and trustworthiness of retailer.

Code 11 Importance of product knowledge in customer decision	Retailer's take advantage of customer lack of product knowledge, role of salesperson is limited when customer have product knowledge, Customer do not know much about product technical features, technology, warrantee etc. such information influence customer decision. Salesperson educate customers, no authentic online sources to verify prices, Customer price satisfaction is subjective, customer is almost blind when come to store, Customer do not get such information from TVC, During product comparison, the focus is on technical aspects such as technology, inventor, cooling, energy saving, backup time, voltage & ampere's compatibility with power supply, warrantee period, and repair and replacement services.
Code 12 Product brand differentiation.	brand name serve as source of differentiation, Price heuristic used to judge the quality of product, Product physical features as finishing, look, material and design are used to judge quality. Budget brand offer low price, extra features, and better after sale services as source of advantage. Most manufacturer brand position on functional performance such as fast cooling, inventor technology, energy saving etc. Family/ generation brand image of Waves, PEL, and Dawlence, LG with history and associations. New brands including Haier, Orient, TCL, Samsung, Kenwood, and Gree are viewed as innovators, tech, and modern brands, Salesperson switch customer mind because of the sales target, and customer inability to differentiate between brand/product features. No brand is number one in all categories in Pakistan. International brand are only good in AC and TV. National brands leads in sale of fridge, washing machines, and AC as well. PEL is popular choice of customers from rural areas, whereas, Haier sale well in city area.



## Appendix 6

### Transcription Summary of Purchase Risk, Trust, Relationship and Loyalty

Initial codes	Key sentences/ phrases condense meaning.
Code 14 Purchase risk	<p><b>Key words:</b> Surety, take full responsibility, warrantee, aftersales services, trust, easily approach, high involvement products, smooth product performance, retailers face the music, personal guarantee, product knowledge and lack confidence, expert opinion of retailer, sincere to them, middle class, limited budget, average quality products, safe investment, purchase risk, dependability, safe choice, heavy items, special delivery, and installation arrangements, quality control problems, customer directly contact retailers, take care of the problem.</p> <p><b>Key sentences/ phrases</b></p> <p>“Customers trust us because we assume responsibility on behalf of manufacture”, “Customer feel satisfy with the advice of retailer rather choosing brand by himself”, Retailer’s assure customers extra support in connection with aftersales services for specific brands, which reduce customer risk”, “Retailers present the information/product history in way that customer feel to accept what they recommend in order to avoid future problems/risk”.</p>
Code 15 customer trust	<p><b>Key words:</b> Final purchase decision, trustworthiness of retailer, personally know, correct and complete information, honest opinion, repeat customers, relationship customer, purchase risk, confidence, care about their well-being, sincere, how you treat your customer and put efforts, loyal to salesperson, solve their problem beyond store policy, reconfirm brand beliefs, retailer’s reputation/image, certified dealer, do not feel comfortable to contact manufacturer, ownership of customer problems, loyal for generations, competence to deliver services and store reputation, certain competencies and trusting behavior, customer flow, deals hundreds of customers every day, trusting relationships, trust is nurtured, meeting customer expectations, responsibility of retailers</p>



## **Appendix 7**

### **Transcription Summary of Factors Effecting Store Loyalty**

<p>Node 13</p> <p>Key elements of retail brand equity</p>	<p><b>Key words:</b> <i>Store image, pleasant store atmosphere, superior services quality, Salesperson's personality/behavior, loyalty to salesperson, store pricing, display/layout, product assortments, store services, aftersales services, salesmanship, and customer relationships, 3-4 top/famous brands, professional services, good behavior of salesperson, right mix of variety, top brands and efficient salesforce.</i></p> <p><b>Key sentences/phrases/condense meaning.</b></p> <p><i>"I think it is more about salesmanship and keeping top selling brand and right store atmosphere", "I think, it much depends on the quality of product/merchandise and how you deal with your customers", "multiple factors play a role in building store image including salesmanship, relationships, and services/aftersales services"</i></p> <p><i>"Services and atmosphere creates differentiation" customers services, professional sales staff, reasonable prices and reliable after sale services create customers loyalty.</i></p> <p><i>store loyalty depends on how you treat your customers and merchandise quality</i></p> <p><i>"If store offers nice environment, well-behaved staff member and adequate variety, it increase customer trust and satisfaction", "We are one of the biggest store in the city offering full variety, well-educated and trained salesperson", Retail outlets should have great interior setting/design, unique atmosphere, right choice of brands/products, and customer convenience", "salesperson's to convince the customers about brand selection depends on the image of store image/ reputation, atmosphere and itself behavior of salesperson", "As customer knows products quality is same at all dealers, the only difference is in the price and services/aftersales services", "Salesperson can change customer mind in the last moment through his behavior and knowledge but it has to be good store environment". "Retailers needs to have product variety/top brand, talented salesperson, and competitive prices",</i></p> <p><i>"Store pricing and delivering aftersales services contributes in customer purchase decision", Brand name and pricing contributes to customer loyalty about 70%, while remaining 30 % on customer services", " Customer trust more on retailers now days because of special relationships and easy access"</i></p>
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<p>Code 16</p> <p>Store pricing policy</p>	<p><b>Key words:</b> Price regulates flow of customers, effects store image, customer negative price perception of chain stores, don't like to buy at fixed price shop, value for money, no fix the prices by company, scale retailers pass on low cost benefits to customers, price is main criteria in customer decision, chain store set a minimum price limit, balance the market, customer is price sensitive, expect pricing off/discount, store reputation mediate price satisfaction.</p> <p><b>Condense meaning.</b></p> <ul style="list-style-type: none"> <li>• Pricing effects store image and customer satisfaction.</li> <li>• Customers do not buy out of their price range, ask for more discounts in return for their loyalty, relationships, reference and future buying.</li> <li>• Store price policy effects customer store loyalty.</li> <li>• Store reputation mediate customer price satisfaction. Customer just do not buy from any store because it requires customer trust.</li> </ul>
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<p>Code 20</p> <p>Merchandise quality/variety</p>	<p><b>Key word/condense meaning:</b></p> <p><i>attract customers in store, increase store visit/flow of customers, essential to have 3-4 top selling brands, adequate product variety, retailers rely mix of products, Good salesperson can convince customer with what they have in stock,, Store image depends on the quality of products, variety indicates seriousness/scale of business, limited variety leaves negative impression and reduce customer trust, more variety enhance customer experience of store visit, positive impact on retailers reputation, specialize retailers have limited brand/variety, trade-off and mixing brand, positive image, increase in customer flow, better position to convince customers, increase purchase intention, All the famous brands are easily available in the market, customer prefer to buy from store with good variety.</i></p> <p><b>Key statements/ analysis/ summary</b></p> <ul style="list-style-type: none"> <li>• <i>Availability of high quality products not only enhance store image, but also help to sell average or low quality brands.</i></li> <li>• <i>Variety/quality does not directly effects store loyalty, rather it contributes to enhance store image.</i></li> <li>• <i>Customer expect retailers to have main brands (3-4) in each line so that they can compare the product features in the store.</i></li> <li>• <i>Retailers cannot have all top quality brand and they have to find good mix and right selection of brands according to their resources and market position.</i></li> <li>• <i>Product variety alone does not help to convince customers, it has to be supported by unique store environment and efficient salesperson.</i></li> </ul>
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<p>Code 22</p> <p>Store atmosphere</p>	<p><b>Key words:</b> <i>Selection of store, purchase intention, perception of store, spend more time, more relaxed, increase customer interest in the merchandize, charge environment, excite customers, attract customer, shapes customer's store image, positive product evaluation, effective customer engage, feel relaxed, calm and confident, stimulates customer emotions, first impression of store personality.</i></p> <p><b>Key statements/summary</b></p> <ul style="list-style-type: none"> <li>• <i>Customer final brand selection is heavily influenced by store environment and behavior of salesperson.</i></li> <li>• <i>Right atmosphere means charge environment that excite customers to actively look store merchandize, have favorable product evaluation and increase interest to accept store offering.</i></li> <li>• <i>It helps to attract customer, increase customer flow on the floor and shapes customer's perception about store.</i></li> <li>• <i>Customer actually conceive the brand idea and make final brand choice in the store with effects of store atmosphere and guidance from salesperson.</i></li> <li>• <i>Sore atmosphere is not just the temperature or turning on the lights and Air Conditioning, rather it the overall look, feeling and behavior of store.</i></li> <li>• <i>Store environment is the first impression of store brand personality, second is the behavior of salesperson and third is the merchandise quality.</i></li> </ul>
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<p>Code 31</p> <p>Sources of store image</p>	<p><b>Key words/condense meaning</b></p> <p><i>Expectation of free home delivery, expect special treatment, satisfaction with problem solving capacity, create trust and loyalty, key pillar of store image, special treatment as given, problem solving and professionalism create loyalty, protecting well-being of customers, relationship non institutional or store level, three element of services: 1) salesmanship and behavior , 2) unique store environment, 3) after sale services/ problem solving, services includes monetary rewards/benefits, services as foundation store image, damage to product, services delivery system, customer pay more money for good services customer/ peace of mind.</i></p> <p><b>Key statement/Summary</b></p> <ul style="list-style-type: none"> <li>• <i>Customers like to receive preferential treatment and protocol as their psychological and social need/status, whistle professional services and competent sale staff to solve their actual problem.</i></li> <li>• <i>Preferential treatment/protocol is not sufficient to for services diffentiation, nor it leads to customer loyalty because it is rather given and expected benefit in our culture.</i></li> <li>• <i>In contrast, provision of professional services, problem solving contribute to customer loyalty.</i></li> <li>• <i>Retailers use mix of relational benefits (friendship, special treatment, instant tangible rewards like discount, free delivery, installation etc.) and services (aftersales, personal assurance,) to achieve customer loyalty.</i></li> <li>• <i>Customer services is the core elements in creating of store image and Customer asses the trustworthiness of retailers through services delivery system</i></li> <li>• <i>At bigger store, customers pay extra money in turn for better services.</i></li> </ul>
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<p>Code 34</p> <p>Importance of store design</p>	<p><b>Key words/condense meaning.</b></p> <p><i>Pay special attention to eye-catching display, effects image of store, increase customer attention, face of the store, good investment, effects store choice, fanciers store are perceived to stock top brand and high prices, reluctant to enter big store, high prices, little room for negotiation, don't feel comfortable, hesitant dealing with professional sale staff, effects evaluation of product quality,</i></p> <p><b>Key statements/summary</b></p> <ul style="list-style-type: none"> <li>• <i>Attractive display enhance customer evaluation of product quality and favorable attitude towards store.</i></li> <li>• <i>Customers from middle class/rural areas are reluctant to enter fancier and big outlets, they think big store have high prices, fix rate and no room for negotiation, even don't feel comfortable into glossy environment.</i></li> <li>• <i>Store design function same as the product packaging that effects customer choice of store.</i></li> <li>• <i>Customers prefer to shop from where they have a reference or relationship first, if not, then they choose the store that fits with their personality/attitude and background.</i></li> <li>• <i>Store with normal look have to put extra efforts to convince the customers, sometime customer even doubt the quality/originality of product if store size is too small.</i></li> <li>• <i>Now customers' first look at the store size, design and atmosphere and then decide to shop.</i></li> </ul>
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## Appendix 8

### Transcription summary of Retail Services and Problem Solving

code 10 Importance of aftersales services	<b>Key words/condense meaning</b> <i>take ownership, go extra mile, quick and smoothly, creates trust on retailer, loyal to store, use resources and links to get priority, open warrantee card, 100% assurance, just be there if somethings go wrong, key concern, high risk of damage/defaults, opportunity to build customer trust, core elements of customer services, effect store image , customer trust, final purchase decision, brand image, priority basis, expect retailers to do on their behalf, customer satisfaction, lose customers, direct aftersales services, essence of store's services policy, competitive advantages, well-being of customers, recovering brand image, source of retailer's image, recovering trust and relationships, win the heart of customers, capability to solve customer, reducing customer purchase risk, safety and assurance,</i>
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<p>Code 19</p> <p>Role of warrantee in purchase decision</p>	<p><b>Key words:</b></p> <p><i>longer product warrantee, higher the product quality, key element of aftersales services, customer peace of mind, warrantee used as sale strategy, effects product quality perception, effects brand choice, “low quality” vs “low price”, big warrantee time gets favorable evaluation, motivate customers, effective for average performing brand, play supportive role, benchmark set to 10 years, otherwise, their main trust is on the retailer, retailers use this tool to influence customer brand choice, push low or average quality brands, reduce purchase risk, customer peace of mind, increase customer purchase satisfaction, warrantee does not matter in big names, retailer’s personal guarantee.</i></p> <p><b>Key statements/meanings</b></p> <ul style="list-style-type: none"> <li>• <i>Longer warrantee time only benefits average quality products and improve their quality perceptions and least effective for either extreme: low quality and high quality products.</i></li> <li>• <i>Warrantee improves quality image of product up to some extent and brand should have been in the list of mainstream competitors.</i></li> <li>• <i>However, warrantee is not the only parameter in assessing product quality, but also brand image, awareness, price and country of origin.</i></li> <li>• <i>Warrantee does not matters in selection of top quality international brands.</i></li> <li>• <i>Customer is too much concerned about the guarantee/warrantee when buying high involvement products.</i></li> </ul>
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<p>Code 23</p> <p>Importance of services quality</p>	<p><b>Key words/ condense meaning</b></p> <p><i>Free and safe home delivery, third party delivery , customer care, available all the time, how treat customer, provide solution to problem, show concerns for customer, win customer trust and store loyalty, advise and consulting, expert opinion, staff behavior, skills and knowledge, store policies, pricing, number of salesperson, resource committed in solving customer problem, choose store who they know, special treatment not sufficient, expect services from professional staff, real problem solving, dressing, look, behavior, personality matters, salesperson knowledge, honest advise, quality product and services,</i></p> <p><i>friendly relationships, taking care of clients, do not go to somewhere else( loyalty) , trust and loyalty, system in place to serve customer and solve their problems, assure quality, promise to take responsibility, support in after sale services efficient and reliable services.</i></p> <p><b>Key statements/summary</b></p> <ul style="list-style-type: none"> <li>• <i>Customer treatment means the level of attention, care, respect, good behavior shown to the customer in conversation and product guidance.</i></li> <li>• <i>Services quality is the key characteristic of store image.</i></li> <li>• <i>Retailer deliver services through: 1) staff which is manifested by their behavior, skills, knowledge and personality and 2) store policies related to pricing, timing, promotions, number of salesperson on the floor etc. 3) resources and system to serve the customers.</i></li> <li>• <i>Salesperson’s behavior, dressing, look, personality and knowledge really matters to convince customers</i></li> <li>• <i>Retailer’s customer services are mix of relationships &amp; friendships, competence and guidance, giving incentives, problem solving capacity, risk reduction and promoting well-being of customers.</i></li> </ul>
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<p>Code 36</p> <p>Customer expectation from retailer</p>	<p><b>Key words:</b></p> <p><i>special way, special price, dedicated services, personal way, as guests, protocol, socializing and networking, extra discounts, facilitation in return or exchange,</i></p> <p><i>last year make purchase, give more discounts, like special treatment, expect special price, full support in after purchase, ask for more discount, price/discount main things, deep discount, favors in after sale services. Retailers have to face the music in product failure, leaves negative impact on store reputation, customers don't want to directly contact the services center, expect surprises, bargain, negotiation and relationships, desired to be identified, better services than normal customers, already discounted</i></p> <p><b>key statements/summary</b></p> <ul style="list-style-type: none"> <li>• <i>Customers have many expectations from retailer but they mainly expect extra discount and special treatment.</i></li> <li>• <i>In general, customers expect retailers to have reasonable variety, have professional sale staff and efficient after sale services.</i></li> <li>• <i>Customers also expect VIP protocol, free home delivery, extra favors warrantee, return and exchange policy etc.</i></li> <li>• <i>Customers use reference for three reason: a) lower price/discount b) special services c) reduce risk</i></li> <li>• <i>Retailers have to keep balance between the price/discount and your relationship.</i></li> <li>• <i>Retailers face the music in case of product fault and leaves negative impact on store reputation.</i></li> <li>• <i>Customer do not want to directly contact the services center and expect retailer to solve the problem on their behalf.</i></li> </ul>
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## **Appendix 9**

### **Transcription Summary Salesmanship and Selling Behaviour**

- Salesperson guide customers according to their sales targets.
- Salesperson assurance to stand with customers and deliver efficient aftersales services,
- Guarantees on product performance and stand with customer in in case of any problem.
- Salesperson invest time, resources and efforts to build customer confidence.
- Empower and educate customer to make right decision,
- Care about well-being of customers builds relationship.
- Motivate customers to buy right products based on experience and knowledge.
- Salesperson's product knowledge & good behavior generates customer trust.
- Satisfy customer all questions and provide valuable information in timely fashion.
- Convert customer through systematic comparison of various products with some degree of bias to achieve his sale targets.
- Salesmanship is about good behavior, product knowledge, and customer intelligence.
- Salesperson change strategy depending on customer brand awareness level/product knowledge and store policy.
- Customer are loyal to brands carrying symbolic meanings
- Customer demand product by name, but necessarily not buy the same at the end.
- Customer consider alternate brand within similar price range.
- Customer use retail channels as ultimate source of verifying their product knowledge. .
- Salesperson educate customers on technical issues, which they do not know.
- In general, salesperson pushes one brand for self-interest and interest of customers.
- Salesperson manipulate information just to change customer purchase decision.

	<ul style="list-style-type: none"> <li>• <i>Superstore use pull sale strategy and role of salesperson is to just facilitates the customers, whistle small retailers use push-aggressive sale strategy.</i></li> <li>• <i>Passive selling is consider cold behavior and show lack of salesperson motivation and interest in customers.</i></li> <li>• <i>Salesperson try to convert customers based on three things: 1) Stock level (what store has to sell), 2) Sales target (what he wants to sell), 3) customer needs (what customer demands and he should be selling )</i></li> <li>• <i>Retailers always push less established brands for more profit margin.</i></li> <li>• <i>Most customer do not trust salesperson straight away, in fact, store size, variety and look matters a lot in customer trust.</i></li> <li>• <i>Salesperson's personality, behavior and knowledge effects customer decision.</i></li> </ul>
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<p>Code 21</p> <p>Presence of store owner</p>	<p><b>Key words/condense meaning.</b></p> <p><i>Owner have authority and powers, presence or absence of owner effects customer satisfaction, limited role in selling, give special favors, discounts, higher trust, final deal, confirm price, warrantee and aftersales service, short conversation increase confidence, real authority, negotiation and power, little trust on salesperson give favors, protocol to relationship customers, owner as investor has long-term stake,</i></p> <p><i>Presence does not matter for all customers, family owned business, Store image linked with personality of owner, high expectations and trust.</i></p> <p><b>Key statement</b></p> <ul style="list-style-type: none"> <li>• <i>Store image is linked to the personality of store owner- his name, reputation, relationship matters in selection of store and buying decision.</i></li> <li>• <i>Reference customers look at the owner for favors and special discounts</i></li> </ul>
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<p>Code 26</p> <p>Key dimension of salesmanship</p>	<p><b>Key words</b></p> <p><i>Good behavior and attention, social skills and product knowledge, reads the mind of customer, manipulation of information, guidance, market intelligence, product knowledge, technical information, avoid overload of information, empathy, respect, personality outcome is trust, competence, proactive behavior, store environment, deep product knowledge, caring and concerns for customers, behavior, competitors information, real time product performance feedback efforts and time, product comparison, educate customers, caring behavior, amount of time, feel obliged, social skills, systematic comparison of product, feel indebted, customer engagement, personality and social skills, engagement is pre-condition, proper guidance,</i></p> <p><b>Key statements/condense meaning</b></p> <ul style="list-style-type: none"> <li>• <i>Salesmanship means exhibiting caring behavior, deep product knowledge and social skills to guide customers in brand selection.</i></li> <li>• <i>Salesmanship is combination of good behavior, product knowledge, competence and personality of salesperson.</i></li> <li>• <i>It has key attributes such as trusting behavior, effective presentation skills, and sound product knowledge to effect customer decision.</i></li> <li>• <i>Guidance start with understanding customer's requirements in terms of budget, product usage, family size, regional atmosphere and then giving honest opinion to in final purchase decision.</i></li> <li>• <i>Salesperson puts efforts to show customer different models and explain benefits, make systematic comparison of product features i.e. capacity, size, cooling function 3D, 5D, gas kit, pipe material, glass door and shelves capable of bearing weights e.g 100 kg.</i></li> <li>• <i>Manipulation occurs when salesperson wants to sell specific product for personal gains without hurting the interest of customer in border sense. Salesperson guidance is always charge with some degree of bias-promoting specific brands.</i></li> <li>• <i>Customer conversion happens through systematic comparison of product is made by talented salesperson having timely information, complete product knowledge, and ability to win the trust of customers.</i></li> <li>• <i>Salesperson has personality and social skills that help to build rapport with customers</i></li> </ul>
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	<ul style="list-style-type: none"> <li>• <i>Customer short interaction with salesperson cues the competence and, trusting behavior of salesperson.</i></li> </ul>
Code 33 Loyalty to salesperson	<p><b><i>Key words:</i></b> <i>competency, knowledge, trusting behavior, personality, personality and behavior, loyalty to salesperson, acceptance and agreeableness, friendly relationship, and trust and relationship.</i></p> <p><b><i>Key statements/summary.</i></b>  <i>Customer switch the store if salesperson move to some place/store. Customer is loyal to the salesperson, not the store because of his friendly behavior, trustworthiness, relationship and problem solving.</i></p>

## Transcription summary of Customer Choice of Store and Brand Loyalty

<p>Code 5</p> <p>Retailers brand positioning</p>	<p><b>Key words:</b></p> <p>Qaiser Electronics has limited variety, flexible and easy installments, <i>and minimum requirements</i>. Naeem Electronics offer low pricing, unique store atmosphere, and great after sale services and professional staff. Naeem Electronics, <i>prices are competitive and offers complete package</i>. Chain store has image of installment store, <i>higher prices and more variety</i>, chain store use low price and high sale volume strategy, , <i>small retailers attracts customer who prefer special treatment, and flexible terms and conditions and personalized services</i> , <i>small retailer has competitive advantage of customized services and flexibility in credit policy and good in after sales services, installment business as survival strategy for small retailers, the only source of competitive advantage for all retailers is have well-trained salesperson and offer good customer services</i>, small retailers rely on strong relationships customer, <i>customer first preference is chain store because they expect better price, more variety and professional staff, customer now understand that chain store offer better price than small retailers ,small retailer build close relationships with customers, retailers have to mix multiple brands.</i></p>
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<p>Code 24</p> <p>Selection of retail store</p>	<p><b>Key Words/condense meaning</b></p> <p><i>three factors in store selection: 1) references/relationships, 2) reputation/awareness and 3) display/location, visit multiple store, relationship customer first choose the store, brand conscious person first choose the product, 50% customers first choose the store, 20% customer first choose brand, 30% choose both concurrently, retailer reputation, market reputation and credibility, big showroom/outlet, for the sake of more variety and good atmosphere, traditional market/specialized market, display/ design, few electronics store located in the shopping centers, received reference customers, do not trust and feel confident buying online, Rush/flow of customers cues for store selection, Big retailer can easily sell low quality, know someone personally, location and store size indicates variety and atmosphere, risk free investment, trust and relationship,</i></p> <p><b>Key statements/summary</b></p> <ul style="list-style-type: none"> <li>• <i>Relationship customer first choose store, then product brand, whereas walk-in or undecided customer may choose side-by-side. However, brand conscious person choose brand first and then retailer.</i></li> <li>• <i>Customer prefer to buy electronics from big showroom/ branded outlet for sake of more variety and atmosphere.</i></li> <li>• <i>Customer selection of retailers is much dependent on market reputation, relationships.</i></li> <li>• <i>Customer use relationships and reference to select store in order to reduce purchase risk, get better price and good services.</i></li> <li>• <i>Customer use reference for three reason: low price/discount, good services, and reliable product/reduce risk and uncertainty.</i></li> <li>• <i>Store design and display are important but not significant to influence customer choice of store.</i></li> </ul>
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<p>Code 29</p> <p>Perception of retail channels</p>	<p><b>Key words:</b></p> <p><i>Chain store have high prices, keep top brands, fixed prices, installment business, offer low quality products, high mark up, small retailers have negative quality image, Superstore/mall not first preference of customer, shop at main market( cluster), variety, bigger outlet are expensive, hesitant to enter big and fancy store, doubt product quality, two or three qualities, fake products, do not feel confident to shop from small retailer unless come with reference, Customers do not trust small retailer anymore</i></p> <p><b>Summary</b></p> <p><i>Customer perception of retail store varies depending on size, atmosphere, variety, location.</i></p> <p><i>Chain store have high price perception, installment business, offer variety and professional management.</i></p> <p><i>Customer doubts the product quality and do not have confidence to shop there.</i></p>
<p>Code 25</p> <p>Key factors in choosing product.</p>	<p><b>Key words:</b></p> <p><i>physical appearance, brand name, Urban customer rely on Brand name Price and brand name, technical features, multiple factors, price, brand name and aftersales services, technical aspect, 50:50 technical/physical features vs brand name, price and warrantee, Products finishing quality, demand by name, price conscious, finishing quality, technical features, latest technology, price, warrantee, and aftersales services,</i></p> <p><b>Key statements/summary</b></p> <ul style="list-style-type: none"> <li><i>Rural and middle income class give too much importance to physical features i.e. color, size, body, capacity and less consideration for energy saving and technical features of product.</i></li> <li><i>Majority customer consider functional benefits i.e. large size, more space, extra warrantee, colors etc.</i></li> <li><i>High-income class consider brand name/image, style/finishing and energy saving features.</i></li> <li><i>Customer using multiple factors including price, brand name, design, and other performance related feature like cooling, speed,.</i></li> <li><i>Extra features/benefits compensate for low quality product image.</i></li> </ul>

## Appendix 11

### Customers Survey Form

Dear participant,

This survey is a part of doctoral studies in business administration sub-branch marketing that aims to identify key factors influencing customers' choice of retail store and decision making of high involvement products such as consumer electronics/home appliances, fashion or luxury items, etc in the retail sector of Pakistan. Your kind feedback will help me to complete the research and propose a retail branding strategy in Pakistan.

It will take around 7-8 minutes of your time to submit the response and the survey presents you with interesting aspects of retail services. All the personally identified information such as name or email address will not be stored or shared with others. Thank you in advance for completing the survey.

Kind Regards

M.Zafran, Ph.D. Student

(Affiliation with institutions: UMT Pak, TU.LV, Kozminski Pl, and UTU Finland)

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Please indicate if you had any experience of buying home electronics/appliances (LED TV, AC, Fridge, etc) in the last 1-2 years.

- a) Yes
- b) No

If you have answered "**No**" above, please choose another product category below where you do more information search and consult with a salesperson before making a final decision

- a) High tech (computers, digital cameras etc.)
- b) Fashion, Luxury and life style products
- c) Automobile
- d) Others
- e) Do not have relevant experience.

If you do not have experience of buying such products in the past, then you may opt to quit the survey if you wish to do so. However, in other cases, please proceed to complete the survey form.

Please mention the name of store and city if possible.....

1. What is your gender?

\*Female

\*Male

\*Other

2. Please choose your age group?

23-29	30-39	40-49	50-59	60 and above
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3. Please describe your occupation?

- a. Skilled worker/officer
- b. Manager/Director
- c. Business Person
- d. Household
- e. University/College Student
- f. Other Professional

4. Please rate the following statements on Likert scale 1-7 (1 as “Not Agree” and 7 as “Strongly Agree”).

Statements	1 Not agree	2	3	4	5	6	7 Strongly agree
The store I made a purchase carries high quality products							
The store sells variety of products from different manufacturers							
A this store, all products are available whenever I needed							
At this store, products are stylish and latest model							
At this store, the prices are very reasonable							
This store has a satisfactory prices level							
The prices of all products at this store appear to cheaper than other stores.							
I like the layout of this store very much							
Physical facilities at this store are visually appealing							
Display of product and store decor is very attractive							
This store has a pleasant environment							
I feel comfortable when shopping at this store							
The services offered at this store are a high level.							
Employee at this store are very friendly and available for help all the time.							
The Employee at this store are very knowledgeable							



Employees at this store treat customers courteously							
Employees at this store give prompt service							
This store takes a sincere interest in solving customer problems.							
It is easy to return or exchange the item at this store							
This retailer willingly handles returns/exchanges of items.							
Employee at this store has adequate skills to deliver the right service							
Employee at this store are expert in this field							
Employee at this store works quickly and efficiently							
The salesperson at this store tries to get to know the customers on a personal level.							
The salesperson at this store exchanges views with customers on a variety of topics.							
Customers really enjoy the services of salesperson at this store.							
The salesperson at this store, presents the facts in way that highlights product benefits to me							
The salesperson at this store acts like a consultant to me							
The salesperson at this store gives sincere and honest advice to me.							
I have trusting interpersonal relationship with the salesperson at the store							
My relationship with salesperson enhance overall my overall shopping experience							
I feel loyal to the salesperson first and then his store							
When such buying items, I approach salesperson for his advice							
When buying such items, the suggestion of a salesperson is important to me.							
When buying such items, I would consider buying the product recommended by the salesperson							
The store is a pleasant place to shop							
This store provides an attractive shopping experience							
This store offers high quality products and services							
I am satisfied with my decision to purchase the product at this store							
I think, I made a wise decision to buy products at this store							
When I finish shopping and come out of this store, I thought, I did the right thing.							
This store deals customers with honesty							
This store has reputation for being good							

I feel secure when I buy products from this retailer because I know it will never let me down.							
I consider myself loyal to this store							
This store would be my first choice in the future							
I will not switch from this store.							
I would recommend this store to my friends and others							
I consider myself loyal to product brand than to salesperson or his store							
Manufacturer brand reduces the risk of making wrong choice and saves time.							
I trust in manufacturer brands.							

*Source: Author's own creation based on previous studies/scale.*

## Regression Weights-AMOS

			Estimate	S.E.	C.R.	P	Label
q_10	<---	ATMOS	1.000				
q_11	<---	ATMOS	1.044	.055	18.845	***	
q_12	<---	ATMOS	1.053	.053	19.811	***	
q_9	<---	ATMOS	1.023	.057	17.955	***	
q_13	<---	ATMOS	.954	.052	18.387	***	
q_8	<---	ATMOS	.924	.057	16.239	***	
q_14	<---	ATMOS	.881	.054	16.183	***	
q_40	<---	Trust	1.000				
q_39	<---	Trust	1.084	.051	21.309	***	
q_41	<---	Trust	1.017	.050	20.291	***	
q_42	<---	Trust	1.000	.052	19.218	***	
q_43	<---	Trust	.954	.050	19.110	***	
q_44	<---	Trust	1.082	.053	20.337	***	
q_38	<---	Trust	.949	.050	18.977	***	
q_35	<---	SPL	1.000				
q_34	<---	SPL	1.004	.064	15.780	***	
q_33	<---	SPL	.988	.064	15.359	***	
q_32	<---	SPL	1.096	.067	16.354	***	
q_30	<---	SPL	1.152	.067	17.111	***	
q_31	<---	SPL	1.018	.061	16.679	***	
q_29	<---	SPL	.917	.060	15.298	***	
q_21	<---	COM	1.000				
q_15	<---	COM	1.047	.062	16.927	***	
q_22	<---	COM	1.010	.057	17.806	***	
q_28	<---	COM	.884	.065	13.583	***	
q_16	<---	COM	.919	.058	15.948	***	
q_27	<---	COM	.946	.063	15.126	***	
q_17	<---	COM	.996	.056	17.661	***	
q_23	<---	COM	1.032	.060	17.129	***	
q_25	<---	RSEL	1.000				
q_24	<---	RSEL	.950	.064	14.728	***	
q_26	<---	RSEL	.846	.053	15.885	***	
q_2	<---	ASSOT	1.000				
q_3	<---	ASSOT	1.057	.038	27.688	***	
q_4	<---	ASSOT	.780	.043	18.006	***	
q_1	<---	ASSOT	.705	.045	15.560	***	
q_51	<---	BL	1.000				
q_49	<---	BL	.968	.057	17.085	***	
q_50	<---	BL	1.114	.061	18.167	***	
SL3	<---	SL	1.000				
SL2	<---	SL	1.013	.053	19.203	***	

SL4	<---	SL	.970	.052	18.685	***
SL1	<---	SL	.885	.052	17.137	***
q_5	<---	PRC	1.000			
q_6	<---	PRC	.911	.046	19.844	***
q_7	<---	PRC	.746	.055	13.590	***

*Source: author's illustration based on confirmatory factor analysis*

## Appendix 13

### List of Key Players in Retail Service Industry of Pakistan

Category	Name and Origin of Retailer
Bakers and dairy chain	<b>Local:</b> Gourmet, Shezan, Butt Sweet, Cakes n Bakes, Doce , Rahat,Nirala Sweet, K&N, <b>Foreign:</b> Dunkin Donuts, Safilo
Fast food and Restourant chains	<b>Local:</b> Cafe Zouq, Salt & Pepper, OPTP, Yasir Broast, Karachi Biryani, Savor food <b>Foreign:</b> Pizza Hut, McDonald, KFC,Subways, Dominois, Nandos, Gloria Jeans, Second cup, TGI Fridays, Hardees, Burger king, Tira Misu, Cosa Nostra, Cafe Alanto, Cinnabon
Footwear	<b>Local:</b> Bata, Servis ,Stylo, ECS, Metro, Starlet, Borjan, Urban Sole, EBH <b>Foreign:</b> Hush Puppies, Pierre Cardin, Logo, Chales and Keith, Nike, Aldo, Ecco
Apparal and Life Style	<b>Local:</b> Al-Karam,Bareeze, Ideas by Gul Ahmed, Nishat, Maria.B, Chen One, J.Jamshed, Warda, Khadi, Breakout, Stoneage, Outfitters, Crossroad, Char chol, Cougar, Equator <b>Foreign:</b> Levis,Nike, Reebok, Debenhams, Rolex, Swatch, Body Shop, Crabtree & Evelyne, Tony & Guy, Next, Mango,
Pharmacy	<b>Local:</b> Servaid, Clinix, Fazal Din, Mahmood Pharmay, Zaka Pharmacy, D.Watsons
Electronics	<b>Local store:</b> Mian group of Chakwal, Afzal Electronics, Naeem Electronics, <b>Franchise:</b> Sumsung, Toshiba, HTC, Hitachi, LG, Sony PEL,Dawlance, Samsung, Gree, Hier,Orient, Ruba,
Supermarket	<b>Foreign:</b> HyperStar(Carrefour) Metro, Makro(German )
Deparmental store	<b>Local:</b> Al-Fateh, Imtiaz, HKB, Pot Purri, Unility Store, K&N, Zenith, Menue,Gourmet
Fuelling Station	<b>Foreign:</b> Shell, Caltex, Total, Saprco <b>Local:</b> PSO, Attock Petroleum, Byco,
Housing & Furniture	Interwood, Master, Faisal, Sonex,
Courrier services	<b>Local:</b> TCS, OCS, Leapoard, Pakistan Post, Daewoo Cargo <b>Foreign:</b> DHL, FedEx, UPS, TNT Skypak, Fedral Express,
Hotel	<b>Foreign:</b> Sheraton, Marriot, Best Western, Ramada <b>Local:</b> Serena Group, Pearl Continental, Avari plaza, Flatti's ,
Cinema	Universal Cinemas, Cinestar IMAX, Cine Gold Plex, DHA Cinemas,Nueplex, Atrium Cinemas, The Arena, Lux Grand Cinemas
E-retailer	Daraz.pk, Pakwheels.com, Zameen.com, Kaymu.pk, TCS connects, OLX Pakistan, Shop daily

Source: Author's own creation

## List of Modern Retail Channels Operating in Major Cities of Pakistan

City	Population	Modern Retail Format	
		Shopping Maal	Super Store
<b>Karachi</b>	21.2 millions	1.Dolmen Mall Hyderia 2.Lucky One Mall 3.The Forum 4.Ghaziani 5.Park Tower 6.Ocean Mall 7.Antrium Mall 8.Emerald Tower 9.Millinium Mall 10.Zainab/Zamzama Market	1.Hyperstar( Carrefour) 2.Imtiaz Superstore 3.Naheed Super Market 4.Agha Super Market 5.Needz Super Market 6. Pie in the sky baker 7. HOBNOB gourmet 8.CSD
<b>Lahore</b>	11.3 millions	1.Mall of Lahore 2.Emporium Mall 3.Gulberg Galleria 4.Fortress Square 5.Packages Mall 6.Pace Shopping Mall 7.Siddiq Trade Center 8.Voque Tower 9.Panorama 10.Hafiz Center 11. Liberty Market 12. Kareem Market	1.Metro Cash and Carry 2.Makro Superstore 3.Hyperstar( Carrefour) 4.Al-Fateh Super store 5.Decent Departmental Store 6.Swera Departmental Store 7.Gourmet Bakers 8.Docey Bakers 9.Cakes & Bakes 10. Menu/K&N/ 11.CSD
<b>Islamabad/ Rawalpindi</b>	3.199 million	1.Centuarus 2.Mall of Islamabad 3. Giga Mall 4.Safa Gold Mall 5.Jinnah Super Market	1.Metro cash & carry 2.Best Price Shoping Center 3.Al-Fatah departmental store 4.Hyperstar Market 5.D.Watson superstore 6.CSD
<b>Faislabad</b>	7.874 Millions	1.The Grand Antrium Mall 2.Mall of Faisalabad 3.The Boulevard Mall 4.Misaq ul Mall 5.Sitara Mall 6.Kohinoor One 7.Glaxy Mall	1.Metro cash & carry 2.Imtiaz supermarket 3.Al-Fatah 4.City SuperMart 5.CSD
<b>Multan</b>		1.United Mall 2.Mall of Multan 3.ChenOne Tower 4.Crystal Mall	1.Akram superstore, 2.Al-Latif superstore 3.CSD

Source: Author's own illustration