

Thesis
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Customer and Company Perspectives of Store Positioning:
A Study of the UK Specialist Menswear Fashion Sector

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ABSTRACT

The UK market in fashion retailing is recognised as being the most concentrated in the world and companies in this sector are constantly striving to improve their market share and profitability. To do this requires a strong market position, which is developed, maintained and communicated to the target customer. This thesis explores the key issues of consumer and retailer perspectives of store positioning, how customers and retail employees perceive this image; and how image variables can be manipulated to defend or enhance market positioning. It concludes by developing a framework to indicate how image can be strategically managed.

The literature review commences by setting out the historical perspective of the study of consumer behaviour and discusses a number of models, which aim to explain shopper attitude towards store and product selection. It moves on to investigate the attributes contributing to store image perception and to explore a number of methods of measuring store image. Past and current trends in retailing are examined and marketing strategies in the formation of retail image are discussed.

The methodological pluralism used to obtain, generate and analyse data, is justified and results from four separate research phases. The exploratory research phase utilised qualitative methods to identify factors contributing towards store choice. In the second phase a multi-attribute model was applied to data to measure consumer and retail staff perception of store image. Furthermore, the congruence of customer and employee perception was evaluated. The third phase considered how consumers make store choice decisions by trading off attributes and allowed segmentation of sub-groups of customers with similar purchasing characteristics. The fourth phase used an interpretative approach to understand and compare key marketing strategies for two retailers.

The conclusion highlights the issues that retailers have to manage in a fragmented market of consumers with high expectations of product quality, customer service and store environment. The research identifies that store choice factors vary not only between sectors but also significantly within sectors and shows product quality to be the prime factor. In addition, employee store image perception is acknowledged to be a useful indicator of customer purchase intention and the research emphasises the importance of companies having an organisational culture, which nurtures employee attitudes, motivation and skills to anticipate consumer behaviour and to provide quality service.

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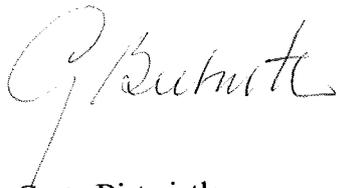
My husband Robert for his encouragement, support and proof reading.

Finally, I would like to dedicate the thesis to my mother who had hoped to be alive to see its completion.

DECLARATION OF AUTHENTICITY

This thesis is submitted in fulfilment of the requirements of the Degree of Doctor of Philosophy (by research) at the University of Stirling.

I declare that this document embodies the results of my own work and that it is composed by myself and has not been included in another thesis. Following normal academic conventions, I have made due acknowledgements of the work of others.

A handwritten signature in cursive script, appearing to read 'G. Birtwistle', written in black ink.

Grete Birtwistle
1 May 2001

AUTHOR'S DECLARATION

The following material has been published or presented prior to the completion of the PhD thesis.

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TABLE OF CONTENTS

Chapter One - Store Choice

1.1 Introduction	1
1.2 Marketing Management	3
1.3 Comprehensive Models of Consumer Behaviour	4
1.3.1 The Nicosia model	5
1.3.2 Evaluation of the Nicosia model	7
1.3.3 The Howard-Sheth model	8
1.3.4 Evaluation of the Howard and Sheth model	13
1.3.5 The Engel-Kollat-Blackwell model	17
1.3.6 Evaluation of the EKB model	21
1.3.7 Evaluation of comprehensive models	22
1.4 Attitude Models	26
1.4.1 Consumer attitudes	26
1.4.2 Multi-attribute models	28
1.4.3 Evaluation of multi-attribute models	29
1.4.4 The Extended Fishbein model	31
1.4.5 Evaluation of the Extended Fishbein model	33
1.5 Conclusion	34

Chapter Two - Store Image

2.1 Introduction	37
2.2 Store Image	38
2.2.1 Definition of store image	38
2.2.2 Factors contributing to store image	40
2.2.3 Store image in fashion retailing	45
2.3 Measurement of Store Image	46
2.3.1 Open ended techniques	47
2.3.2 Scaling techniques	48
2.3.3 Multi-attribute models	49
2.3.4 Multi-dimensional scaling	51
2.3.5 Conjoint analysis	52

2.3.6 Segmentation	54
2.4 Store Image Congruency	56
2.5 Store Positioning Strategies	58
2.5.1 Price of merchandise	61
2.5.2 Quality of merchandise	61
2.5.3 Branding	62
2.5.4 Service provisions	66
2.5.5 Store environment strategy	69
2.5.6 Customer communication	71
2.6 Conclusion	71
Chapter Three - Trends in Fashion Retailing	
3.1 Introduction	73
3.2 Contemporary Perspectives in Retailing	73
3.3 Market Concentration in Fashion Retailing	75
3.4 Consolidation	79
3.4.1 Product strategy	79
3.4.2 Human resource strategy	81
3.4.3 Store environment strategy	83
3.5 The Trend of Edge-of-town and Out-of-town Shopping Locations	84
3.6 Internationalisation	87
3.6.1 Sourcing of goods	87
3.6.2 Internationalisation of UK based retailers	88
3.6.3 Fashion retailers entering the UK	89
3.7 Menswear Fashion Retailing in the UK	89
3.7.1 Multiple specialist menswear retailers	91
3.7.2 Variety retailers and department stores	94
3.7.3 Independent menswear fashion retailers	96
3.7.4 Sportswear retailing	97
3.7.5 Clothing sales from supermarket outlets	99
3.8 Purchasing Trends for Menswear Fashion Clothing	100

3.8.1 Customer purchase experience	100
3.8.2 Consumption of the product.	101
3.9 Conclusion	104

Chapter Four - Methodology

4.1 Introduction	105
4.2 Philosophical Foundations	105
4.2.1 Positivist philosophy	105
4.2.2 Humanist philosophy	110
4.2.3 Realist philosophy	113
4.2.4 Post-modernist philosophy	117
4.3 Research Techniques	119
4.3.1 Quantitative research methods	119
4.3.2 Qualitative research methods	120
4.3.3 Triangulation of methodologies	122
4.4 Research Design	125
4.4.1 Research context	125
4.4.2 Research objectives	126
4.5 Design of the Methodological Framework	128
4.6 Phase One - Exploratory Research	133
4.6.1 Questionnaire design	134
4.6.2 Piloting	136
4.6.3 Population and sample selection	137
4.6.4 Response rate and consumer profile	138
4.6.5 Analysis of data	140
4.6.6 Selection of retail companies	141

4.7 Phase Two - Perception of Store Image	143
4.7.1 Stage One - Consumer survey	143
4.7.2 Questionnaire design	144
4.7.3 Analysis of the multi-attribute model	146
4.7.4 Sample selection of consumers	147
4.7.5 Response rate and consumer profile	148
4.7.6 Stage Two - Retail employee survey	150
4.7.7 Questionnaire design	151
4.7.8 Sample selection and response rate of retail employees	151
4.8 Phase Three - Segmentation Analysis	152
4.8.1 Establishing attributes	153
4.8.2 Assigning attribute levels	153
4.8.3 Designing profile cards	154
4.8.4 Method of administration and questionnaire design	155
4.8.5 Evaluating customer preferences, segment size and utilities	157
4.8.6 Sample selection, response rate and consumer profile	158
4.9 Phase Four - Qualitative Research	159
4.9.1 Questionnaire design	160
4.9.2 Sample selection	161
4.9.3 Fieldwork Method	162
4.9.4 Analysis of qualitative data	162
4.10 Data Validity and Reliability	165
4.11 Limitations of the Quantitative and Qualitative Research	167
4.12 Conclusions	169
Chapter Five - Phase One: Exploratory Research	
5.1 Introduction	170
5.2 Content Analysis of Attributes	170
5.2.1 Content analysis process	171
5.2.2 Attribute importance	172
5.3 Store Patronage	176

5.4 Shopping Behaviour of Respondents	177
5.5 Limitations of Survey	177
5.6 Conclusion	179

Chapter Six - Phase Two: Perception of Store Image

6.1 Introduction	182
6.2 Stage One: Consumer Survey	182
6.3 Stage One: Analysis of Consumer Survey	183
6.3.1 Regular shoppers versus browsers	183
6.3.2 Competitor analysis	185
6.3.3 Direct measure of intention to purchase	188
6.3.4 Importance of store image attributes	188
6.3.5 Store evaluation on store image attributes	192
6.3.6 Variance between retailers	193
6.3.7 Measure of attitude towards retailers store image	196
6.4 Stage Two: Retail Employee Survey	199
6.4.1 Competitor analysis by retail employees	200
6.4.2 Measure of direct intentions to purchase	201
6.4.3 Attitude towards store image by retail employees	202
6.4.4 Congruence of store image	205
6.5 Conclusion	207

Chapter Seven - Phase Three: Conjoint Analyses

7.1 Introduction	210
7.2 Conjoint Analysis	211
7.3 Conjoint Analysis for Burton Menswear	212
7.3.1 Data validity	212
7.3.2. Group utility for Burton Menswear	212
7.3.3 Segmentation analysis for Burton Menswear	214
7.3.4 Qualitative responses from Burton Menswear customers	217

7.4. Conjoint Analysis for Next for Men	219
7.4.1 Data validity	219
7.4.2 Group utility for Next for Men	219
7.4.3 Segmentation analysis for Next for Men	221
7.4.4 Qualitative responses from Next for Men customers	224
7.5 Comparison of the Segmentation Analysis for the Two Retailers	225
7.6 Conclusion	226

Chapter Eight – Phase Four: Results of Qualitative Research

8.1 Introduction	229
8.2 Target Customer Groups and Main Competitors	230
8.3. Commercial Management	235
8.3.1 Mission statement	235
8.3.2 Structure and employment policies	235
8.3.3 Company culture	238
8.3.4 Management of stores	239
8.3.5 Training schemes	240
8.4 Product and Brand Characteristics	243
8.5 Price Structures	246
8.6 Customer service	248
8.7 Marketing communication	251
8.7.1 External marketing communication	251
8.7.2 Internal marketing communication	253
8.8 Future Developments	256
8.9 Productivity Analysis	258
8.10 Conclusions	260

Chapter Nine – Discussion and Conclusions

9.1 Introduction	263
9.2 Contribution to Knowledge	264
9.3 Model of Store Positioning	267
9.3.1 Philosophical underpinning of the model	267
9.3.2 Advantages of the schemata	270
9.3.3 Product strategy	271
9.3.4 Customer service strategy	273
9.3.5 Store environment strategy	275
9.3.6 Discrete marketing strategies	276
9.3.7 Focused store positioning	276
9.3.8 Customer and retail staff perception of store image	277
9.3.9 Financial indicators	277
9.4 Implication of the Research	278
9.5 Future Research	279
9.6 Conclusions	279
References	281

INDEX OF TABLES

Table 2.1	Store image dimensions	41
Table 2.2	Store Image Attributes	42
Table 3.1	Consumer spending on women's and men's clothing (1992 - 97)	75
Table 3.2	Retail distribution of women and menswear by outlet type (1996)	76
Table 3.3	Consumer expenditure on clothing at current prices (1988-93)	90
Table 3.4	Market share for menswear retailers (1993)	94
Table 4.1	An application of causal explanation of store positioning	117
Table 4.2	A comparison of positivist and realist research methods	122
Table 4.3	Framework for identifying conditions within retailer control	130
Table 4.4	Demographic profile of respondents, in percentages	138
Table 4.5	UK Socio-economic groups, in percentages	139
Table 4.6	Survey administration in terms of day, time and place in percentages	139
Table 4.7	Companies selected for the second survey	143
Table 4.8	Store image attributes	145
Table 4.9	Consumer responses per time periods in percentages	148
Table 4.10	Consumer responses per day in percentages	148
Table 4.11	Respondent distribution by retailer	148
Table 4.12	Respondent distribution by gender, in percentages	149
Table 4.13	Respondent distribution by age, in percentages	149
Table 4.14	Respondent distribution by occupation, in percentages	149
Table 4.15	Geographical distribution of respondents, in percentages	150
Table 4.16	Retail employee responses by employment category	152
Table 4.17	Length of employment of retail respondents, in percentages	152
Table 4.18	Profile cards, features and levels	154
Table 4.19	Customer profiles	159
Table 5.1	Ranking and frequency of mentions of attribute dimensions	173

Table 6.1	Purchase behaviour of all respondents	185
Table 6.2	Competitor analysis by regular customers	185
Table 6.3	Competitor analysis by browsers	187
Table 6.4	Regular customers and all respondents future purchase intention	188
Table 6.5	Importance of attributes to regular customers	190
Table 6.6	Rank order of attribute importance to regular customers	190
Table 6.7	Comparison of importance of attributes in phase one and phase two	191
Table 6.8	Attribute importance variance between customer groups	192
Table 6.9	Store attribute evaluation from regular customers	193
Table 6.10	Total store attribute evaluation from browsers	193
Table 6.11	Rank order of mean valence values from regular customers	194
Table 6.12	Attitude to store image	197
Table 6.13	Rank order of regular customers mean attitude values	198
Table 6.14	Retail employees perception of main competitors, in percentages	200
Table 6.15	Direct measure of future purchase intention by retail staff	202
Table 6.16	Retail employee perception of store image	203
Table 6.17	Store image attitude perception by retail staff	204
Table 6.18	Congruence of regular customer and retail employee perception	205
Table 7.1	Group utility function for Burton Menswear	213
Table 7.2	Distribution of preferred levels for Burton Menswear customers	214
Table 7.3	Burton Menswear customer profiles	215
Table 7.4	Group utility functions for Next for Men	220
Table 7.5	Distribution of preferred levels for Next for Men customers	221
Table 7.6	Next for Men customer profiles	222
Table 8.1	Summary of competitor analysis for Burton Menswear and Next for Men	233
Table 8.2	Comparative price points, in £'s, on cheapest garments for sale.	248
Table 8.3	Productivity ratios	259
Table 9.1	Framework for identifying causal linkages within retailer control	268

INDEX OF FIGURES

Figure 1.1	Summary description of the Nicosia model	6
Figure 1.2	The Howard and Sheth information process	9
Figure 1.3	Howard and Sheth's model of consumer behaviour	10
Figure 1.4	The Engel, Kollat and Blackwell model of consumer behaviour	19
Figure 1.5	Attitude components and buying behaviour	28
Figure 1.6	Fishbein's model of Attitude-toward-object	29
Figure 1.7	Theory of Reasoned Action	32
Figure 4.1	The process of deduction	108
Figure 4.2	Subject and object	114
Figure 4.3	Structures, mechanisms and events	115
Figure 4.4	Simplified realist structure	116
Figure 4.5	Research framework	127
Figure 4.6	Kolb's experiential learning cycle	128
Figure 4.7	Research phases based on Kolb's experiential learning cycle	131
Figure 4.8	Planning the research	133
Figure 4.1	Example profile card	155
Figure 5.1:	Content analysis of store image responses	172
Figure 6.1	Customer attitude measurements for Burton Menswear and Next for Men	200
Figure 6.2	Store image congruence for customers & employees at Burton Menswear	206
Figure 6.3	Store image congruence for customers & employees at Next for Men	206
Figure 7.1	Group utility function for Burton Menswear	213
Figure 7.2	Group utility function for Next for Men	221
Figure 8.1	Company structure at Burton Menswear	236
Figure 8.2	Company structure at Next for Men	237
Figure 9.1	Schemata for successful store positioning	269

LIST OF APPENDICES

Appendix 1	Competitor analysis in terms of the percentages of customers who also purchase from different retail outlets	302
Appendix 2	Phase One - Exploratory Survey	304
Appendix 3	Company Profiles	308
	<ul style="list-style-type: none">• The Arcadia Group• Burton Menswear• Principles for Men• Top Man• River Island• Next for Men	
Appendix 4	Phase Two – Consumer Survey	319
Appendix 5	Phase Two – Staff Survey	324
Appendix 6	Phase Two – Management Survey	328
Appendix 7	Phase Three – Conjoint Analysis	334
Appendix 8	Phase Four - Qualitative Interview Format	338
Appendix 9	Interview Schedule - Summer 1997	341
Appendix 10	Phase One Findings; Store Image Attributes - Key Words Used	343
Appendix 11	Phase One Findings – Store Choice	352

CHAPTER ONE

STORE CHOICE

1.1 Introduction

The aim of this thesis is to explore consumer store choice and to examine retail strategies for market positioning in the context of menswear fashion retailing. The economic rationale for creating strong market positioning is based on the theory that congruence between consumer perception of store image and the objectives of market positioning strategies result in customer loyalty towards a store (Samli and Lincoln, 1989). The argument is based on the assumption that retailers strive to attract consumers to their stores through an image created by emphasising particular factors, such as store design or product quality, and that this is effective if the chosen factors are those deemed important by the targeted customers (Rosenbloom, 1981). Ramsay (1992) suggests that individuals are affected by their surroundings and that retailers, to persuade consumers that gratification will be achieved through purchase of promoted goods, can manipulate their perception of what their needs are.

Studies on store choice have been approached from a variety of standpoints. These include store image (Bloemer and de Ruyter, 1998; Cassill *et al.*, 1993; Golden *et al.*, 1987; Hansen and Deutscher, 1977; Kunkel and Berry, 1968; Kuruvilla *et al.*, 1994; Lea-Greenwood, 1991; Lindquist, 1974; Martineau, 1958; Paulins, 1993; Thompson and Chen, 1998); store positioning (Davies and Brooks, 1989; Janssen, 1993; King and Rice, 1980); store loyalty (Osman, 1993); consumer behaviour (Darden and Ashton, 1974; Darden and Reynolds, 1972; Hirschman, 1979; Hirschman *et al.*, 1978; Lewis and Hawskley, 1990;

Reynolds *et al.*, 1974; Wortzel, 1987); customer service (Beatty *et al.*, 1996); and psychological judgements made by consumers (Amirani and Gates, 1993; Louviere and Johnson, 1991). However, much of this work has been concerned with supermarkets or department stores, and there has been only minimal sector specific research in multiple specialist fashion retailing. Fashion retailing, in this context, is defined as the organisations purchasing and selling mass produced fashionable clothing to satisfy consumer wants and needs (Adapted from Mueller and Smiley, 1995).

In order to fulfil the aim of the thesis the following specific objectives have to be achieved:

- to identify attributes or characteristics important to consumers in their choice of store when purchasing menswear fashion clothing;
- to analyse store image perceptions of consumers and retail employees for selected menswear fashion stores;
- to evaluate the importance of factors contributing to store choice;
- to explore retail strategies for market positioning;
- to develop a framework for successful market positioning.

The purpose of the first chapter is to examine models of consumer behaviour to provide a detailed framework of the relationships between inputs into the buying situation and the outcome in terms of store choice and purchase decisions (Chisnall, 1997). The second chapter identifies the factors contributing to store image formation and examines methods of measuring store image and store positioning. Trends in UK retailing are explored in the third chapter and an overview is provided of the major retailers selling fashion clothing. The methodology is justified in the fourth chapter and findings presented in subsequent chapters. The final chapter discusses the model for successful market positioning in the context of fashion retailing.

1.2 Marketing Management

“Marketing means deciding who you want to sell to; defining what they may want to buy, how, when and where; defining your own style and image as a retailer so that you attract this target market; sourcing the appropriate goods at a price that ‘fits’ the chosen style; making people aware of what you are offering and then presenting the goods so that people want to buy them ... at an acceptable, residual profit.”

Walters and White (1987: 23)

Since the late 1980’s, the fashion clothing sector has experienced very difficult trading conditions with pressure on profitability as a result of several factors, such as high interest rates and unemployment; increases in rent and changes to the business rating system; and greater competition between retailers resulting in higher customer expectation of value and service (Reynolds, 1989). In this increasingly competitive environment it has become vital for companies to understand how consumers make decisions on where and what they purchase. Marketing management is concerned with understanding consumer behaviour, identifying their needs and wants and satisfying these better than the competition. To understand why consumers purchase goods from one shop rather than another, marketing practitioners have to study the processes involved when individuals or groups select, then purchase and use products (Solomon, 1994).

It is argued that companies need to adopt a philosophy of total company orientation towards consumer satisfaction, which infers four major business implications:

- “The success of any firm depends above all on the consumer and what he or she is willing to accept and pay for:
- The firm must be aware of what the market wants, preferably well before production commences;

- Consumer wants must be continually monitored and measured so that, through product and market development, the firm keeps ahead of its competitors.
- Top management must achieve the integration of all components of marketing strategy ... into a single strategic plan based upon knowledge of consumer behaviour."

Foxall and Goldsmith (1994: 7-8)

Consumer behavioural research has evolved over the last few decades as economists, sociologists and psychologists have conducted empirical studies, developed theories and redesigned models. Engel *et al.* (1990: 3) define consumer behaviour as "those actions directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions". There is general agreement about the complex nature of the purchase decision, but disagreement on how to interpret findings. Thus, some models of consumer behaviour are depicted as complicated flow charts, where relationships between variables and factors influencing behaviour can be suggested (Foxall, 1980), while others are grounded in theories derived from consumer attitude towards products. The remainder of this chapter will consider the main consumer behaviour models and theories and will identify one that can be used for interpreting and analysing perception of store image.

1.3. Comprehensive Models of Consumer Behaviour

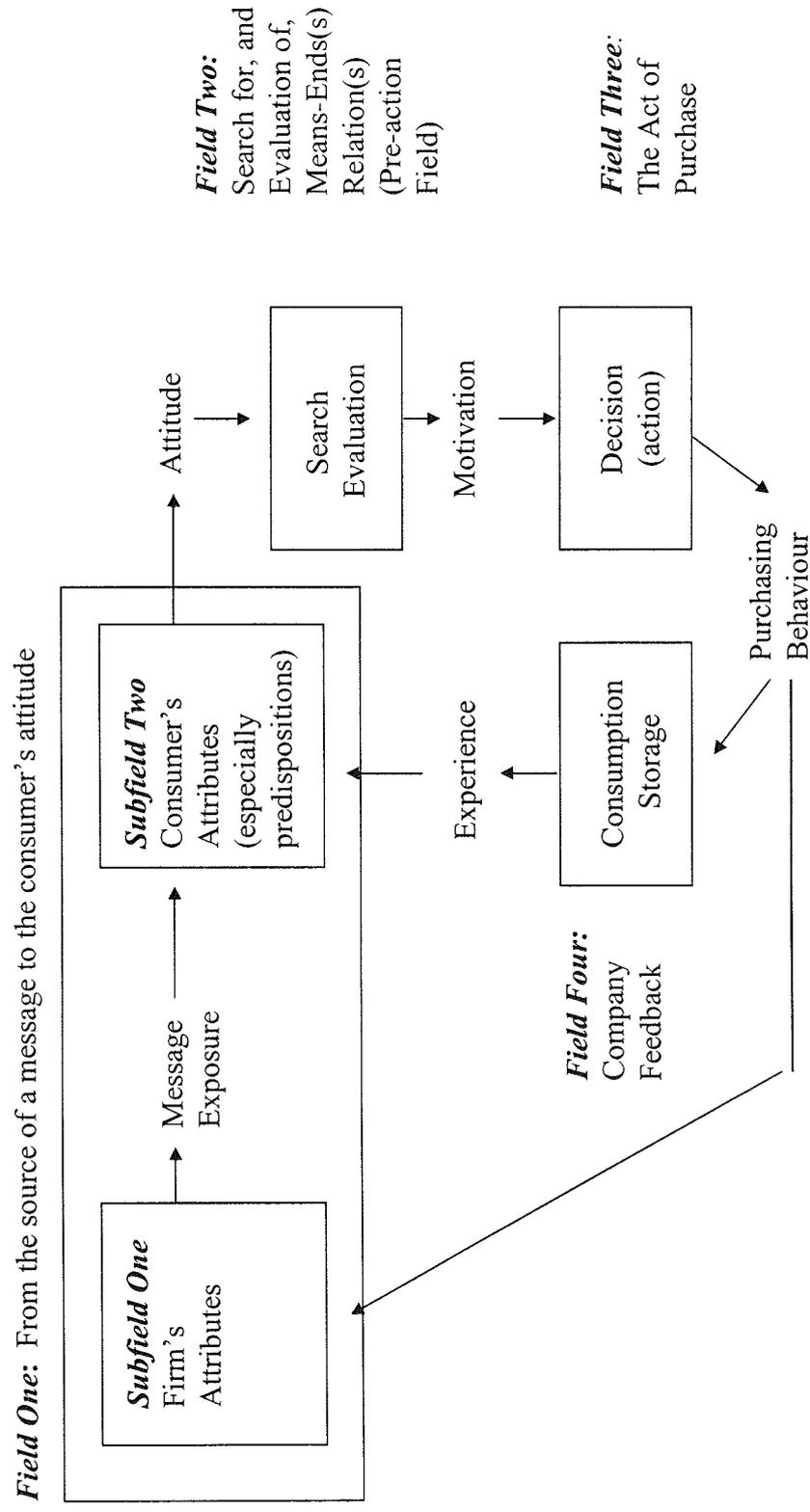
The American authors Nicosia; Howard and Sheth; Engel, Blackwell and Kollat; and Fishbein and Ajzen have lead the way in the development of consumer behaviour models. The first three depict consumer buying behaviour using intricate flow charts in contrast to Fishbein and Ajzen who designed a method to measure attitude and purchase intention.

1.3.1 The Nicosia model

The first comprehensive model, created by Francesco Nicosia in 1966, was grounded in extensive consumer behaviour research. The model described consumer behaviour when purchasing a new product or a new brand (Figure 1.1) (Horton, 1984; Nicosia, 1966). It is assumed that the psychological status of the consumer, from being aware of a need for a product, to satisfying the need by purchasing and then consuming or using the product, can be described in a way similar to the information processing operations of computers (McGuire, 1976; Olshavsky and Granbois, 1979). Nicosia (1966) interprets consumer behaviour as a series of cognitive problem solving and decision-making processes.

Nicosia suggests that the consumer decision process moves through four fields. In the first field the potential customer, not having heard of the product or brand, becomes aware of it through advertisements. If the consumer reacts positively to the message, an attitude may be formed and a need or a want for the product developed to motivate the consumer to move to the second field: the search for the brand and evaluation of the product against other brands. The potential customer may choose to move to the third field of deciding to purchase the brand, which in turn leads to the use or consumption of the product, at which stage the consumer forms an opinion about the product. The company selling the brand will generate feedback from the point of sale and this represents the fourth field. The whole process is continuous and the result of the fourth field feeds back into the first field of consumer predisposition, which leads to forming an attitude towards further 'message exposures'.

Figure 1.1 Summary description of the Nicosia model



Source: Nicoscia (1966)

Nicosia points out that the advertisement promoting a new brand is based on the company and the consumer profile. The consumer is assumed to receive the message and to use conscious or unconscious mental processes to reflect, understand and form an attitude to the brand. At this stage the consumer may move on to search for the brand. The search is normally founded on a combination of internal sources, such as memory about purchases of similar products and the perception of the company; and external sources, such as gaining information from peer groups, sales people and comparative shopping events. The search and evaluation stage may motivate consumers into buying the product. The third stage looks at the conditions under which the 'motivation to buy' is converted into making a purchase. Nicosia (1966) argues that the availability of the product, in-store promotions and attitudes of sales staff affect the purchase situation. The model examines, in its final stage, the consumer appraisal of the purchased product and the company feedback via management information systems (Foxall, 1991).

1.3.2 Evaluation of the Nicosia model

The model has a number of limitations. First, Nicosia's theory of consumer decision making is depicted as a circular decision model. Later models interpret consumer behaviour as one way, directional models that commence with the consumer realisation of a need and finish with the purchase decision or the attitude formation towards making repeat purchases (Horton, 1984). Secondly, the model is designed to explain consumer behaviour for a new product launch, but the theory describes a continuous process. However, when a brand is purchased, consumed and evaluated it is no longer a 'new brand' to that customer. Thirdly, the model includes company feedback as the fourth stage, in contrast to later models, which do not include the firm as a variable. Finally, Nicosia suggests that the model could be summarised in four linear equations based on four variables: communication sent by a

company; attitude; motivation; and the final act of buying. Psychologists have since proved these equations not to be linear functions; for example, McGuire (1976) concluded that behaviour was not a linear function of attitude.

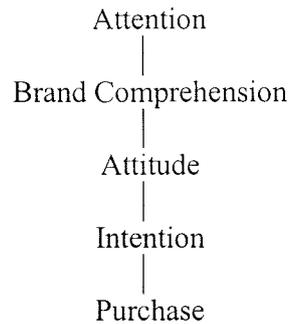
The Nicosia model has received little empirical examination (Zaltman *et al.*, 1973) as the model is difficult to test due to lack of information on the variables (Tuck, 1976). Moreover Nicosia depicts consumers as being highly rational, as do most of the comprehensive models of buyer behaviour, but this is not necessarily the way people behave (Horton, 1984). Research indicates there to be low correlation between attitudes and behaviour and that behavioural research into the decision process on attitude formation towards a product or brand also needs to include the analysis of actual purchases (McGuire, 1976).

Thus, the model is not suitable for measuring perception of store image since its objective is to measure behaviour from exposure to the advertising of a new product or brand. The Nicosia model may best be summarised as the first major comprehensive model of consumer behaviour based on information decision processes underpinned by research published up until 1965. Furthermore, the model has made an important contribution toward further research in the consumer behaviour field.

1.3.3 The Howard-Sheth model

Howard and Sheth (1969) developed a comprehensive model of consumer behaviour and, although minor amendments have since been made, the tenet of the theory has stayed the same. The model is based on the 'hierarchy of effect' of the information process (Figure 1.2).

Figure 1.2 Howard and Sheth information process



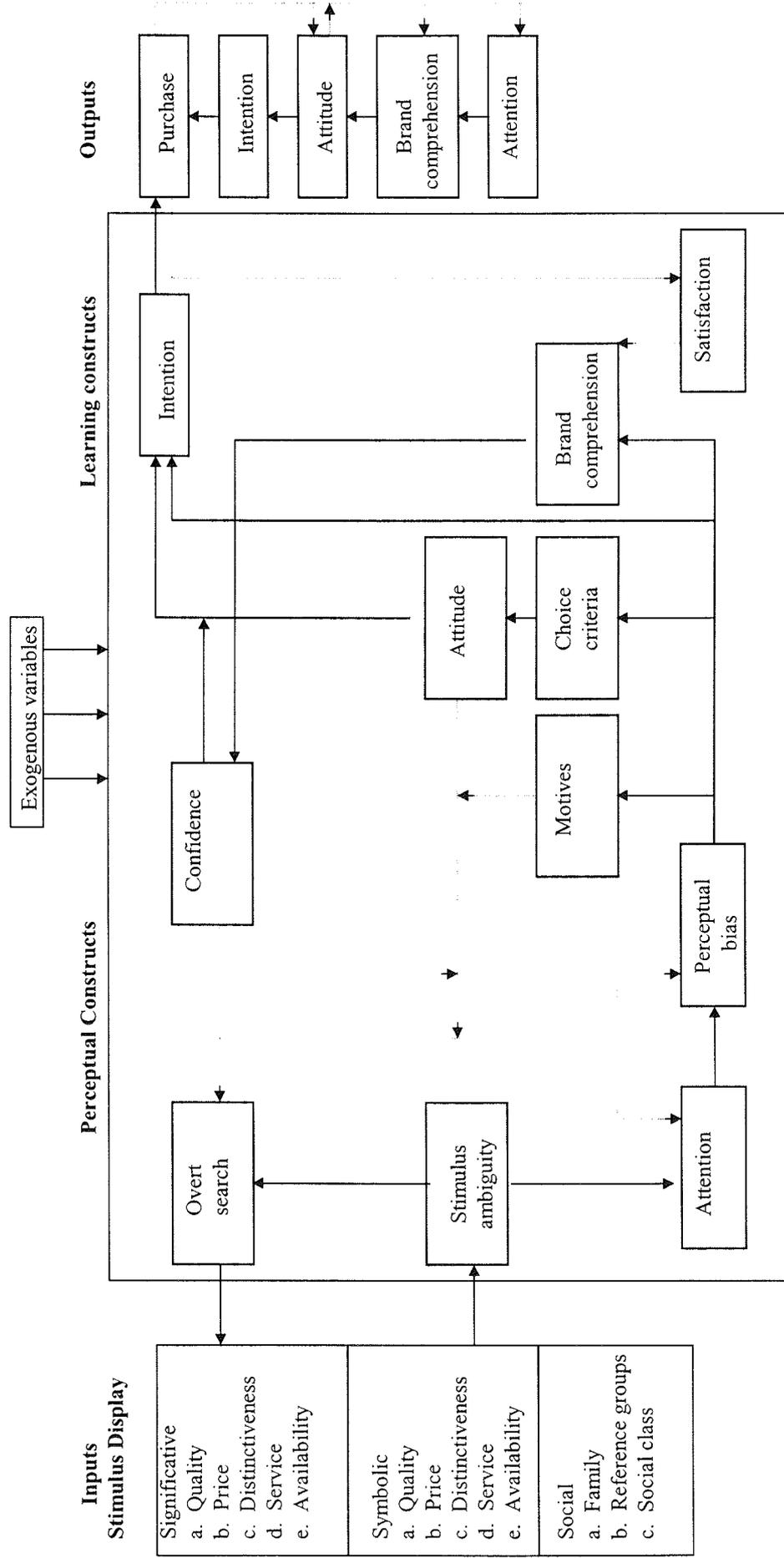
Source: Howard and Sheth (1969)

The model is divided into five specific elements: inputs, perceptual constructs, learning constructs, outputs and exogenous variables (Figure 1.3). The **inputs** combine the social and commercial stimuli influencing consumers. The model divides these into three categories: *significant inputs, symbolic inputs and social inputs* (Howard and Sheth, 1969).

Consumers are continually influenced by stimuli from the surrounding environment. Howard and Sheth argue that the *significant inputs* describe the product attributes, such as value for money, quality, availability and any other characteristics that influence consumers in their decision making. They interpret *symbolic inputs* as the way companies promote and advertise products and the way retail outlets present and sell them. *Social inputs* are the influences of referent groups, such as family, friends, peer groups, and social class that may affect the decision process. These inputs are all observable and are the “sum of all the social influences and of the marketing effort to which the buyer is exposed” (Howard and Sheth, 1969: 63).

The information inputs are processed and lead the consumer to have a perceptual bias. There are two processes involved in the **perceptual construct** stage: *overt search*, where the

Figure 1.3 Howard and Sheth's Model of Consumer Behaviour



Source: Howard and Sheth (1969)

consumer actively looks for information about a product and the *attention* process, which is passive. For example, the consumer may be aware of a need for a product, but does not actively search for information about it and may by chance become informed about the product through advertising or accidentally seeing it in a shop (Horton, 1984). Both these processes give feedback to the input elements and influence the consumer into forming a *stimulus ambiguity* from the information received so far. The interpretation is open to personal bias, which means that the individual consumer may distort or alter the information received (Howard and Sheth, 1969).

The central part of the Howard-Sheth model is the **learning construct** stage. This element consists of *motives*, *choice criteria*, and *brand comprehension*. Having processed and interpreted information, the consumer may move on to recognising a need or a want. To be able to satisfy this motive, the consumer must be able to identify the brand and, as a potential purchaser, must have developed a set of criteria to make a choice. In the Howard-Sheth model, brand comprehension is the identification stage and choice criteria are the evaluation stage. These three categories lead the consumer to form an *attitude* to a product or a brand (Horton, 1984), which over time may create *confidence* in the decision process to form an *intention* to purchase. Howard and Sheth suggest the degree of confidence in the product is determined by consumer motives, attitudes towards the brand and understanding of the brand attributes and this may lead to an intention to purchase (Foxall, 1980).

Post-purchase *satisfaction* is measured as the actual experience during the consumption stage as compared to the expectation held by the purchaser. Although this stage takes place after purchasing the product, Howard and Sheth (1969) suggest it is still part of the learning constructs due to the evaluation process. This may in turn affect the level of confidence in the brand and influence repeat purchasing (Foxall, 1980).

The hypothetical constructs of perception and learning are the information processes that cannot be observed. The **outputs** are the elements of consumer behaviour that can be observed and measured, and consist of *purchase, intention, attitude, brand comprehension* and *attention*. The purchase stage can be both observed and measured via sales data, in contrast to the other elements which require surveys to establish consumer awareness, perception and attitude towards a brand and the level of intention to purchase the brand (Howard and Sheth, 1969).

Howard and Sheth (1969) point out that external variables affect buyer behaviour indirectly. They do not affect the decision process, but may influence consumer intention to purchase. Schiffman and Kanuk (1994) advise marketing managers to be aware of these influences when they analyse market segmentation data. Howard and Sheth (1969) identify the salient **exogenous variables** to be the importance of the purchase; the consumer background, such as culture, reference groups, personality traits; time available for shopping; and financial status. These variables have to be considered by marketers when targeting products at specific consumer segments. However, Howard and Sheth (1969) point out those variables can be added without changing the basic model. Howard and Sheth designed the model to have twelve primary functional relationships and suggested these should be tested in further research. Consequently, it is probably one of the most empirically tested models in the field of consumer behaviour research.

Howard amended the Howard-Sheth model after further research and replaced it in 1977 with the Howard model (Howard, 1977). A number of versions of the model were developed depending on whether the behaviour could be explained as extended problem-solving, routine or somewhere on the continuum between these. In the extended problem-solving model

Howard replaced *stimulus display* by an *information available* variable as a result of input from commercial and social communication, such as advertising and family and social influences. The information received would be lodged in the consumer short- or long- term memory and would change the individual's state into one of recognising a need, a brand or product, or instigate an intention to purchase. Changes in the model are minor and reflect the belief that consumer purchase decisions are arrived at through previous cognitive processes rather than coming afterwards, as in low involvement buying, where involvement is defined as the level of perceived personal importance and interest evoked by a stimulus or stimuli in a specific situation (Engel and Blackwell, 1982; Sheth, 1983). The decision making process is complex and consumers will attempt to speed it up by simplification (Wilkie, 1990). When involvement is low and the purchase risk is minimal, consumers undertake limited information processing and evaluation of alternatives (Krugman, 1965; Ray, 1982), which is typical for impulse purchases such as confectionery and soft drinks or repetitive purchases such as groceries (Evans *et al.*, 1996). In contrast, high involvement purchases are those that are of great significance to the consumer to the perceived personal or financial risk in purchasing the product. Hence, buying fashion clothing, a car or a house represents high involvement purchasing decisions (Laurent and Kapferer, 1985; Schiffman and Kanuk, 1994).

1.3.4 Evaluation of the Howard and Sheth model

The main critique of the model is the problem of converting its qualitative nature into quantitative measures (Ehrenberg, 1988). Howard and Sheth express the relationships between the different variables as twelve equations to allow the theory to be tested empirically. Nevertheless, the majority of studies have only tested specific functional relationships, due to the complexities of the theory and, consequently, only a narrow section

of the theory has been tested in any experiment, rendering results difficult to validate (Holbrook, 1974; Lehmann *et al.*, 1966; Lehmann *et al.*, 1974). The one exception is Farley and Ring's (1970: 434-35) empirical research attempting to test the whole model. They argue that findings suggests that the test generated "estimates of the coefficients of the endogenous variables [that] show far stronger than chance results, in terms of the joint hypotheses", but that "the relationship involving the informational, exogenous variables were universally unsatisfactory, probably indicating that the section of the model involving the attention variable should be re-specified and that better measures of the exogenous variables were needed". The tests generated results which were only just statistically significant, possibly due to the difficulty of obtaining data to fit the model (as the data was not collected specifically to test the Howard-Sheth model). In light of this, Farley and Ring (1970) make three recommendations for future researchers attempting to test the theory:

1. That specific data should be collected to be able to measure each endogenous and exogenous variable.
2. That precise definitions should be made for the exogenous variables, as they hold the answer to company marketing strategy.
3. That techniques for piloting and collecting information should be clarified and standardised. When 'noisy' data has been collected it is difficult to identify later when all data is being analysed.

Farley and Ring (1970) accept that the Howard-Sheth model brought an increased awareness of consumer behaviour, but argue that their test did not satisfactorily endorse the model for use by marketing specialists. Taylor and Gutman (1974) point out that many of the variables are complicated to measure and that a number of measurements do not closely reflect the theoretical specification. It has also been suggested that additional endogenous and

exogenous variables need to be included in the model (Ehrenberg, 1972; Engel and Blackwell, 1982).

The main contribution of the model is that, for the first time, it “brings together relatively confirmed hypotheses from learning theory, cognitive theory and exploratory behaviour theory ... [as well as] ideas from conflict theory and information processing theory” (Zaltman *et al.*, 1973: 117). Furthermore, changes made by Howard (1977) augmented the concepts of information processing within the model (Horton, 1984).

Howard and Sheth (1969) classify decision making into three categories: routine response behaviour, limited decision-making and extended decision-making. Routine response behaviour is used when consumers are buying frequently purchased, low cost goods such as groceries. Limited decision-making happens when consumers get to know about new products or brands within a familiar product class and decide to gain further information. An example of this is fashion purchasing where opinions are sought in the first instance from sales personnel and post purchase from family or friends. Extensive decision-making is used by consumers planning to buy expensive or infrequently purchased products, such as a car, when a wide search for information, via advertising, consumer reports and discussions with referent groups, can be observed (Lunn, 1974).

Although Howard and Sheth (1969) state that their model can be used for all three types of decision making, critics point out that consumers do not always follow the model through the whole process (Cobb and Hoyer, 1986; Horton, 1984; Kassarjian, 1978; Olshavsky and Granbois, 1979). They contend that the theory may be viable for high risk purchases, but looks too complicated for routine shopping in a supermarket where less information is sought

before choosing a specific brand, while the unspecified exogenous factors, such as price and availability could have a large influence on the purchase decision. In fact, there is some evidence that a quite a few purchases may not be preceded by any decision process, even when a product or brand is purchased for the first time, but may be a result of conforming to group norms, imitation of others, personal recommendations, or deriving from lifestyle or cultural background (Olshavsky and Granbois, 1979). The changes that Howard (1977) made in the view of a number of critiques are still influenced by the belief that decision making takes place before all purchasing decisions and does not take into account the impulse or routine buyer who makes purchases and evaluates the goods afterwards.

Phillips and Bradshaw (1993) argue that comprehensive models are not realistic as consumers may be in several different stages of the decision process at any one time, rather than moving through the model in sequence. Moreover, they agree that the point of sale, visual perception and the environment all affect the purchase behaviour. Other critics maintain that the theory does not incorporate group decision making unless it is included as an exogenous variable (Zaltman *et al.*, 1973). Peer pressure, conforming to standards within the group and taking advice from family or partners are strong factors which need to be incorporated in any model, especially when buying fashion items (Miller *et al.*, 1993). As a result of this critique, Howard and Sheth developed the 'Sheth model of family decision making' (Sheth, 1974). This model is intended to demonstrate how purchasing decisions are made within families taking factors of gender, confidence, personality, peer groups, social class, lifestyle and role orientation into consideration. Furthermore, it recognises that joint purchasing decisions are prevalent when risk purchases, such as clothing, holidays or a car are contemplated (Smith, 1994).

On the positive side it is the only comprehensive model to have been empirically tested and amended by the authors in light of further studies (Howard, 1974; Howard, 1977). Additional research could overcome some of the problems highlighted above, but it is recognised, that, although the model is attractive in its exploration of consumer decision making, it is difficult to implement and expensive to test (Smith, 1994).

In retail terms, the purchase behaviour model suggests that differences in attribute importance are a function of the retail sector, the choice of stores within that sector and product type (Arnold *et al.*, 1997; Hansen and Deutscher, 1977; James *et al.*, 1976; Sheth, 1983). This relationship is not easy to test using the Howard-Sheth model, although part of the model was adapted to test consumer behaviour in a department store (Swan, 1977). To improve the performance of the theory Laroche and Howard (1980) recommended that future studies should utilise non-linear methods rather than econometric techniques to enhance the significance of the mainly qualitative theory.

To summarise, the model helps the researcher to understand the problems involved in interpreting consumer behaviour when choosing a brand, but does not provide a testable equation, which can be used for measuring store image. Sheth (1983) highlights the absence of a model for 'patronage behavior' and suggests this to be an area for further research.

1.3.5 The Engel-Kollat-Blackwell model

In 1968, Engel, Kollat and Blackwell (EKB) presented their consumer behaviour model as a response to the demand for an academic textbook on the subject (Engel and Blackwell, 1982). The authors used the Nicosia and the Howard-Sheth theories as underpinning for the model, have continuously adapted it in line with current research, and argue that a model of

consumer behaviour represents a replica of a phenomenon since it comprises the 'building blocks' and variables in a flow chart to illustrate how these are related to each other (Figure

1.4). The model has four purposes:

1. "A frame of reference is provided for research.
2. Research findings can be integrated into a meaningful whole.
3. Models become useful in theory construction.
4. Explanations are provided for behavior itself."

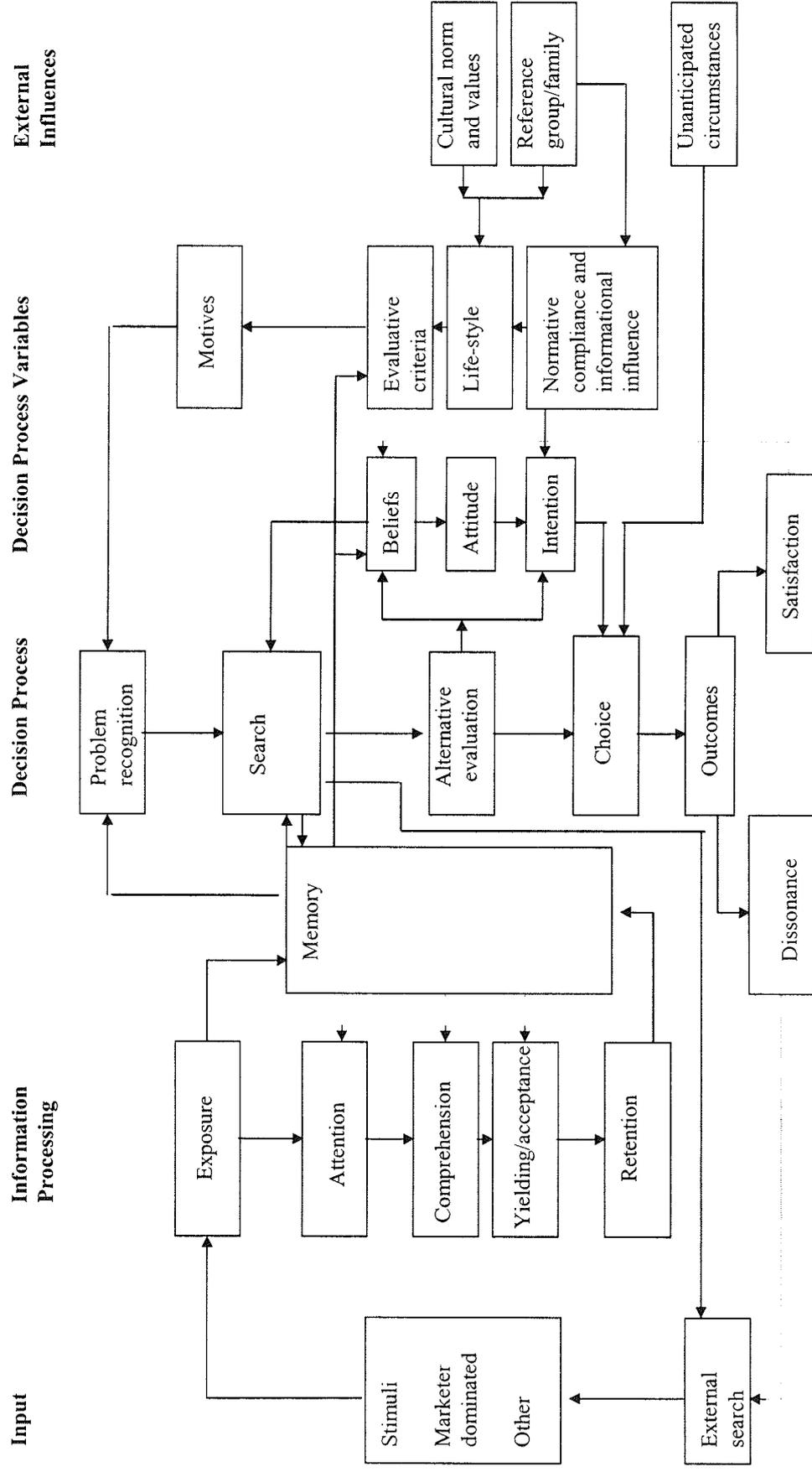
Engel and Blackwell (1982: 23)

The EKB model is based on consumers using high involvement decision processes such as in fashion clothing purchasing, due to the purchase price and the risk involved in making a wrong choice (Engel and Blackwell, 1982; Lewis and Hawskley, 1990). Decision-making is interpreted in terms of problem solving based on Dewey's (1910) model:

1. "**Problem recognition.** What happens to initiate the process?
2. **Search.** What sources of information are used to help arrive at a decision and what is the relative influence of each?
3. **Alternative evaluation.** What criteria are used by the consumer to assess alternatives?
What are the resulting beliefs and attitudes about the alternative? What is the status of purchase intention?
4. **Choice.** What selection is made from among the available alternatives?
5. **Outcomes.** Is choice followed by satisfaction or by doubt that a correct decision was made?"

Engel and Blackwell (1982: 23)

Figure 1.4 The Engel, Kollat and Blackwell Model of Consumer Behaviour



Source: Engel, Kollat and Blackwell (1978)

The first stage establishes that the recognition of a problem or a need can come from an outside stimulus, which in turn will incite motives. This could be from an advertisement or by seeing goods in retail outlets. The consumer is induced into action when it is perceived that there is a difference between the present and the ideal condition. At the search stage, it is evaluated if enough is known about the product by using previously stored information or whether an external search is required. This is achieved by obtaining information from advertising, peer groups or sales staff. In the first two stages the consumer is using memory influenced by the information process progression encompassing exposure, attention, comprehension, yielding or acceptance and retention (Engel and Blackwell, 1982).

During the third stage, the consumer will advance to evaluate the information gained by the search and to make a choice of which product or brand to purchase. The evaluation process is based on the development of beliefs about a brand, the change in attitudes towards buying and may lead to the intention to purchase. Consumers compare different products by measuring them against a set of standards, the 'evaluative criteria'. For example, a positive attitude would be followed by a 'purchase intention', although this is influenced by the external forces and affects the attitude towards making an actual purchase. The choice stage relates to where the consumer plans to make the purchase; it could be on the high street, in a shopping centre, through mail order etc. (Engel *et al.*, 1990).

The evaluation process continues after the consumer has made the purchase choice. When choosing a product of high personal importance such as clothing where the product reinforces or enhances self image (Lewis and Hawksley, 1990; Thompson and Chen, 1998), the wrong decision is of greater consequence. Taking the product into use will give the consumer new

information, which, in turn, will influence beliefs, attitudes and intentions towards repeat buying of the product or brand. Customer satisfaction is achieved if the consumer is happy with the purchase. The consequence of dissatisfaction may result in further external search or lead to complaints to the company that sold the product.

1.3.6 Evaluation of the EKB model

There are many structural similarities between the Howard-Sheth and the EKB models and both are depicted as comprehensive flow charts. The main difference between them is that Engel *et al.* clearly define the stage of 'problem recognition' and endeavour to include the possibility of 'dissatisfaction' at the post-purchase stage. Another advantage of the 1982 version of EKB model is the inclusion of the findings from the 'Fishbein behavioural intentions model' (described below), by including 'normative compliance' as a variable. Furthermore, out of all the three comprehensive models it is only EKB that incorporates culture as an environmental variable in recognition of how culture might influence consumer motives and problem recognition (Yau, 1994). A number of researchers argue that cultural background has a strong relationship to purchasing behaviour and that an understanding of targeted consumer culture would help to predict the acceptability of a product (Markin Jr, 1974; Sheth and Sethi, 1997).

The EKB model was not designed to be empirically tested, but was intended as a descriptive model of the purchasing process. The EKB model's main strength is as an academic consumer behaviour text. This was the authors main objective and to that end it has been very successful. However, the authors do suggest that it is possible to derive equations from the text, but as the model is not founded on a mathematical equation it cannot be utilised to measure brand or store image.

1.3.7 Evaluation of comprehensive models

Most researchers agree that consumer behaviour is a result of how the consumer reasons and processes information (Howard, 1983). The main criticism of comprehensive models is that they are best employed to describe the process of consumers making 'infrequently purchased, high cost products', but are not nearly as relevant for 'frequently purchased, low cost goods' (Lunn, 1974). Furthermore, McGuire (1976) points out that it is difficult to analyse the consumer buying processes using these models as consumers themselves are unsure of their true reasons for making a purchase decision. Research has also established gender differences in the decision making process with women being more likely to use more efficient approaches, such as decision trees and categorical methods, in contrast to men who prefer to utilise trade-off techniques (Meyers-Levy and Strenthal, 1991). These findings are particularly important when displaying merchandise within a store (Phillips and Bradshaw, 1993; Phillips *et al.*, 1997). It is argued that customers use fashion retailers as a destination store with an intent to purchase, but that the actual product bought may be different and based on the range stocked by the retailer (Stern, 1962).

All the comprehensive models regard the consumer as a person processing information and making decisions in a rational way using the whole of the decision making process. Research now suggests that this is not necessarily correct (Olshavsky and Granbois, 1979). Moreover, they explore consumer behaviour as a result of information gained from advertising, and therefore, describe consumer cognitive processes after the exposure. This does not allow for the high proportion of unplanned or impulse purchases, which have now been recognised as general shopping behaviour (Cobb and Hoyer, 1986; Iyer, 1989; Rook, 1987). Recent consumer desire for instant gratification has led to individuals making choices more impulsively, particularly if there is no control to hinder this behaviour (Sheth *et al.* 1999).

Impulse purchasing is defined as an unplanned decision to purchase a product (Davidson and Doody, 1966) without a need having been established before entering the store (Engel *et al.*, 1978). More recently, due to the critique of identifying the difference between unplanned purchases, where the consumer may use the store layout to remind them of purchase needs such as milk or bread, and impulse purchases, Rook (1987) re-specified the term impulse purchasing. Thus purchases are categorised as planned or unplanned and impulse purchases, where planned purchases are identified as products or brands intended to be bought, an intentional act. Unplanned purchases are those made by a consumer where a deliberate decision had not been made before entering the store and are subdivided into three groups:

- **Restocking unplanned purchases**, which are purchased goods, used regularly by the consumer but were not planned to be purchased on that visit. However, these products will be needed in the future;
- **Evaluated new unplanned purchases** are needs not acknowledged by the consumer before entering the store. These are products not in need of substitution but purchased as additional items to increase existing range previously bought. Fashion clothing is often unplanned acquisitions.
- **Impulse purchases** is an extreme form of unplanned purchasing where the goods are not required and bought due to a sudden urge or desire. Some consumers need instant gratification and will purchase fashion clothing in order to get self-satisfaction, cheer themselves up or to reward themselves. These purchases may well be made instantly without an appraisal of requirements (Rook, 1987).

It is estimated that up to 70 per cent of all goods purchased are unplanned and retailers maximise sales by designing a retail environment to optimise planned, unplanned and impulse purchases. This is achieved by the way the store is laid out and is also influenced by

other factors such as prices, product characteristics, packaging and merchandising as well as the intervention of sales personnel (McGoldrick, 1990). Unplanned and impulse purchasing is at its highest in supermarket shopping and reduces with the increase in the cost of goods.

Research into fashion related sales have found that a high proportion of goods sold might be unplanned purchases (Cobb and Hoyer, 1986; Rook and Fisher, 1995). For example, Bellenger *et al.* (1978) identified costume jewellery purchases to be in excess of 60 per cent; Willian and Dardis (1972) found that 46 per cent of women's outerwear and 30 per cent of women's underwear were unplanned; and both Williams and Dardis (1972) and Bellenger *et al.* (1978) found that the rates of unplanned or impulse buying in the menswear clothing section were respectively 32 and 40 per cent. However, the difference between unplanned and impulse purchases are not clearly defined by these authors.

Unplanned or impulse buying does not sit comfortably with comprehensive consumer behaviour models, since the decision process is not planned and rational. In addition, unplanned buying may be an increasingly dominant factor as shopping has become more of a leisure activity (Dibb *et al.*, 1994). A number of authors note that comprehensive models are not satisfactory in explaining consumer behaviour and argue that exogenous factors, such as situational influences, account for more variance than personal consumer characteristics (Bearden and Woodside, 1976; Mattson, 1982; Phillips and Bradshaw, 1993; Ward and Robertson, 1973). Engel *et al.*, (1978) do suggest that both individual characteristics and situational factors contribute to the decision process, but Bowers (1973) and Lutz and Kakkar (1974) conclude that it is the interaction between these two elements that is critical. Lutz and Kakkar contend that situations are of a subjective nature and defined situational influences to be:

“An individual’s response to, or interpretation of, all factors particular to a time and place of observation which are not stable intra-individual characteristics or stable environmental characteristics, and which have a demonstrable and systematic effect on the individual’s psychological process and/or his overt behavior.”

Lutz and Kakkar (1974: 439)

In contrast, Belk (1974) argues that situations should be objectively defined without considering intrapersonal factors and should be described as a number of situational dimensions:

1. **Physical surroundings**, such as location, decor, sounds and other environmental factors.
2. **Social surroundings**, which include the social interactions of the situation.
3. **Temporal perspective** provides a time description.
4. **Task definition** features the intent to shop for, select or obtain information about a purchase.
5. **Antecedent states**, which are momentary conditions or moods, recognised to be antecedents to the situation.

This interpretation can help retail managers to understand how consumers can be influenced in the decision to purchase or not to purchase from a selected store and hence, develop strategies to optimise sales. Both these interpretations are complementary rather than contradictory (Yau, 1994). In summary, comprehensive models can help marketing practitioners understand the consumer decision process and purchasing behaviour, but are impractical and, therefore, not appropriate for marketing management (Foxall, 1980).

1.4 Attitude Models

Research into 'attitude' was developed by social psychologists at the same time as the comprehensive cognitive models were developed. While psychologists were researching problem solving and decision making, social scientists were studying the relationship between attitude and behaviour. Allport (1935) defines attitude to be a cognitive state of preparedness to react, which is established as a result of experience and applies an active influence on behaviour. Psychologists believe that a change in attitude would be followed by a change in behaviour. A scalar method was developed to measure attitudes for or against an idea or a product (Thurstone, 1929; Thurstone and Chave, 1929). Attitude surveys became used on a regular basis, since measurements were easy to implement, but by 1935 there was a realisation that they were not in themselves sufficient to measure behaviour (Allport, 1935). This led to further research into the relationships between attitude, intention and behaviour.

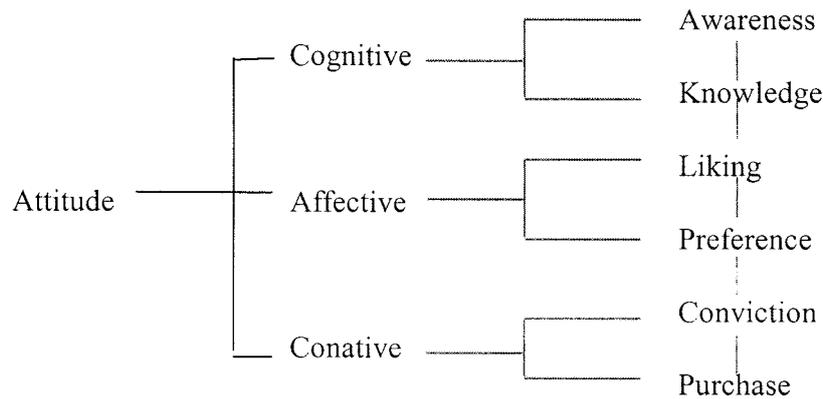
1.4.1 Consumer attitudes

The knowledge that consumers develop an attitude towards an object is very important to marketing managers as attitudes are a long term, extensive evaluation of people, objects or issues (Baron and Byrne, 1987). Fishbein and Ajzen (1975: 6) define attitude as "learned tendencies to perceive and act in some consistently favourable or unfavourable manner with regard to a given object or idea, such as a product, service, brand, company, store or spokesperson". This can be influenced by conditions, and as such can provide an indication of future behaviour (Schiffman and Kanuk, 1994). Attitudes are not something people are born with, but are developed as a result of communication, experience, knowledge and reflection (Lutz, 1991). Both the Howard and Sheth and the EKB models illustrate attitude as an outcome of learning and as "any change in behaviour which comes about as a result of experience" (Foxall, 1980: 39).

Retailers need to be aware of consumer *beliefs* about a product, the sales environment or the company, because these influence their attitude in a positive or negative way (Jobber, 1995). Consumers develop beliefs either in their search for a product or by post purchase experience based on one or more criteria. It is important for retailers to have a realistic view of consumer perceptions, otherwise sales may be affected and company reputation damaged with long-term consequences. To a marketing department, the study of consumer attitudes and behaviour is important due to the link between learning, perception and a consumer tendency to act in a certain way (where perception is the individual interpretation of the product, brand or store) (Schiffman and Kanuk, 1994). With this understanding, a marketing strategy can be based on relevant information. Consequently, market research is important in monitoring consumer attitudes. In the first place, it can examine target customer beliefs about the company and its products to enable problem areas to be addressed. Secondly, marketing communication can reinforce the positive beliefs of consumers and attempt to change misconceptions about the brand.

Attitude consists of three components: cognitive, affective and conative (Schiffman and Kanuk, 1994). The cognitive dimension refers to information known about the object, person or situation; for example knowledge about a product. The affective dimension relates to the feeling an individual has about the product, which may be voiced in terms of likes or dislikes. The conative dimension concerns the person's behaviour or attitude making them likely or unlikely to purchase the product. This is usually termed the intention to purchase within a specified time (Solomon, 1994). The relationship between these three components is thought to vary in strength independently of the others and, it is argued, portray the nature of the attitude (Krech and Crutchfield, 1962). Attitude can be depicted as a simplified flowchart (Figure 1.5).

Figure 1.5 Attitude components and buying behaviour



Source: Easey (1995)

1.4.2 Multi-attribute models

Fishbein (1967a) developed a multi-attribute model, Attitude-toward-Object, to measure attitude based on behavioural learning theory. The model presumes that "consumer's attitude (evaluation) of an attitude object (A_o) will depend on the beliefs he or she has about several or many attributes of the object" (Solomon, 1994: 165). Attitude is measured by two components: beliefs about the object and evaluative aspects of these beliefs (Fishbein, 1983). Belief about a concept is defined as the probability that a relationship exists between an object and the concept. For example that quality clothes are durable. The evaluative aspects of a belief reflect the importance assigned to the concepts in forming an attitude towards the object, such as the importance of purchasing clothes that are durable. The model consists of an algebraic formula, which calculates consumer attitude towards an object (Figure 1.6).

Figure 1.6 Fishbein's model of Attitude-toward-Object

$$A_o = \sum_{i=1}^N B_i a_i$$

where

A_o is the overall attitude toward object o

B_i is the belief that object o possess some concept i

a_i is the evaluation of the goodness or badness of concept i

N is the number of beliefs

Source: Adapted from Doyle and Fenwick (1974)

Fishbein recommends that seven point semantic differential scales be utilised for measuring belief about behaviour (Fishbein and Raven, 1962). The most salient beliefs are incorporated into statements based on findings from exploratory research. Studies indicate that the six or seven most salient beliefs account for over 60 per cent of total responses (Tuck, 1973). The second component evaluates the consequences of the behaviour in question (Dabhlokar, 1994). Again seven point semantic differential scales are utilised. Fishbein contends that attitude is equal to the sum of the product of beliefs and evaluations. Moreover, attitude towards a brand is uni-dimensional and can be measured separately utilising semantic differential scales (Ajzen and Fishbein, 1980; Tuck, 1973).

1.4.3 Evaluation of multi-attribute models

Although the Fishbein model has been employed extensively, it has been criticised for the method utilised at the application stage. In the first place, measurement of attitude is based on respondents completing scalar questions to which people react differently some utilising the middle range and others by ticking extremes (Samson and Harris, 1970). It is difficult to separate differences in response style from actual differences in beliefs about the attributes,

despite the fact that techniques are available to adjust measurements to eliminate scalar effects. Moreover, comparison of groups becomes difficult to substantiate due to the different response patterns. In addition, critics suggest respondents may be influenced by the halo-effect when evaluating well known brands (Doyle and Fenwick, 1974).

Bagozzi (1994) argues that attitudes are multi-dimensional, consisting of 'affective-cognitive-conative parts', and cannot be equal to a single $\sum B_i a_i$ measurement (Oliver and Bearden, 1985). Fishbein and Ajzen (1975) insist that the model interprets attitude to be uni-dimensional and is an evaluative concept and not an aggregation of evaluation, cognition and behavioural dispositions (East, 1990). Reviewers denote that Fishbein's theoretical statement is intended to measure attitude to a single stimulus, while marketing applications have adapted the model to evaluate multiple stimuli, such as consumer choice, which is beyond the scope for which it was designed (Doyle and Fenwick, 1974).

Identifying a favourable attitude to an object does not necessarily mean that it reflects an intention to purchase (McGuire, 1976), but researchers note that measuring attitudes to a behaviour, such as purchasing a brand, has high correlation to the salient beliefs about the brand (Ajzen and Fishbein, 1980). Recent research claims that, even if there is a link between attitudes and actual behaviour (Katona, 1960), holding a positive or negative attitude will not necessarily make consumers behave in a particular way, as they may have conflicting attitudes towards a certain behaviour (Assael, 1998). For example, shopping for designer labels may be perceived as a pleasurable activity, but spending a large amount of money on an individual garment may be believed to be inappropriate. A number of studies have found the correlation between actual behaviour and attitudes to be low and argue that behaviour is determined by a number of factors and not exclusively by attitudes (Anon, 1990).

Attitudes in the main are useful in predicting behaviour when beliefs are strong and based on experience as well as being closely related to the predicted behaviour (Assael, 1998).

Measurement of intentions to act has been found to be more reliable than using a multi-attribute model (Knox and de Chernatony, 1994), but infers that researchers do not understand the underlying factors that combine to make the consumer behave in a particular manner. For this reason, researchers and retailers continue to find multi-attribute models important in understanding consumer decision making (Schiffman and Kanuk, 1994) and consequently it is chosen in this study as a suitable model for analysing and interpreting perception of store image.

1.4.4 The Extended Fishbein model

Critique of the Fishbein model, led Fishbein and Ajzen (1975) to develop an improved version named 'the Theory of Reasoned Action', which measures behavioural intentions with the knowledge that certain factors constrain intentions being converted to behaviour. Ajzen and Fishbein (1975: 42) define behavioural intentions as "a measure of the likelihood that a person will engage in a given behavior".

There are two main changes from the Fishbein model (Figure 1.7). First, the measurement of attitude towards an object; A_o , is changed to A_{act} , which stands for the measurement of attitude towards the act with regard to the object, although it recognised that a consumer could have a favourable attitude towards a brand without having the intention of purchasing it. The second change is to include a variable, the subjective norm, measuring the perceived pressure to behave in a certain way. The subjective norm includes two components, one measuring the normative beliefs, the influence of peers, friends and family on the decision,

and the other measuring consumer motivation to comply with the referent group. Measurements for beliefs and evaluation of those beliefs come from questions expressed in terms of intentions towards purchasing the object (Foxall and Goldsmith, 1994; Horton, 1984; Tuck, 1976).

Figure 1.7 Theory of Reasoned Action

$$B \cong BI = (A_{act})w_1 + \sum_{j=1}^k (NB_j \times MC_j)w_2$$

where

B is overt behaviour;

BI is behavioural intention;

A_{act} is the attitude towards taking a specific action;

NB is normative beliefs;

MC is motivation to comply with the normative beliefs;

k is the number of normative beliefs;

w_1 w_2 are the weights reflecting the relative importance of the two components that must be statistically estimated via regression analysis.

A_{act} is defined as A_o in the Fishbein model:

$$A_{act} = \sum_{i=1}^N B_i a_i$$

Source: Fishbein and Ajzen (1975)

When the model is utilised for marketing research, Ajzen and Fishbein (1980) suggest that 'salient attributes' should be replaced by 'evaluative criteria', such as store layout, merchandising, price etc.; 'belief', B_i , should be replaced by a measurement of 'satisfaction/lack of satisfaction'; and 'attribute evaluation', a_i , replaced by an importance criterion. In the equation w_1 and w_2 , relative importance, and the subjective norm remain the same.

1.4.5 Evaluation of the Extended Fishbein model

Empirical studies have found improved results from using the extended version compared with the original model (Bonfield, 1974; Knox and de Chernatony, 1994; Ryan and Bonfield, 1975; Tuck, 1973). The main advantage of the model is that it is designed to predict voluntary behavioural intentions and not only attitudes based on the assumption that intentions will closely correlate with actual behaviour if the environment is right (Foxall and Goldsmith, 1994).

The model measures consumer attitude to a behaviour when given a possible choice (Tuck, 1976). Ajzen and Fishbein (1980: 165) suggest that in a purchasing situation, where the consumer has a choice, "intentions to buy a given product, and actual buying behavior, are determined not by attitudes toward the brand per se, but by attitudes toward buying the brand and by subjective norms with respect to this behavior". An additional strength of the model is that fashion buying is an area where people are affected by peer or family pressures (Miller *et al.*, 1993).

It should be noted that the model is often used for purposes for which it was not designed. Ajzen and Fishbein define beliefs as the perceived consequences of an action rather than the perceived attributes of a brand. Rather than rating a brand on its attributes the model is recommended to rate consumer attitudes based on the likelihood of outcomes of the behaviour (Ajzen and Fishbein, 1980). The model is intended to measure predicted behaviour and not to forecast the outcome of the behaviour (Solomon, 1994). Moreover, a number of studies have found it difficult to identify reliable variables to measure, as well as identifying the interrelationship between attitude and normative beliefs, which can make results difficult to interpret (Miniard and Cohen, 1981; Wilkie, 1990).

Research indicates that there is a high correlation at an individual level, between behaviour and intention, if the time lapse between measurement of intention and actual predicted behaviour is short, but the correlation decreases as the time span between the two increases (Ajzen and Fishbein, 1980; East, 1990; Foxall, 1983; Foxall, 1984; Ryan and Bonfield, 1975).

For example, unforeseen events, such as a change of economic status, can intervene to change intention (Knox and de Chernatony, 1994). Furthermore, the model sets out to predict behavioural intentions and not actual behaviour and problems have been detected when consumers do not feel very strongly about a particular brand or their intentions are transitory.

As a result of this critique, Ajzen and Fishbein (1980) reached the conclusion that it is only possible to predict behaviour from intentions when the conditions are very closely specified. They recommend researchers to focus on four factors to achieve high correlation between intention and behaviour: the object must be clearly expressed; the intended behaviour must be clear to the respondent; and the time and context must be defined.

1.5 Conclusion

Marketing departments are continually trying to find ways of making the marketing strategy more effective, and product development, advertising and distribution more efficient. In the early part of this century, it was economists who studied the behaviour of consumers, but after the second world war marketing departments started to employ psychologists to investigate how consumers could be motivated into buying the increased production (Engel and Blackwell, 1982).

Research has identified that companies, to persuade individuals they have needs and that gratification will be achieved through the purchase of promoted goods, may manipulate

consumer perception. A number of models have been created to explain human motivation for consumption. These fall into two main types: comprehensive, rational models, suggesting that individuals make purchase decisions based on rational thought processes with an aim to optimise consumption benefits (Schiffman and Kanuk, 1994); and attitude models which propose consumer behaviour is influenced by personal, subjective criteria such as desire to express self image through purchases and consumption (Hirschman and Holbrook, 1982).

The comprehensive models have been found useful to increase understanding of the consumer decision process, but have, nevertheless, been found too complex to use as an instrument for quantitative measurements. The consumer decision process, which formed the basis for the EKB model, could equally well be utilised for store choice (Merrilees and Miller, 1996) as problem recognition is not only applicable to brand choice, but also to selecting the appropriate retail outlet. In reality, the qualitative nature of comprehensive models has led both researchers and companies to utilise attitude models, since they are easy to employ for applied consumer research.

Attitudes are learned dispositions towards an object, person or situation that may, in retail terms, lead to a favourable or unfavourable outcome. Many researchers have tested the multi-attribute model and found it to be a useful method to assess consumer attitude to a brand, product or a store as it is assumed that purchase rates are a direct result of attitude towards a product. For example, Bass and Talarzyk (1972) found that by using the multi-attribute model, they obtained a higher percentage of correct forecasts of actual preference than by using other models. Although, it is acknowledged that the underlying theory of the Fishbein model does not explain the adapted multi-attribute model, but in practice it has been used to great effect by many researchers and is reasonably reliable as long as the conditions have been clearly expressed (Ajzen and Fishbein, 1980; Bass and Talarzyk, 1972).

Retailers promote their brand to targeted consumers in terms of price, quality or design of merchandise and stores, which allows shoppers to evaluate alternatives. The motivation for individual purchasing behaviour is grounded in both functional and symbolic needs depending on the type of product sought (Bhat and Reddy, 1998). Store image is a particularly important factor when purchasing clothing, as the decision of where to shop will be based on the overall image perceived by the consumer in relation to their own image or their personal aspirations. Moreover, post-purchase evaluation of the merchandise and the shopping experience will reinforce the attitude towards the retailer and the brand in a favourable or unfavourable manner.

CHAPTER TWO

STORE IMAGE

2.1 Introduction

There are indications that store image is an important differentiator, particularly for fashion retailers during times of recession. The literature on fashion theory suggests that fashion clothing is a form of communication influenced by social norms and self-expression (Beck, 1985); and a personal handwriting that uses symbolism to convey the social identity a person seeks to communicate (Davis, 1985; Dichter, 1985); as well as revealing the personality of the individual (Goldsmith, 1990). Fashion clothing has changed from being mainly utilitarian and functional to become aspirational and self-enhancing (Jackson and Shaw, 2001).

Fashion as a noun is defined as a 'style of clothes or behaviour; in the latest style' of as a verb as 'to design, to create, to construct' (Collins, 1991: 362). In the context of fashion clothing it refers to the prevailing style of dress worn by individuals at a particular time (Mueller and Smiley, 1995) and 'whenever a style is accepted and worn by a sufficient number of people it is in fashion or becomes a fashion' (McJimsey, 1973: 48). These definitions also imply that different styles can be in fashion at the same time since individuals value diversity, hence, different fashion clothing can exist simultaneously. Nevertheless, fashion clothing only stays in vogue for a short time until new styles follows (Jackson and Shaw, 2001; Perna, 1987) and this is the reason why fashion retailers promote ranges for short periods, normally no longer than one season.

Most high street fashion clothing is mass produced having been adapted from styles created by fashion designers in London, Paris, Milan or New York and UK retailers have to deliver

the latest fashion 'look' to their outlets with increasing speed to stay ahead of the competition and in order to satisfy consumer needs and wants (Jackson and Shaw, 2001).

This infers that multiple fashion retailers are organisations that purchase and sell seasonal mass-produced fashionable clothing to satisfy consumer wants and needs (Adapted from Mueller and Smiley, 1995). However, this definition also exhibit the manifest complexity of fashion retailing since it implies that this sector sells clothing that is in fashion for a limited period and thus constantly changing its product ranges.

The aim of this chapter is to examine the main body of store image research and to evaluate the methods utilised in measuring retail image in department store and fashion retailing. Furthermore, the chapter explores the issue of consumer and employee congruence of store image and concludes with an examination of store positioning strategies utilised in fashion retailing.

2.2 Store Image

Store image has been identified as one of the most important marketing mix variables (Greenley and Shipley, 1987; 1988). Understanding store image is a complicated process, yet vitally important for retail managers. Store choice has been approached from a variety of standpoints in marketing literature, but much of this work has been carried out in supermarkets or department stores with limited research in multiple specialist fashion retailing and few studies have attempted to evaluate consumer trade-off on salient variables as defined by consumers.

2.2.1 Definition of store image

Martineau's (1958) seminal paper on store image suggests that consumers perceive retail

stores to have personalities and that these are created from a combination of store layout and architecture; symbols and colours; and advertising and sales personnel. Martineau (1958: 47) describes store image as "the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes". The study proposes that consumers choose a store with the image that most reflects their own self-image and, consequently, the importance for retailers to understand why shoppers perceive stores differently and how marketers can manipulate store image factors to influence store choice (Hite and Bellizzi, 1985). After empirically testing the self and store image congruence hypothesis Bellenger *et al.* (1976) conclude that retailers projecting an image replicating the targeted consumer image would increase store loyalty.

Kunkel and Berry (1968: 22) define store image as "the total conceptualized or expected reinforcement that a person associates with shopping at a particular store" and conclude that image is gained through experience and, therefore, learned. This behavioural approach illustrates the view that consumers will act in a deliberate way to a given set of stimuli. After reviewing nineteen image studies, Lindquist (1974: 31) highlights the issue of different store image definitions and observes that cited definitions lead to the agreement that store image is complex and consists of "a combination of tangible or functional factors and intangible or psychological factors that a consumer perceives to be present".

A behavioural approach is proposed by James *et al.* (1976: 25) and cause them to define store image as "a set of attitudes based upon evaluation of those store attributes deemed important by consumers". Concordant with Kunkel and Berry (1968) they conclude that the perception of store image is acquired based on individual experiences in a store, by talking with friends, or by seeing advertisements and window displays. Mazursky and Jacoby (1986) point out

that previous definitions do not reflect the process of store image development and hence, define store image as “a cognition and/or affect which is inferred either from a set of ongoing perceptions and/or memory inputs attaching to a phenomenon and which represents what that phenomenon signifies to an individual”. They suggest that their definition does not refute previous definitions, but encapsulates both cognitive and affective components of image perceptions.

2.2.2 Factors contributing to store image

Store image research can be divided into conceptual and behavioural research. The first endeavours to discover factors contributing towards the concept of store image; the second considers differences in store positioning and retailer image as well as the association between store image and consumer behaviour (Peterson and Kerin, 1983). Kunkel and Berry's definition has been empirically tested in Berry's (1968, 1969) study of three department stores and is based on a sample of 350 account holders from each store. Respondents were asked three unstructured questions about the store with which they held an account: what they liked and disliked most about the store and why they thought other people used the store. Responses were assigned to one of twelve pre-determined image dimensions and explained 99 per cent of consumer responses (Table 2.1). Kunkel and Berry (1968) conclude that the empirical findings supported the hypothesis that store image consist of twelve image dimensions and identify that different combinations of dimensions and components describe the image profile of each store.

Lindquist (1974) included the work of Martineau (1958) and Kunkel and Berry (1968) in the review of store image studies and created a list of nine store image dimensions (Table 2.2). Lindquist calculated the frequencies of categories mentioned by researchers and these are

Table 2.1 Image dimensions and components

1 Price of Merchandise

- a. low prices
- b. fair or competitive prices
- c. high or non-competitive prices
- d. values, except with specific regard to premiums, such as stamps, or quality of merchandise

2 Quality of Merchandise

- a. good or poor quality of merchandise
- b. good or poor department(s), except with respect to assortment, fashion, etc.
- c. stock brand names

3 Assortment of Merchandise

- a. breadth of merchandise
- b. depth of merchandise
- c. carries a brand I like

4 Fashion of Merchandise

5 Sales Personnel

- a. attitude of sales personnel
- b. knowledgeable of sales personnel
- c. number of sales personnel
- d. good or poor service

6 Location Convenience

- a. location from home
- b. location from work
- c. access
- d. good or poor location

7 Other Convenience Factors

- a. parking
- b. hours store is open
- c. convenience with regard to other stores
- d. store layout with respect to convenience
- e. convenience (in general)

8 Services

- a. credit
- b. delivery
- c. restaurant facilities
- d. other services (gift consultants, layaway plans, baby strollers, escalators, etc)

9 Sales Promotions

- a. special sales, including quality or assortment of sales merchandise
- b. stamps and other promotions
- c. fashion shows and other special events

10 Advertising

- a. style and quality of advertising
- b. media and vehicles used
- c. reliability of advertising

11 Store Atmosphere

- a. layout of store without respect to convenience
- b. external and internal decor of store
- c. merchandise display
- d. customer type
- e. congestion
- f. good for gifts, except with respect to quality, assortment or fashion of merchandise
- g. 'prestige' store

12 Reputation on Adjustments

- a. returns
- b. exchange
- c. reputation for fairness.

Source: Kunkel and Berry (1968: 26)

quoted here in brackets. The review concludes the most important image factors to be merchandise dimensions, consisting of selection (42 per cent), quality (38 per cent), pricing (38 per cent) and fashion and style (27 per cent). Two other components, general service (27 per cent) and sales clerk service (27 per cent), are identified as the next most important factors. The findings of both Lindquist and Kunkel and Berry are similar demonstrating a high consistency between studies.

Table 2.2: Store Image Attributes

The Most frequently cited attribute dimension including the contributing components	Other attribute dimensions
1. Merchandise - quality - price - selection - fashion and style	2. Service 3. Clientele 4. Physical facilities 5. Convenience 6. Promotion 7. Store atmosphere 8. Institutional 9. Post-transaction

Source: Lindquist (1974)

Hansen and Deutscher (1977) base their work primarily on the store image dimensions identified by Lindquist (1974) when they examined the importance of different attributes of store image in the different retail sectors of grocery and department stores. Whilst similar attributes are identified for both these sectors, the order of priority is found to be different. In both cases, the most important attribute is the dependability of the product. However, for supermarket shoppers, features that stress utility and time-pressures like store cleanliness, easy accessibility of products and speed of checkout are significant factors. This finding is in contrast to department store shopping, where value for money and product quality are perceived as being important factors.

Greenley and Shipley (1992) also found similar differences between these two sectors and added after-sales service and efficient/friendly sales assistants to the attributes stressed for department stores. Hansen and Deutscher (1977) propose that store image attributes should be prioritised for each retail sector and practitioners should note the most important and least important dimensions to optimise capital investment.

Hansen and Deutscher (1977) observe store image terminology to be confusing and propose a three level classification of image measurement to be used: dimension, component and attribute. By 'dimension' they mean the largest element, for example merchandise; by 'component' they refer to the selection of merchandise; and 'attributes' would signify the brands stocked by the retailer. They suggest that there would be less confusion and studies could be compared if researchers were more specific in classification of image elements.

Greenberg *et al.* (1983) consider store 'product offerings', 'promotional efforts' and 'atmospherics' to be the most important influences on consumer perception, where atmospherics is defined as "the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability" (Kotler, 1973 50).

Mazursky and Jacoby (1986) suggest that consumers form a set of beliefs about a store and decide whether a shopping environment is reflective of the type of store from which they want to be seen to purchase. Hence, if a retailer can identify those store attributes that appeal to a segment of consumers, it might be possible to manipulate the physical and/or the psychological image components to attract those consumers without losing the existing customer base. If a retailer uses a marketing strategy with store positioning criteria different from the selection criteria of the targeted consumer, sales may be lost and the marketing budget wasted. Retailers need to know what is important to the intended consumer to

maximise the effectiveness of customer communication and satisfaction (Darden and Ashton, 1974; Hansen and Deutscher, 1977; Hirschman, 1979; Malhotra, 1986; Rich and Portis, 1964).

Arnold *et al.* (1997: 112) conducted extensive store choice surveys over two decades across a number of different retail sectors. They propose that differences exist across sectors and that some variances occur within sectors. The primary attributes identified in all sectors were location, price and assortment and the secondary factors were quality, service, value and sales promotions. The order in which these attributes are prioritised depends on the sector. The authors hypothesise that variances within retail sectors relate “to the degree of competitive market structure differentiation, i.e. the extent to which competitors in a particular market differ from each other on a specific store choice attribute”. Within fashion retailing this may well be a factor (the above study focused on food retailing) since customer preferences, lifestyles and self-image may dictate to retailers the combination of attributes required by different customer segments.

Empirical findings confirm the significance attached to attributes differs between retail sectors (Alpert, 1971; Arnold *et al.*, 1983; Bearden, 1977; Lumpkin *et al.*, 1985), but recent results suggest that it is the interaction between these that is important. For example, Sweeney *et al.* (1997) argue that value is the core marketing differentiator in the current retail climate - where ‘value’ is defined as the trade-off between product quality and price (Dodds *et al.*, 1991; Monroe, 1990; Monroe and Petroschius, 1981) and ‘perceived value’ is the way the product is influenced by the quality of service provided (Dodds *et al.*, 1991; Sweeney *et al.*, 1997). Product selection and availability of sales assistants are important to time-pressured shoppers, whereas consumers, who perceive fashion clothes shopping as a leisure activity, require service to be friendly and non-pressured with products providing

value for money (Hansen and Deutscher, 1977; Mattson, 1982). Consumers also regard fashion clothes shopping as high risk and will purchase goods from stores with a reputation for giving honest advice and good service as well as having a good returns policy (Lewis and Hawksley, 1990).

It is generally agreed that retailer intention of store positioning is not necessarily the same as consumer perception, but that it is the opinion of the targeted consumer that is important and thus, should be identified by the retailer (Greenberg *et al.*, 1983; Kotler, 1973; Rosenbloom, 1981; Rosenbloom, 1983). Moreover, Rosenbloom (1981) notes the difficulty of measuring store image and suggests the relationship between store choice and store image has not been proved in rigorous research.

2.2.3 Store image studies in fashion retailing

A number of specific store image studies have been conducted within fashion retailing, for example women's fashion stores (Lewis and Hawksley, 1990; Marks, 1976; Mason and Mayer, 1973; Paulins, 1993) menswear fashion stores (James *et al.*, 1976), combined women and menswear clothing stores (Lea-Greenwood, 1991), teenagewear stores (Janssen, 1993); westernwear fashion stores (Kuruvilla *et al.*, 1994); and variety stores (Davies, 1992a); but by far the majority of empirical work has been undertaken with department stores (Bellenger *et al.*, 1976; Bloemer and de Ruyter, 1998; Cassill *et al.*, 1993; Golden *et al.*, 1987; Greenberg *et al.*, 1983; Hansen and Deutscher, 1977; Jain and Etgar, 1976; Kunkel and Berry, 1968; Malhotra, 1986; Martineau, 1958; McDougall and Fry, 1974; Peterson and Kerin, 1983; Rich and Portis, 1964; Zimmer and Golden, 1988). Most of these studies have identified specific store image dimensions and evaluated the importance of these for the sector studied and some of them have attempted to analyse how store image affects store selection and shopping behaviour.

Davies and Brooks (1989) point out that stores should aim to have a 'good' image and that this image should differentiate a retailer from its competitors and that merchandise, service and location appear to be the most important image dimensions. The image of a store creates an aura that, in conjunction with the reputation of the retailer, is more important than the actual shopping experience (Schiffman and Kanuk, 1994). Although Bloemer and de Ruyter (1998: 511) argue that loyal customers always have a positive perception of a store because “the effect of the image of the store comes via store satisfaction ... store loyalty is built through store satisfaction. And that satisfaction is built among other things (like emotions, values, attributions, etc.) by store image”.

James *et al.* (1976) identify price, assortment, personnel, atmosphere, service and quality to be important dimensions for store choice within the menswear sector. Similar results were observed by Lewis and Hawksley (1990) when they identified three clusters of fashion clothing purchase behaviour. They found merchandise, service and pricing to be important selection criteria as well as the atmosphere of the store, its name and the customer shopping experience.

Conceptual research has identified a number of image dimension, components and attributes influencing shoppers in their purchase decision. The majority of these studies note merchandise characteristics to be the most important factors followed by secondary determinants such as store environment, service or store reputation. Schiffman and Kanuk (1994) conclude that the image of a store may predispose consumers to have a notion of the quality of products they carry, as well as influence them in their decisions of where to shop.

2.3 Measurement of Store Image

Researches have measured store image by applying techniques such as open ended questions,

attitude scaling, multi-attribute models, multi-dimensional scaling, and conjoint analysis (Kunkel and Berry, 1968; McDougall and Fry, 1974; McGoldrick, 1990; Zimmer and Golden, 1988). By measuring a store or retail image it is possible to compare it with that of the main competitors or to utilise the results for a longitudinal study.

Zimmer and Golden (1988) point out that although some consumer perceptions of store image are attribute-specific, others have a holistic perception of image and yet others have an apprehension of a behavioural or product/brand related nature. They note that most mentions are affective descriptions and propose that as images are of a complex nature it is difficult for consumers and retailers to describe factors contributing to store image and this in turn makes it harder to measure perception of image. Blawatt (1995) confirms that individuals examining the problem differ in the way they process information. This variance is on a continuum polarised by the categories of the 'imager', who sees things in a visual holistic way, and the 'verbalist', who feels comfortable with using concrete descriptions. Thus, it is important for researchers to consider the design and the measurement techniques of a survey and these must be taken into consideration when drawing conclusions based on the results. These difficulties cause researchers to disagree on how or what to measure regarding store image and may be due to the empirical findings that important image attributes vary between sectors (Amirani and Gates, 1993).

2.3.1 Open ended techniques

In most studies researchers have utilised a limited number of attribute dimensions to compare results with those of close competitors. Hence, the image dimensions to be measured have first to be identified. Zimmer and Golden (1988) recommend employing an unstructured measurement technique using open-ended image data to identify elements of image attributes

important to consumers for a specific retail sector. When salient dimensions have been identified researchers can commence to measure the image of a store.

Salient attributes are determined by individuals from factors influencing purchasing behaviour. These factors include the level of involvement, perceived risk, self-image and aspirational image (Hite and Bellizzi, 1985). Furthermore, demographic, socio-economic and lifestyle variables have been suggested to affect purchase behaviour (Arnold *et al.*, 1997; Mason *et al.*, 1983; Schiffman *et al.*, 1977). The attributes most frequently mentioned or ranked highest are identified as being salient image factors. The assumption is that consumers are aware of these and are prepared to state them, but research indicates that some respondents may falsify their answers to improve their own image (Townsend, 1991). McDougall and Fry (1974) point out that open-ended questions demand a good verbal ability from the respondent and this may reduce the reliability of a study. Moreover, the use of unstructured measurement techniques requires difficult coding processes, which may introduce subjectivity in the grouping stages (Amirani and Gates, 1993). Nevertheless, the advantage of using qualitative methods for exploring store image is that it does not limit image dimensions and ensures that variables relevant to respondents are utilised.

2.3.2 Scaling techniques

The semantic differential scale was developed by Thurstone (1929) and improved by Osgood *et al.* (1957). It has been used extensively to measure consumer perception of store image (McGoldrick, 1990) and is administered by applying either a five- or seven-point bipolar scale and with extremes being defined by opposites like 'good value' and 'poor value'. McDougall and Fry (1974), Golden *et al.* (1987) and Cassill *et al.* (1993) utilised various versions of semantic differential scales. The problem with the process is that respondents are

uncomfortable in using the negative end of the scale even if this demonstrates an accurate attitude towards the store in question (McDougall and Fry, 1974).

Staple scales have been applied to studies where respondents evaluate the importance of an attribute in describing it by a single adjective and allocating it a value from zero to ten or one to seven, where the higher numbers signify 'extreme importance' (Hansen and Deutscher, 1977; James *et al.*, 1976). By applying staple scales, measurements indicate how well a store fulfils consumer expectation.

Cassill *et al.* (1993) analysed shopping behaviour using a Likert scale where respondents had to agree or disagree with a series of statements. They administered 529 questionnaires to regular shoppers at department stores and attribute dimensions were pre-determined by the researchers. The 84 Likert-scaled items were analysed using factor analysis to enable three department stores to be compared on a number of summarised elements. Studies, administering scales with pre-selected attribute criteria, force consumers to respond to characteristics they might not have thought of themselves. This lack of objectivity can skew the results as they are influenced by the selection of salient attributes (Kunkel and Berry, 1968; Zimmer and Golden, 1988).

2.3.3 Multi-attribute models

The advantage of utilising a multi-attribute model rather than a comprehensive model, such as the Howard-Sheth or EKB model, is the diagnostic power. Findings can be used to formulate marketing strategies in an attempt to change consumer attitudes (Horton, 1984). Being aware of which evaluative criteria consumers value highly and how they rate these for a particular store makes it possible to analyse the effectiveness of existing strategies and evaluate them against new approaches.

Bass and Talarzyk (1972: 93-4) adapted the Fishbein model of Attitude-toward-Object to be suitable for measuring attitudes towards a brand and concluded that it proved to be more reliable in predicting consumer preferences than demographic, personality or general attitude models. It is their belief that the model deals with attitude as an uni-dimensional concept, which provides a holistic measurement of the individual attitude to a brand. They describe the equations as “a function of the relative importance of each of the product attributes and the beliefs about the brand on each attribute”.

The adapted model can also be utilised to measure store image as well as brand image, by substituting stores for brands (Ehrenberg, 1988; James *et al.*, 1976). Thus, the model measures store image as a function of the importance of a number of store attributes and the evaluation of these for a particular store. The model is represented by the equation:

$$A_s = \sum_{i=1}^n W_i B_i$$

Where A_s = the attitude towards a particular store;

W_i = the weight of importance of attribute i ;

B_i = the evaluative aspect or belief towards attribute i for a particular store;

n = number of attributes important in the selection of a given store.

Source: James *et al.* (1976)

Both James *et al.* (1976) and Kuruvilla *et al.* (1994) utilise multi-attribute models for researching store choice for fashion retailers. The model measures store image by analysing the “evaluation of all salient aspects of the store as individually perceived and weighted” (Doyle and Fenwick, 1974: 40). However, the researcher has to establish relevant attributes to be measured either through exploratory research or by selecting attributes established from

previous findings. Not all consumers find the same attribute dimensions equally important and market segmentation can be included in store image studies to enable a re-formulation of the marketing strategy (Doyle and Fenwick, 1974; James *et al.*, 1976).

2.3.4 Multi-dimensional scaling

Multi-dimensional scaling (MDS) techniques have been used to make visual presentations of results to advise retailers of their own image and that of the competition. Similarity data are collected for two stores using a scalar instrument and analysed by a MDS programme. The presentation of the results is by a spatial representation to inform interested parties of differences in consumer perceptions between competitors in terms of image dimensions (van Auken and Lonial, 1991).

Doyle and Fenwick (1974) applied multi-dimensional scaling (MDS) techniques to establish a two dimensional perceptual map of store positioning for different grocery outlets. Jain and Etgar (1976) later applied MDS techniques to surveys administered in department stores and presented the results on a three dimensional map.

A major study utilising MDS compared positioning strategies in a number of retail sectors (Davies, 1992a; Davies and Brooks, 1989). These findings were displayed on two-dimensional maps and based on a number of attributes identified to be relevant for each sector. The survey identified the positioning of a perceptual 'ideal store' and compared this with a number of retail companies within the sector.

Although MDS techniques can be employed as a diagnostic tool (van Auken and Lonial, 1991) the spatial representations are difficult to understand. Furthermore, they are based on

consumer current store choice criteria, which may well change over time, as well as omitting choice criteria as a result of the prescriptiveness of the technique (van Auken and Lonial, 1991).

2.3.5 Conjoint analysis

Since Green and Srinivasan (1978) applied conjoint analysis to marketing problems, it has become a widely utilised method for understanding and predicting consumer choices and comprehending trade-offs made by customers in their purchase decisions (Louviere, 1994).

The most important reason for using conjoint analysis in formulating marketing strategy is its predictive capability in evaluating interacting salient factors. In addition, conjoint analysis allows for segmentation of responses and identification of homogeneous groups within the overall targeted group of customers, potentially enabling more efficient marketing communications based on consumer preferences (Amirani and Gates, 1993; Lockshin *et al.* 1997).

Conjoint analysis enables a concept to be decomposed into a number of variables important to consumers in decision making. It is presumed, that the consumer evaluates store image as a holistic concept and that important factors are appraised as a 'bundle of attributes' (Hair and Anderson, 1985). This type of attribute-anchored conjoint model has the advantage of conceptualising the 'Gestalt nature' of measurement of overall store preference (Green and Desarbo, 1978; Keaveney and Hunt, 1992).

To administer a conjoint survey, a set of profile cards are designed containing all the chosen features, i.e. attribute dimensions. Green (1977) notes attributes chosen for the analysis should be 'benefits' sought from the product or service. Each feature has a

minimum of two different levels. Respondents evaluate each profile by ranking these in order of preference or by rating them on a scale. The analysis estimates the contribution of each feature to the decision process and evaluates the trade-offs between a number of specified features at different levels.

For example, a conjoint analysis could identify the trade-off respondents make in store choice decision. The approach involves asking each respondent to express a level of preference for a hypothetical store description, which is summarised in terms of a number of features (for example store location) and stating a specific level for that feature (high street or within an out-of-town shopping centre).

There are five stages in a basic conjoint analysis study (Lehmann *et al.*, 1997; van der Pol and Ryan, 1996):

1. establish attributes;
2. assign attribute levels;
3. design profile cards;
4. design questionnaire and administer;
5. evaluate customer preferences, segment size and utilities.

In the analysis it is possible to determine which features are the most important to customers and also which level of each feature is preferred. By using the results from a conjoint analysis, the retail mix and store positioning can be manipulated by the retailer to suit ever-changing consumer expectations.

By employing this technique to generate market research data it is possible, for fashion retailers, to understand the principal dimensions involved in store choice and to evaluate

how customers make their purchasing decisions. The technique, utilised with a small sample of customers, enables identification of individual sub-segments within a large group of customers, which in many cases are believed to be homogenous, that is all with fairly similar demographic profiles and views of the retail chain.

Green *et al.* (1987) compared MDS and conjoint analysis techniques on ski resort shops and observed that the methods were complementary. They pointed out that MDS is better for presentation purposes, where relationships between attributes and stores are displayed as distances on a two or three dimensional map, but that the advantage of conjoint analysis is its ability to make predictions for effective store positioning strategies by analysing the strengths of existing stores and by identifying gaps in the market.

Applied market research studies have used conjoint analytical techniques to evaluate retail positioning for supermarket chains; banks; sports and leisure services; service stations; fast food outlets; convenience stores and the entertainment sector (Johnson, 1997). However, with few exceptions this technique has not been employed in academic studies of fashion retailing, despite the fact that a procedure of this kind could do much to provide a basis for more effective marketing and loyalty-building programmes (Amirani and Gates, 1993; Louviere and Johnson, 1990).

2.3.6 Segmentation

Market segmentation is seen as an essential component of marketing strategy (Doyle, 1994; Kotler *et al.* 1996; McDonald and Dunbar, 1995; Tynan and Drayton, 1987) because it is believed that an understanding of group characteristics is essential for marketing communication and is a basis for forming an effective store image. For example, it has

been concluded that segmentation is “one of the most fundamental concepts of modern marketing” (Wind, 1978: 317) enabling the needs of consumers with differing “tastes, needs, attitudes, motivations, life-styles, family size and composition etc.” to be met (Chisnall, 1985: 264). Segmentation is of value in defining market scope, for developing organisational policy, for positioning brands and for identifying market opportunities (Baker, 1984; Lunn, 1978; Walters and White, 1987).

Traditionally, segmentation has been pursued by using demographic or geographic variables, although recently psychological, psychographic or behavioural variables have been employed to develop both products and services. Some retailers have also identified similarities within sub-segments of their customers such as lifestyle, shopping behaviour or leisure activities. These factors should not be used in isolation, but information from them can be combined to provide store positioning better suited to a number of customer sub-segments. For example, in fashion retailing increased turnover may be created by adding merchandise lines or outlets to appeal to a new target segment (Cort and Dominguez, 1977). This shift in emphasis is important, as it reflects the move towards defining segments on the basis of behaviour as a more solid foundation for the marketing planning process (Easey and Sorensen, 1995; Kotler *et al.*, 1996). Benefit segmentation is central to fragmenting the target market to provide customers with the advantages they value most. If a retailer knows what the customer wants, an assessment can be made of how closely the brand can be made to satisfy the customer (Easey and Sorensen, 1995). Hence, in fashion retailing, segmentation based on price and quality positioning, which also takes design and style into consideration, is often the primary factor (Wileman and Jary, 1997).

Segmentation studies can help to identify new opportunities for retailers (Easey and Sorensen, 1995; Walters and White, 1987). To be effective segments must be:

- viable - large enough to be potentially profitable;
- identifiable - consumers can be distinguished in terms of address, behaviour, attitudes or lifestyle etc.;
- measurable - numbers of consumers grouped in terms of amount of household income and outlay;
- accessible - consumer groups able to be targeted with sales and promotional effort.

Although, from an academic perspective, market segmentation is a very important concept to marketing practitioners, it appears that retailers do not normally apply these methods at the development stage for a range or a retail outlet (Boedeker, 1995). In contrast, retailers base market segmentation and targeting of customers on a continuous cyclical feedback process, rather than utilising these methods as a precursor to the development of new products (Danneels, 1996). Moreover, profiling of customers is available from EPOS data and can be utilised to build a picture of high spending loyal customers as well as to manage stock levels and distribution in general (Corporate Intelligence on Retailing, 1998).

2.4 Store Image Congruency

Research into store image has undoubtedly served to inform retailers on the positioning strategies for their outlets, enabling them to differentiate their stores in terms of either their products, their prices or the services they offer (Wortzel, 1987). While empirical research has demonstrated a link between product quality and market share (Buzzell and Gale, 1987; Davies, 1992a; Lees and Worthington, 1989) there is less evidence of a clear relationship between store image, store choice and customer loyalty (Berry, 1969; Samli, 1989; Sirgy and

Samli, 1985; Smith and Burns, 1996). Taylor and Baker (1994) set out to test the connection between purchase intention, service quality and customer satisfaction and found that these factors were at best moderators in the final purchase decision. However, a strong market position does tend to lead to greater customer through-flow and hence profitability (Davies and Brooks, 1989).

Osman (1993) has attempted to relate these factors, by proposing that consumer attitudes to store choice are affected by the store rating on each of the contributing attributes. The argument is that if retailers meet or exceed customer expectations it will mean that customers have a positive experience, make repeat purchases and increase their loyalty towards the store. Conversely, a low degree of congruence between the image perceived by the customer and the intended market positioning could, potentially, be an indicator of future problems.

Employee perception of the company image influences not only the way they serve customers, but also the way they discuss the company with their family and friends (O'Connor, 1991). Thus, congruence of image is an important area for further research, as staff have often been shown to perceive their company image differently from that of their customers (McClure and Ryans, 1968; Pathak *et al.*, 1974; Samli and Lincoln, 1989).

Pathak *et al.*, (1974) compared consumer and retailer perception of the image of four department stores. Results indicated that managers had a good understanding of consumer opinion with regard to tangible aspects of the merchandise, but were less certain of customer perception of symbolic factors, such as store atmosphere. Furthermore, Samli and Lincoln (1989) found divergence when they compared retail manager and consumer perceptions. Overall, they found managers to have a more positive image of the store,

although on some factors they had a lower opinion than customers. They conclude that total congruence is not likely but highlight the importance of evaluating differences in perception. In contrast, May (1974) identified consumers to have a more favourable perception than managers on many attributes. This is credited to the fact that retailers are in the store regularly and, maybe, have a more realistic view or tend to be more critical than consumers.

Kuruvilla *et al.* (1994) used Likert scale techniques in their survey to evaluate importance and satisfaction levels. This study found that retail employees gave greater importance to merchandise, service and atmosphere and thought store atmosphere more commendable than did consumers. In contrast, customers were in general more satisfied with merchandise characteristics than employees. Overall Kuruvilla *et al.* (1994) discovered a reasonable congruence between consumer and employee perception of store image in contrast to previous studies, which had found that employees consistently overvalued their stores (May, 1974; Pathak *et al.*, 1974; Samli and Lincoln, 1989). Nevertheless, it is recommended that retail companies should assess how well they are anticipating the perceived importance of store image attributes and the extent to which they satisfy their customers by regularly measuring store image congruity (Osman, 1993; Oppenwal and Timmermans, 1997).

2.5 Store Positioning Strategies

“A company selects its market position as its response to its understanding of the needs, desires and behavioural characteristics of its targeted customers. This requires a coordinated ‘statement’ to be made to the customer through merchandise selection, trading format, customer services and customer communication.”

Harris and Walter (1992:3)

Positioning is defined “as the design and implementation of a retail mix to create an image of the retailer in the customer’s mind relative to its competitors” (Levy and Weitz, 1998). Store or brand image acts by communicating social signals of symbolic nature which provide the market positioning of a retailer with psychological importance, as brand ownership transfers the image of the brand to the wearer (Schiffman and Kanuk, 1994). Strategic positioning concerns the identification of image dimensions that add unique value in the eyes of the targeted consumer (Wortzel, 1987). Consequently, understanding the way target consumers react to marketing communications and monitoring their effectiveness have become a focus of research activity.

Jobber (1995) suggests that successful positioning is based on four concepts:

Clarity: The position must be clear to the target market by the way it is communicated to the customer and in the way it offers a differential advantage.

Consistency: Consumers must receive marketing communication, which is consistent and does not change from year to year.

Credibility: The positioning of a brand must be credible to the target market, especially when retailers are trying to change market positioning.

Competitiveness: Two factors are important to fashion retailers: the need to have a stylish image to distinguish the brand from the competition, and the need to have a reputation for product quality which is acknowledged by consumers.

Market positioning, based on price, product differentiation and service provision, is central to the competitive strategy of multiple retailers (Ellis and Kelly, 1992; Walters, 1988; 1994; Walters and Laffy, 1996; Wortzel, 1987). The main technique for determining consumer perception of retailer market positioning is to utilise perceptual mapping. This

depicts different retailers over two or three dimensions, such as price, design and quality. The significance is that when the market positioning has been identified and compared with immediate competitors, the retailer can decide how best to reaffirm positioning (Easey and Sorensen, 1995). Focused differentiation is the way retailers can target a market by understanding the life-style of its customers (Porter, 1985). For example, Next for Men, Burton Menswear and Austin Reed each target specific consumer groups by creating a store image, providing a product and offering a service to satisfy their specific market segment.

Strategies to improve the consistency of the merchandise offer and to increase differentiation include (West, 1988):

- Maximise staff training to ensure all employees are competent in achieving agreed service levels. Ensure recruitment procedures and staff motivation obtain commitment to the company.
- Invest in improving product quality and product presentation within the store.
- Centralise the buying and merchandising function for consistency in product availability and quality.
- Invest in technology to increase the speed of check-out.
- Standardise store layout to increase consistency across all outlets.
- Invest in clear labelling and product information to benefits customer self-selection.

In the following sections, fashion retailer strategies are discussed in terms of the main factors identified by Lindquist (1974). These are 'price of merchandise'; 'quality of merchandise'; branding, which includes 'selection' and 'fashion and style'; service provisions; store environment, which includes 'physical facilities' and 'store atmosphere'; and customer communications, which includes 'promotions', 'institutional' and 'post transactions'.

2.5.1 Price of merchandise

The price points of merchandise are important because they can attract or deter the target market. If prices are too low the retailer may send confusing messages and potential customers may view products as being of poor or low quality. In contrast, promoting high price points will encourage consumers to shop around to find products offering better value for money. Some consumers may feel high prices indicate better quality and more exclusiveness (Easey, 1995). In general, consumers perceive a close relationship between price, quality and the image projected.

Verdict (1994) note 'value for money' to be the key criteria consumers use to compare stores. They define value as the balance between price and product quality and include the additional effects of other store characteristics such as selection of stock lines, service, accessibility and store atmosphere. There are two principle ways of changing the 'value' of merchandise to the customer: by reducing price points whilst keeping product quality consistent; or by holding price points stable and improving product quality (Gale and Klavans, 1985).

2.5.2 Quality of merchandise

“Perceived product quality is an idiosyncratic value judgement with respect to the fitness for consumption which is based upon the conscious and/or unconscious processing of quality cues in relation to relevant quality attributes within the context of significant personal and situational variables” (Steenkamp, 1990: 317). Consumer perception of merchandise quality is increasingly important as an element of the marketing strategy for fashion retailers as they find that customers are willing to pay extra for consistently high product quality (Evans, 1995).

In fashion retailing, image positioning is important because the product expresses something about the wearer. The old adage 'we are what we wear' still holds true for fashion clothing. Many consumers buy brands that project their self-image or the image to which they aspire (Hite and Bellizzi, 1985); they do not buy clothes just for the functional qualities they possess (Firat and Shultz II, 1997; Shin and Dickerson, 1999). The individual selection of attire has been described as "a personal signature that symbolically communicates the social identity that a person seeks to project and is a reflection of the personality of the wearer" (Thompson and Chen, 1998: 162). Thus the quality of the purchased fashion clothing is important as it communicates something about the wearer.

2.5.3 Branding

The concepts of branding of national and private labels have been extensively researched (de Chernatony *et al.*, 1994; de Chernatony and McDonald, 1992; Doyle, 1991; Macrae, 1996; Randall, 1997). Such studies have focused upon the grocery sector with less investigation of the issues for fashion retailers (Moore, 1995). Successful brands in fashion retailing create an image or are perceived by the consumer as having a 'personality' (Doyle, 1991). De Chernatony and McDonald (1992: 237) define a brand as "an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely". The interacting attributes, which contribute to this image of a brand, are formulated from factors important or aspirational to the consumer (D'Arcy *et al.*, 1989). It is these points of difference that influence customers to look for a particular product and even to be prepared to pay a premium price (Evans, 1997).

These factors can be functional and tangible, such as product quality and durability. Often they may be tenuous and symbolic such as fulfilling a status or satisfying an emotional need (Jones, 1986). The attributes or points of difference define the product in the mind of consumers and give an image or an aspirational lifestyle to which the customer can relate (Evans, 1989). When a brand is communicated through advertising, packaging and merchandising, it aims to create confidence (Doyle, 1991) and minimise the purchasing risk to the consumer. Such attributes, it is held, are particularly important when buying fashion products (de Chernatony and McDonald, 1992). When a brand is successful, it can command a premium, allowing the retailer greater opportunity to maximise profitability with less need to discount prices (Doyle, 1991). Moreover, lifestyle branding sends out social signals, which can incorporate symbolic connotations of status and affluence and are utilised to attract customers by attempting to satisfy these aspirations (Ferne *et al.*, 1997; Lewis and Hawskey, 1990).

For fashion retailers, maintaining a sustainable competitive advantage will be dependent upon translating company core values into a coherent brand strategy. De Chernatony and McDonald (1992) maintain that a retailer may adopt either an *added value* or *cost driven* strategy. Value added brands are positioned to exceed the functional value of the product. Applied to fashion retailing, this may be achieved through innovations in style and design, by improvements in product quality or through store ambience. Staffing levels and the provision of skilled and knowledgeable staff may also be considered important.

In contrast, a cost driven strategy attaches little symbolic value to the product. Low price remains the primary focus and is achieved via bulk orders, less work on individual garments, cheaper materials and by limiting ranges. Costs driven strategies are reinforced

at store level by reduced staffing, provision of minimal staff training and tight management control. Davies (1992b) maintains that to be deemed a brand, as opposed to merely a product label, a product or retailer must satisfy four criteria:

- Does the consumer differentiate the brand positively in comparison with the main competitors? (Differentiation)
- Has the brand an image for quality that enables the retailer to command a premium price? (Premium price)
- Can the brand be valued, used, sold or licensed separately from the business owning the brand name? (Separate existence)
- Does the brand offer augmented symbolic value to the customer? (Psychic value)

A successful brand should meet all these criteria otherwise the name can only be perceived as a label for different ranges. There is anecdotal evidence that it is only the store name which is able to command a premium price (Davies, 1992b). Clive Vaughan, retail analyst with Verdict Research, confirms that “Own label can’t be a cheap ‘me too’. It’s got to be a genuine product with its own signature” (Rees, 1997). Brands themselves can be divided into two broad categories: national or manufacturer brands and retailer brands.

National / Manufacturer brands: These are designed, manufactured and in the majority of instances, marketed by the supplier. The objective is to establish an image and create a demand for the product by communicating directly with the consumer (Levy and Weitz, 1995; Randall, 1997). Suppliers of national brands have to build in cost to cover advertising and promotion. However, these ranges stocked by a number of retailers in the same area can lead to increased competition and reduced margins. Hence, many UK retailers have decided to invest in their own retail brand, which at the same time improves gross margin.

Retailer brands: Historically, private label or own-label merchandise has had a poor image and been perceived by the consumer to be of a lower quality than national brands. However, in recent years retailer brands have improved greatly (Davies, 1992b). In the fashion sector this has been due primarily to retailers becoming more involved in product creation and investing in their own design, buying and marketing teams (Levy and Weitz, 1995).

Fashion retailers have the choice of selling either national or private label brands or a combination of both. The retailing of own-labels can increase the control the retailer has over the supply chain allowing greater direction to be exercised over the choice of fabrics, make-up, quality control and distribution. It also provides the retailer with an intangible symbolic differentiator that is difficult to replicate (Moore, 1995).

Although the retail outlet may be a brand, some retailers prefer to develop a number of lifestyle brands that target different customer groups. For example, certain fashion retailers use the store name as the product name and only promote the one brand to their targeted customers. A typical example of this is Next Retail Ltd. with their label 'Next'. In contrast, the Arcadia outlets prefer to promote a combination of national and own label brands.

A survey conducted by Kurt Salmon Associates to identify how different management techniques correlated with financial returns for European clothing retailers, acknowledged that "the most successful companies are those that have tight financial controls and which remain focused with relatively few brands and a clear target market" (Taylor, 1997: 25).

Retail branding is concerned not only with the branding of products and services offered by the firm, but with the retail company as a whole and is crucial since many customers purchase brands not products. It involves the development and maintenance of product and company values and beliefs that are coherent, appropriate, distinctive and attractive to customers in their attainment of differentiation and customer loyalty (Murphy, 1992). These values and beliefs in the brand are communicated to the customer via product quality, packaging, product presentation and store environment (Aaker and Biel, 1993; Fernie *et al.*, 1997).

2.5.4 Service provisions

Service quality is a contributor to consumer perception in all interactions between customers and staff and these evaluations contribute towards the perceived image based on a number of store visits (Bitner *et al.*, 1994). Many consumers do not have the time to compare product quality, but may rely on friends or sales staff to influence them. Advice to the consumer may help to sell the merchandise, particularly if the purchase is perceived as being of a high-risk nature. Thus, it is not surprising that many multiple retailers are turning to staff service provision to differentiate themselves in the high street (Turnbull and Wilson, 1989). It has also been acknowledged that customers have different needs and that retail employees need to adapt their approach to customers to satisfy individual requirements (Beatty *et al.*, 1996). In addition, the cost-benefit ratio of enhanced service provisions needs to be estimated and controlled since additional services may in effect reposition the company or not be required by the target customer.

Service is accepted as being a key differentiator between retailers (Zeithaml *et al.*, 1990).

Increasing loyalty and retaining customers is understood to be more efficient than developing

new customer business (Gould, 1995). In trying to manage service it becomes important to decide whether to prioritise the hard or the soft factors. Some companies stress the hard factors of customer segmentation and communication; measuring service standards; benchmarking; information management; and procedural systems. Others emphasise the soft factors and point out the significance of customer relationships; listening to customers; culture of organisations; empowerment; support systems and appreciating staff contributions (Cook and Macaulay, 1997; Cunningham *et al.*, 1996; Stauss and Weinlich, 1997). For example, recent profit warnings from Marks & Spencer have led Mr Salsbury, the chief executive, to state that the company “needs clearer lines of communication throughout the business and shorter reporting lines to the board” as well as recommending that “decision making will be devolved, enabling us to respond more effectively to our customers and to compete better in all our markets” (Rankine, 1999c).

In retailing the soft factors of customer service are difficult to manage and are the real differentiators between retailers. Creating an acceptable working environment in a company where the lowest paid staff have the highest contact with customers is vital (Richer, 1996). A strong culture in itself is not enough, it must also be relevant for the situation (Payne, 1991). The customer service level provided by any organisation cannot be imposed on staff, it is a result of the culture, the company structure and the human resource policy (Broadbridge, 1996b). Staff have to enjoy work and be motivated to provide excellent customer service. Empowerment can aid employees to be motivated (Foy, 1993), but suitable reward, staff development and communication systems also have to be in place (Choppin, 1997; Stauss and Weinlich, 1997; Thomason, 1988).

Service orientated companies find it beneficial to develop staff entrepreneurial skills and empower employees to make decisions as if the business was their own. Empowerment is defined as “the total enabling of individuals to succeed in areas owned by the individual, for the good of the whole organisation” and it is suggested that empowerment only works in companies having a culture designed to permit decision-making at the lowest level (Choppin, 1997: 202). There are three inter-linked strategies encouraging the development of an empowered, customer focused workforce: selection and recruitment; staff development; and team organisation (Boshoff and Mels, 1995; Broadbridge, 1996b; Cunningham *et al.*, 1996).

Customer complaints are important in any organisation. By monitoring the type of complaints and reacting to them quickly retailers can minimise future complaints and customer dissatisfaction (Easey, 1995). Refund or complaint policies are marketing tools that lead to increased loyalty if dealt with to the customer’s satisfaction (Ward *et al.*, 1998). Refund and exchange policies are very similar in all the major fashion retailers, the main difference is the way these policies are implemented at store level. In reality, if customers feel they have been treated badly or made to jump through unnecessary hoops when returning goods, they are unlikely to shop with that retailer again. Companies recognise the importance of the lifetime value of a customer and realise that retaining customers is a good investment (Duffin, 1997; Gould, 1995).

Although both quality and price and, therefore, value are still very important, service is becoming the most significant differentiator, particularly in fashion retailing where staff can have high customer contact (Broadbridge, 1996b; Evans, 1995). The real key to increasing customer satisfaction is to “balance customers’ expectations and perceptions and close the gaps between the two” (Zeithaml *et al.*, 1990: 33).

Paul Smith, one of Britain's most successful fashion designers who promotes his designs in over 200 of his own international outlets, most of which are located in Japan, attributes much of his company success to the people employed in the business (Smith, 1996). He suggests that it is crucial to have a flat management structure and to train and empower people to provide a high standard of service (Rawlings, 1996). This link between personnel practices and financial results is confirmed by a recent study at Warwick Business School. It compared human resource policies for 139 UK quoted companies and identified a relationship between productivity and organisations using 'complementary' practices of incentive remuneration, job security, flexibility, employee communication systems, skills training and team working. The research suggests that companies implementing all of these applications can increase productivity by up to eight per cent compared to firms with less systematic and structured human resource routines (Walsh, 1998).

2.5.5 Store environment strategy

Store design is being used as a competitive tool to attract customers to a retailer with a clear identity (Baker *et al.*, 1994; Corporate Intelligence on Retailing, 1998), to develop customer loyalty and to maximise profit potential (Thomas-Emberson, 1998). Customers evaluate the total product offer, which incorporates both the merchandise and the store environment, and thus the setting in which it is sold will influence the perception of a brand (Akhter *et al.*, 1994; Kelley and Hoffman, 1997).

Fashion retailers find window displays the most important way of attracting potential customers into their store as it is the initial communicator of retailer brand image (Moore and Lochhead, 1998). Retailers now design their windows to allow passers-by to see the

store interior behind the displays. Store layouts are important in projecting and reinforcing the image and thus, influencing the purchase decision. The retail environment attempts to create an atmosphere or a 'mood' that induces the customer into purchasing. Some studies have suggested that consumers enjoy surprise, innovation and intrigue and this has led to fashion retailers having frequent store refits to create clear, distinctive and memorable brand identities (Dooling, 2001; Bruce and Cooper, 1997; Fitch and Woudhuysen, 1987; Moore and Lochhead, 1998). Verdict (1994: 8) confirms that there are still opportunities for fashion retailers to differentiate "by style, both in terms of store design and garment cut"; but Conran suggests that there is a growing awareness that shop fittings are secondary to the merchandise (Thomas-Emberson, 1998).

Sometimes a brand needs to be repositioned due to poor sales performance or changes in customer requirement. Retailers can change their market position by identifying new target markets or by gaining differential advantage. Intangible repositioning can be made by changing branding, level of customer service, store environment or customer communications (Sharp, 1996). Davies and Liu (1995) argue that well trained staff and store design are two efficient techniques for successful repositioning in contrast to media advertising, which appears to be less effective. Management of the Lewis Trust Group successfully changed the positioning of Chelsea Girl and Concept Man by designing ranges to appeal to slightly older age groups, increasing price points and investing in new shop designs (Lea-Greenwood, 1991). Design has become part of the business strategy to optimise profit potential by attracting new and retaining existing customers. Design has brought added value to the shopping experience (Thomas-Emberson, 1998). "Successful retailers are those who have created an image that is readily understood by their target market. Although difficult to define, image is the clear expression of a corporate

philosophy based on a particular business ethics: design being a means of realising it” (Healey & Baker, 1985 :125).

2.5.6 Customer communication

Customer communication to identify expectations and needs is an important part of any marketing communication strategy. It is not enough to monitor and analyse complaints and compliments, forward looking companies set up systems to encourage customers to voice their views on satisfaction with the company, its products and service and to seek suggestions on how customer satisfaction might be increased (Cook, 1997). One such solution has been to improve in-store communication via better merchandise labelling to explain features and benefits of new products, fabrics or finishes as well as providing care instructions. Thus, customers can obtain information without having to approach staff.

2.6 Conclusion

Retailers need to understand the image consumers have of the company and its stores. Lindquist (1974) identified nine physical and psychological dimensions contributing towards consumer image formation and established that merchandise characteristics, customer service and store environment to be the most important components. Hansen and Deutcher (1977) tested these dimensions and found regular customers in different retail sectors prioritised attributes differently. Furthermore, recent research has indicated that customers from different retailers within a sector perceived combinations of attributes to be distinct for each store (Arnold *et al.*, 1997).

Martineau (1958) proposed that a store projecting an image close to the targeted customer self-image would increase loyalty towards the retailer. The link between store image

perceptions and customer loyalty has been commonly accepted (Kerin *et al.*, 1992; Osman, 1993). Studies suggest that attitude to a store is created by the composite of consumer purchase expectation and actual purchase experience. Customer satisfaction is forged when retailers manage to prioritise store image characteristics the way customers demand. Thus, store image is here defined as *the total conceptualised perception that a person associates with shopping at a particular store, grounded on a combination of functional and psychological attributes deemed important to the individual.*

Researchers have found it difficult to compare store image studies due to the variety of method and research designs utilised in studies such as multi-attribute models, multi-dimensional models and conjoint analysis. Moreover, some of these studies have utilised predetermined attributes, and thus, included attributes that may be irrelevant to the customer leading to distortions of the findings. Multiple fashion retailers conduct market research, on a regular basis to evaluate customer attitudes towards the product and service provision. There is some evidence to show that measuring the importance of different attributes is not always satisfactory since respondents are inclined to assess everything as relatively important and, hence, results provide minimal variance (Johnson, 1997). This is why more sophisticated survey techniques such as conjoint analysis prove valuable. Furthermore, segmentation research can help inform retailers on the requirements, behaviour and attitudes of their targeted customers.

Consumers purchase from stores that come closest to the individual specification of determining choice factors, such as 'value for money' and 'perceived value'. These concepts influence retailers in deciding their strategy for the retail mix of product quality, service provision and store environment that will best satisfy their target market.

CHAPTER THREE

TRENDS IN FASHION RETAILING

3.1 Introduction

This chapter examines the trends in fashion retailing during the last three decades and contextualises the research. The first half outlines the contemporary issues in UK retailing of market concentration, consolidation, retail location and internationalisation. This is followed by an examination of the different sectors promoting menswear fashion clothing and concludes with an examination of issues specific to consumer purchasing of this type of product.

3.2 Contemporary Perspectives in Retailing

Retailing is very important to the UK economy as 17 per cent of the available workforce, nearly four million people, are employed within the wholesale, retail, trade and repair sector (Employment Gazette, 1997) and over two million people, approximately 12 per cent of the labour force, work in retail related jobs (Nielsen, 1993). Furthermore, a third of national output comes from the retail and distribution sector (Gardner and Sheppard, 1989). As such, retailing contributes to the economic and social stability of the country.

Since the 1960's retailing in the UK has undergone an exceptional transformation. In the post-war period, the consumer was conditioned to rationing and retailers were in a strong marketing position (Kay, 1989). The abolition of Resale Price Maintenance in 1964 encouraged retailers to invest in larger shops, resulting in economies of scale and greater buying strength (Akehurst and Alexander, 1995; Monopolies and Mergers Commission, 1981). The outcome was the dynamic development of regional and national multiple

retailers and the demise of many independently owned outlets.

Greater competition in the 1980's forced retailers to improve their understanding of customer needs and to design products and a selling environment for their target market (Bubb, 1992). As consumer expectations continued to increase and diversify, retailers have had to target an increasingly fragmented market (Dawson and Broadbridge, 1988; O'Brien and Harris, 1991; Walters and White, 1987). This fragmentation is, in part, due to cyclical economic factors, which have affected the level of disposable income and consumer expectation of discretionary purchases (Dawson, 1995).

During the 1990's clothing sales increased by value, year on year (Table 3.1). The exact turnover of the clothing market is difficult to categorise due to the variety of outlets selling clothing, which vary from specialist fashion retailers, variety retailers and department stores to supermarkets, craft outlets and car boot sales. Some reports include sales of all textiles, such as shoes and accessories as well as childrenswear and household textiles making comparison difficult. Mintel defines the clothing market to be all men's and women's underwear and outerwear from all outlets (Mintel, 1997d). Furthermore, they identify a multiple specialist fashion retailer to be a chain of stores selling clothes for a particular target market either in stand alone outlets or as concessions in larger stores not necessarily owned by the specialist retailer (Mintel, 1995b).

Table 3.1 Consumer spending on women’s and men’s clothing (1992 - 97)

	Womenswear		Menswear	
	£m	Percentage annual change	£m	Percentage annual change
1992	10,355	-	5,147	-
1993	11,100	+7.2	5,515	+7.1
1994	11,726	+5.6	5,673	+2.9
1995	12,273	+4.7	5,887	+3.8
1996	13,112	+6.8	6,278	+6.6
1997 (est.)	13,590	+3.6	6,430	+2.4

Source: Mintel (1997d)

3.3 Market Concentration in Fashion Retailing

Retailers are normally categorised in terms of the number of outlets they operate, that is into ‘single outlet’ retailers, ‘small multiples’, with between two and nine outlets, and ‘large multiples’, with ten or more outlets (McGoldrick, 1990).

The structure of retailing is defined “as a snapshot of the state of play in the competitive struggle between retail companies and businesses, each of which is seeking not only to survive but to grow” (Akehurst and Alexander, 1995: vii). This contest has led fashion retailing in the UK to become the most concentrated in the world (Smith, 1996), with multiple specialist retailers, such as Benneton, Next and Arcadia, variety retailers, such as Marks & Spencer and Bhs, and department store retailers, such as Debenhams and House of Fraser being responsible for over 50 per cent of the womenswear, menswear and childrenswear clothing market (Table 3.2) (Mintel, 1997d; Willans, 1995).

Table 3.2 Retail distribution of women's and men's clothing by outlet type (1996)

Outlet type	Womenswear		Menswear	
	£m	Percentage	£m	Percentage
Multiple specialists	3,409	26.0	1,563	24.9
Variety stores	2,767	21.1	1,199	19.1
Independent specialists	1,600	12.0	1,099	17.5
Mail order	1,377	10.4	377	6.0
Department stores	1,233	9.4	441	7.0
Discounters/factory outlets	446	3.0	669	10.6
Others*	2,280	17.4	992	15.8
Total	13,122	100.0	6,278	100.0

Source: Mintel (1997d)

Note: Data may not equal totals due to rounding

* Including supermarket chains, airport shops, market stalls and other non-specialist retailers

Retail concentration is measured by the market share held by the multiple retailers (Alexander, 1997). Sales from the top 101 clothing and footwear companies, with turnover in excess of £4.5 mn., accounted for 73 per cent of sector sales in 1996 (Corporate Intelligence, 1997d). The forecast is that multiple retailers will increase their domination of the market by opening additional outlets at the expense of the independent fashion retailers (Mintel, 1997d). In 1994, the seven largest retailers in the sector, Marks & Spencer, the Burton Group (now Arcadia and Debenhams), Sears, C&A, Storehouse, Littlewoods, and Next had in excess of 45 per cent of total sales (Corporate Intelligence, 1997d). Two companies, Marks & Spencer and the Burton Group, controlled about a third of UK fashion clothing sales (Broadbridge, 1996a; Mintel, 1997a).

The multiple retailers' increase in market share was partly a result of mergers and acquisitions. Between 1980 and 1987 retailers spent £8.5 billion in take-overs and mergers across all sectors (O'Brien and Harris, 1991). Within fashion retailing this was exemplified by Burton Group merging with Debenhams in 1985 (Retail Trade Review, 1996) and Next Retail Ltd. purchasing Combined English Stores and Grattan in 1987 (Next, 1987).

Later, Marks & Spencer acquired 19 stores from Littlewoods in 1997 as part of their expansion plans (Mills, 1999a).

The implication of this concentration was two-fold. First, amalgamation in the 1980's led to fewer multiple fashion retailers trading on the high street. Moreover, multiple retailers had a tendency to adopt similar store designs and operational systems and consequently, outlets became increasingly uniform with retailers providing products and services which were alike (Akehurst, 1995; Boedeker, 1995; Newby, 1993; Walters and White, 1987). Secondly, the average size of outlets increased to provide the retailer with economies of scale, increased control over the distribution chain and the possibility of investing in technology (Davies, 1992a; Sparks, 1988).

In the pursuit of market share, sales turnover and profit margin, a number of multiple fashion retailers chose to diversify from their core operations and to exploit alternative market opportunities. For example Marks & Spencer opened food halls and Next Retail Ltd. launched menswear, childrenswear, home furnishings and jewellery departments. This strategy provided the opportunity for the retailer to increase the overall transaction value with existing customers and also to attract new customers to the store. In contrast, other organisations identified promising opportunities by specialisation in niche markets. These included retailers such as Tie Rack and Knickerbox. Similarly, the Burton Group utilised their growth to increase sales by targeting different customer segments with focused retail outlets, such as Top Shop/Top Man for the younger customer, Dorothy Perkins and Burton Menswear for the slightly older age group and Evans for the outsized market (Burton, 1996).

In the 1990's, as fashion multiples converged in the eyes of the consumer, differentiation has been sought either through competitive price points or by retailers augmenting the product or service provision by creating an aspirational image. This has provided an opportunity for smaller independent and designer led retailers to target the more discerning up-market customers. These smaller retailers have often located their stores in secondary sites within city centres or on the edge of town (Dawson, 1995). The consequence of this polarisation has been the decline of the medium-sized retailer (Brown, 1995a; Kirby, 1976).

In order to clearly differentiate and state market position, many fashion retailers have moved away from competing mainly on price to promote non-price factors such as quality, design and fashion (Easey, 1995; MTI, 1998). Moreover, there has emerged an expectation from consumers, that to purchase fashion clothing should be a pleasurable experience in comfortable surroundings and, as such, has become a leisure activity (Dawson, 1995; Newby, 1993).

In the late 1990's, the strategy of some of the larger retail groups has been to de-merge or sell off non-core areas of the business. For example, the Burton Group de-merged into Arcadia and Debenhams in January 1998 (Hall, 1997a) and the Sears Group has disposed of many of its shoe outlets (Miller, 1998) and sold its fashion clothing outlets in 1999 to Arcadia. Arguably the similarity of the large multiple specialist fashion retailers has provided an opportunity for some smaller multiple fashion retailers, such as Jigsaw and Monsoon, to promote a specific brand image, which appeals to a large enough segment of the market to be profitable (Mills, 1999b).

3.4 Consolidation

Following the recession of the early 1990's many fashion retailers have been forced to consolidate their operations. To achieve the desired financial outcomes strategies have had to be designed in terms of the product or brand; human resources; and the store environment.

3.4.1 Product strategy

According to 'the wheel of retailing' (Hollander, 1960; McNair, 1931; McNair and May, 1976), sales strategies follow a cyclical pattern moving from price-based, low-margin, high-turnover goods to service-oriented, high-margin, low-turnover products (Brown, 1995a). During times of recession sales of womenswear continued to increase but sales of menswear declined, thus competition on price becomes particularly prevalent (MTI, 1998). In contrast, during periods of growth retailers focus on strategies to satisfy customer expectations for higher quality and variety of products (Dawson, 1995, MTI, 1998; Dawson and Broadbridge, 1988).

National multiple fashion retailers operate in an environment characterised by high levels of market concentration, centralised control and format standardisation (Davis, 1997; Evans, 1997; Moore, 1996). Consequently, these retailers have two main choices when deciding buying strategy: they can have their own design team with garments made up either in their own factories or subcontract their designs to UK or overseas manufactures; alternatively they can purchase garments designed and made up by other companies (Easey, 1995; Tse, 1985). For example, River Island and Next Retail Ltd utilise the first strategy and Marks & Spencer the second (Jagger, 1999; Lea-Greenwood, 1991; Next, 1995). The role of the designer is vital to the success of any fashion retailer or

manufacturer. Their task is to translate current designer fashion influences into ready-to-wear product lines, which are coherent in terms of product characteristics, such as quality, styling and assortment. Moreover, ranges have to communicate the brand image and be suitable for the target market (Atkinson, 1995; Moore and Shearer, 1998; MTI, 1998). Consequently, in-house design teams are argued to be the most important factor in creating a strong and successful own-brand label (Moore and Shearer, 1998).

Consumer opinion today is paramount and is exemplified by the need for fashion retailers to sell specialised merchandise, in short runs to niche markets (Thompson, 1993). Furthermore, fashion retailers must not carry too much stock, since changes in consumer expectations have reduced the quantity of each line that the retailer can reasonably expect to sell at full price. Consequently, the large multiples have developed close relationships with their suppliers and, by sharing sales information, can react to fashion changes. Fashion retailers have increasingly been able to improve the design and style of garments and to negotiate shorter production runs with manufacturers (Easey, 1995). The large multiples are acknowledged to have significant control over the supply chain in terms of costs, design input and the speed and flexibility of physical distribution (Hines, 1995; MTI, 1998). Furthermore, they have been able to reduce lead-time to four weeks from a traditional twelve weeks when using UK suppliers. Companies importing goods have to order well in advance of the agreed delivery date. The balance between supply and demand is crucial, as retailers experienced to their cost during the late 1998, when a large amount of overstock led them to move into 'sale mode' prior to Christmas resulting in decreased margins (Rankine, 1999b).

3.4.2 Human resource strategy

In the early 1990's, the recession increased pressure on management to control costs whilst at the same time increasing opening hours. This compelled companies to negotiate new employment contracts to allow greater flexibility in working hours by reducing the number of full-time staff and employing more part-time, and hence, more flexible but less experienced staff (Alexander, 1995a; Dawson, 1995; Freathy and Sparks, 1996; Warnaby and Woodruffe, 1995). Increased flexibility enabled change to be made quickly and reduced cost (Freathy and Sparks, 1995). However, part-time staff requires equivalent training and pro-rata benefits if they are to give comparable performance.

One of the primary objectives of human resource management is to increase employee productivity, that is the ratio between sales turnover or profit and the cost of employees to the retailer (Walters and Laffy, 1996). One way in which this may be achieved is by the recruitment of quality personnel. Richer (1996) maintains that the recruitment of sales staff should focus on people with good interpersonal skills rather than selection based on previous retail experience. This is particularly important in fashion retailing where customer contact is high and some customers demand personal service. Consequently, retailers have to choose a strategy consistent with customer expectations to achieve competitive advantage (Warnaby and Woodruffe, 1995).

Current opinion is that enlightened organisations are working towards devolved and decentralised decision making, and that large firms cannot afford to maintain bureaucratic structures and procedures (Thompson, 1993). Flat organisational structures benefit retailers, not only by making them more economical to operate by de-layering management and making the company leaner (Freathy and Sparks, 1995), but also by being more

efficient in terms of communication: upwards, horizontally and downwards (Naisbett, 1982; Thompson, 1993). Thus, some companies have delegated accountability to independent units, as the drive and initiative to move the business forward comes from the people close to the customer, not from the centre (Broadbridge, 1998; Handy, 1989). This is particularly pertinent to fashion retailing where consumer preference is paramount. These new structures are based on employee agreement of the company culture and give staff professional autonomy within a tightly controlled framework facilitated by developments in computerisation and telecommunication to allow the centre to concentrate on strategy, while tactical and operational management is decentralised (Hyman, 1988). This can cause problems in the separation of execution from conception, that is the extent to which store management and staff implement policies and procedures issued from the centre. However, operational tasks in decentralised organisations can be evaluated against performance criteria, which are both task and behaviour oriented (Thompson, 1993), in addition to assessing the financial results against budget forecasts.

Staff retention is a problem for many retailers. A survey, conducted on behalf of Reed Personnel Services in 1998, found that the average staff turnover was three times higher in retailing than in manufacturing. Career prospects and progression were quoted as the main reason, followed by remuneration (Anon, 1998b). Many retailers have tried to stabilise staff turnover by improving training opportunities and job grading in the belief that if employees feel valued and the company is prepared to invest in their development, they are less likely to move (Broadbridge and Davies, 1993; Porter, 1997b).

3.4.3 Store environment strategy

Previous research has highlighted the importance of the design contribution to the creation of fashion retailer brand image and identity (Lewis and Hawskley, 1990). Developments in store design have emphasised comfort and simplicity and store layouts have been created to facilitate customer flow and to provide guidance and information to the consumer (McGoldrick, 1990). Image led retailing, (that is companies who attract customers through a combination of interacting factors such as design, service and merchandise) emerged as a strategic concept with the launch of Next in the early 1980's (Mort, 1996; Davies, 1989). The design of the stores and the way they are merchandised presents a visual message about the brand values of the retailer and the merchandise offer and, as such, the function of design is used to add value to the product, the environment and the shopping experience (Forty, 1989). Retailers such as Jigsaw and The Gap base their image on a strong design concept to project and reinforce their market positioning and to influence the purchase decision. The interplay between concentration and standardisation has compelled some smaller fashion retailers to develop branding strategies, which communicate individuality to their target audience. For example, management at Jigsaw believe that the stores should reflect regional differences and be designed to attract the local market (Willans, 1995, MacLeod, 1998). Paul Smith states that retailers have to 'think globally but act locally' by having different types of stores, eye-catching windows and unique stock specifically targeted to differentiate in each area (Smith, 1996). In contrast, the major multiples utilise centralisation to keep store formats, windows and management systems to a specified standard to make all outlets look the same.

At the same time as investing in shop design retailers have also increased the average size of outlets to develop economies of scale (Sparks, 1988) and increase market share (MTI,

1998). This is in part achieved by reducing stock levels held in the outlets and storing stock in regional or central distribution centres. However, this requires the retailer to have an efficient computerised stock management system (Christopher, 1992).

3.5 The Trend of Edge-of-town and Out-of-town Shopping Locations

Economic trends have shown real spending increases on household goods and fashion products in the late 1980's, in proportion to consumer outlay on food (Musannif, 1988). These trends follow a cyclical pattern influenced by the nation's economy, taxes, interest rates, consumer credit, property values and unemployment figures (Dawson, 1995). Similarly, the increase in disposable income has led to growth in car ownership and access to shopping by car and this has extended the distance consumers are prepared to travel for fashion clothing purchases and thus the patronage of out-of-town or edge-of-town shopping centres (McGoldrick, 1990). Simultaneously, the high street, traditionally the centre for retailing, has declined in attractiveness to the affluent mobile shopper, who prefers regional or out-of-town shopping centres (Bromley and Thomas, 1993).

The trend of selecting retail locations away from the high street has taken place in three phases during the last thirty years (Schiller, 1986; Thomas, 1989). The first development was the establishment of supermarkets and hypermarkets with adequate parking facilities on edge-of-town brownfield sites. The second phase featured the move of DIY stores and large goods retailers, selling furniture and carpets, into retail warehouses. The third phase signalled the development of out-of-town shopping centres, which offered multiple specialist retailers the opportunity to move into purpose built formats. At this stage, Marks & Spencer announced it was going to invest in out-of-town locations as well as in city centre sites

(Ferne, 1998) which made other multiple fashion retailers follow the same dual location strategy.

The first out-of-town shopping centre to open was Brent Cross in London in 1976 (Miller *et al.*, 1998) followed by the Metro Centre in Gateshead in 1986 (Thomas, 1989). Both promoted the idea of family 'shopping' as a leisure activity. This was the first time that fashion retailers considered store location feasible away from the high street. After the success of Brent Cross and the Metro Centre, other large out-of-town centres opened such as the Merry Hill Centre in Dudley (1989) Meadowhall in Sheffield (1990) and Lakeside in Thurrock (1990). Shoppers have been attracted to these large shopping and leisure environments and it has been claimed that sales turnover in the Metro Centre and Meadowhall exceeds the sales in the local city centres of Newcastle-upon-Tyne and Sheffield (Mintel, 1995b). This trend has been particularly beneficial to multiple specialist retailers since they can afford the fixed costs of locating in out-of-town centres, but is to the detriment of independent retailers (Mintel, 1995b). Multiple fashion retailers and department stores are now perceived to be attractive anchor tenants and are offered favourable contracts as they draw additional custom to a centre. Moreover, these shopping malls offer a mix of multiple specialist fashion retailers for comparison shopping as well as leisure facilities and food courts to attract shoppers (McGoldrick and Thompson, 1992).

Research conducted on behalf of Marks & Spencer found that shoppers for fashion clothing purchases are prepared to travel on average up to 30 minutes compared to just 20 minutes for food shopping (Trefgarne, 1998). Furthermore, Miller *et al.* (1998) confirm the reasons that consumers give for using out-of-town or edge-of-town shopping centres to be convenience,

safety, cleanliness and choice by providing comparative retail outlets under one roof as well as offering a leisurely shopping environment and free car parking facilities.

Recent legislation has sought to confine the expansion of out-of-town centres (Worthington, 1998). The government, in its Planning Policy Guidelines (PPG6), has limited retail activities to existing town centres unless an indication of significant growth in the population or retail expenditure is manifest and where investment in the town centre is unlikely to be seriously affected by new development (Miller *et al.*, 1998). Furthermore, green belt land is to be protected and the use of private transport minimised in favour of public transport (PPG13). The PPG6 has encouraged planning authorities, city centre management groups and retailers to revitalise city centres by creating new public open spaces; improving streetscape, cleanliness and security using CCTV; and providing park and ride schemes in order to bring back local shoppers lured away by large out-of town developments (Miller *et al.*, 1998; Worthington, 1998). Traditionally, fashion retailers have always had their place on the high street, even if most of the multiple specialist retailers have seized the opportunity to open additional outlets in shopping centres.

Consumers have indicated they prefer to shop in an environment that is suitable for all ages, is safe and provides choice. This has encouraged shopping centre management to promote 'families values' to attract all consumers. The strategy of providing safer shopping for the majority of middle-class consumers is to the detriment of the young and the unemployed, who may lack opportunities or resources to shop in these centres (Miller *et al.*, 1998).

3.6 Internationalisation

International retailing is defined 'as the operation, by a single firm, or shops, or other forms of retail distribution, in more than one country' (Dawson, 1993: 26). Retail internationalisation takes place in two principal ways: first, sourcing of goods from external markets and second, the operation of retail outlets in more than one country (Dawson, 1993).

3.6.1 Sourcing of goods

Sourcing of garments from international markets has taken place for many centuries; for example, silk from the Far East. Recently, mass produced goods have been imported, due to lower wage cost in the developing countries. Moreover, buyers order international goods to extend ranges and provide variety for their customers.

Trade restrictions and the impact of the Multi-Fibre Agreement on imports have resulted in retailers having to source goods from several countries (Dawson, 1993). However, the implications of quotas and tariffs under GATT and the design of bilateral trade agreements have reduced barriers and encouraged increased product selection in fashion clothing outlets (NCC, 1991).

Fashion retailers have two choices. They can give their manufacturers clear specifications about fabric content, colour, design and garment quality and monitor production methods (UN, 1985), as is typical of own brand retailers, such as Marks & Spencer, which work closely with their suppliers to ensure garment quality. Some retailers choose to select from manufacturer's lines and have less control over production. Fashion retailers promoting national brands have no influence over the design, colour or fabric utilised in the manufacturing process.

3.6.2 Internationalisation of UK based retailers

There is an increasing trend for retailers to internationalise their operations in the pursuit of growth. The number of retailers within the European Community trading internationally increased from 35 in 1960 to 1,321 in 1992 (Tordjman, 1994). In 1992, the European Union sought a free market, which encouraged retailers to establish outlets outside their home territory, particularly if it was saturated or if a market segment had been identified as not being served by retailers in the host country (Alexander, 1995b; Muniz-Martinez, 1998). Moreover, some retailers decided to follow existing customers to the host country (Dawson, 1993). These retailers made the decision to target similar customer segments in different countries by globally using the same trading format employed in the home market (Salmon and Tordjman, 1989). For example, Laura Ashley, Benetton and Next employ this strategy. Treadgold (1990) notes that these companies are exceptional and that most retailers mould their format to suit the culture of the local market. Fashion retailers operating internationally perceive they have a differentiated product and a clear market positioning that will make them thrive (Alexander, 1997).

UK retailers employ four main methods to enter international markets. These are to acquire an existing company, via joint ventures, by franchising or by opening new units (Alexander, 1995b). The first option provides UK retailers with an existing business and distribution network whilst also providing 'organic growth'. Joint ventures and franchising offer the security of local knowledge and lower investment costs compared to launching outlets managed from the home country (Alexander, 1995b). Companies such as Marks & Spencer use a combination of all these methods depending on the differences in culture and legislation within the host country (Dawson, 1993). In contrast, Next has decided only to operate overseas using franchising as the preferred method of expansion (Clark, 1998).

3.6.3 Fashion retailers entering the UK

Multiple fashion retailers are increasingly aware of competition from international companies establishing a presence in the UK as an attractive growth area. “The world is witnessing a convergence of consumer tastes and aspirations particularly among the middle classes and the young” (Davies and Finney, 1998: 2). Until 1970 internationalisation was very limited with only a few companies such as C&A successfully expanding throughout Europe. During the 1980’s a number of European and American fashion retailers successfully entered the UK market with global brands, such as Benetton and Stephanel. Expansion increased in the 1990’s with companies such as Ouiset, Kookai, Morgan, Hennes, Naf Naf, The Gap and Levi entering the UK, and designer brands including Donna Karan, Ralf Lauren, Versace, Armani, Gucci and Diesel opening outlets in larger cities (Davies and Finney, 1998; Moore, 1998). The merchandise offered by these companies is largely fashion-led and targets younger customer groups with a strong sense of personal style (Moore, 1998). The motivation of these companies to enter the UK fashion clothing market is attributed to its lack of differentiation and the image possessed by an international brand, be it French, Italian or American (Moore, 1996).

3.7 Menswear Fashion Retailing in the UK

The total size of the menswear clothing market grew strongly in the late 1980's but the recession affected menswear clothing sales much more than womenswear and although consumer spending on womenswear decreased in real terms between 1990 and 1992, menswear fared far worse (Table 3.3). After the recession, sales of menswear increased (Table 3.1) and reached £6.6 bn. in 1997, an increase of 6.9 per cent on the previous year (MTI, 1998).

Table 3.3 Consumer expenditure on clothing, at current prices, 1988-93.

	1988 £m	1989 £m	1990 £m	1991 £m	1992 £m	1993 £m	% Change
Womenswear	8,700	9,500	9,800	9,979	9,993	10,270	+18.0
Menswear	4,370	4,770	4,945	4,785	4,558	4,698	+ 7.5

Source: Mintel (1993b)

HMSO (1991) identify four broad categories of menswear consumers: the traditional formal customer buying business suits, formal shirts and ties; the sophisticated customer purchasing stylish formal and casual wear; the fashion avid customer, who wants the latest look in casual clothing for an 'up-to-date' look; and the mainstream customer wanting clothes that are not fashionable but provide value for money. Only department stores or variety retailers can aim to cater for this wide spectrum of customers, from the very young and trendy to the more traditional shopper, because this type of store can create specific areas designed for each of these categories.

Multiple specialist fashion retailers are responsible for approximately a quarter of all menswear clothing sales. Their competition comes from five different sectors: variety retailers, department stores, independent fashion retailers, sportswear retailers, and the supermarkets (Table 3.2). In total, multiple fashion retailers have a greater share of menswear clothing sales (57 per cent) than independent retailers (17.5 per cent) (Mintel, 1997d). Moreover, most consumers shop at a number of different stores even if they have a preferred outlet (Appendix 1) (Verdict, 1994).

3.7.1 Multiple specialist menswear retailers

Many menswear fashion purchases are made from multiple specialist fashion retailers, which in the main sell own-brand merchandise. These stores traditionally provide a deep product range with a clear image, targeting clearly defined customer segments (Dawson and Broadbridge, 1988). Own-brand goods accounts for about 60 per cent of fashion sales in the UK (Broadbridge, 1996a).

The company with the largest share of the specialists menswear fashion market in 1993 was the Burton Group with the three fasciae of Burton Menswear, Top Man and Principles for Men with 7.6 per cent, 3.0 per cent and 1.0 per cent market share respectively (Verdict, 1994). After the demerger from Debenhams and the renaming of the group to Arcadia these fascia are managed as one operation rather than as separate companies to gain advantage from economies of scale (MTI, 1998). The Arcadia Group also operates the womenswear outlets of Dorothy Perkins, Top Shop, Principles for Women and Evans. Furthermore, the company purchased the fashion clothing chains of Wallis, Warehouse, Miss Selfridge, Richards and Outfit from Sears in 1999 and thus increased the market share of womenswear clothing to 12.2 per cent bringing it near Marks & Spencer, which is estimated to have 14.8 per cent share (Mills, 1999c; Rankine, 1999d).

By 1997, movements in the market meant that Burton Menswear had a reduced market share of 3.1 per cent and in 1998, the Arcadia Group was estimated to have about seven per cent of the menswear market (Corporate Intelligence, 1997d; Corporate Intelligence, 1998; MTI, 1998). Burton Menswear has over 360 outlets, Top Man approximately 200 and Principles for Men trades from about 175 sites. All three formats sell a combination of national brands and own label goods. Furthermore, all the different outlets in Arcadia offer

merchandise via the Internet and mail order catalogue, the latter in co-operation with Littlewoods. New developments include the launch of a new fascia, Style Union, in which several of Arcadia's own-brands are on sale with manufacturers brands, and the acquisition of Wade Smith, a retailer of designer brands (MTI, 1998). Arcadia has integrated all the different operations and will now declare annual results based on the split between menswear (approximately 35 per cent of the company's turnover before the Sears purchase) and womenswear rather than on store formats.

The second largest retailer within this sector is Next for Men with a market share of 2.5 per cent in 1993 which increased to 4.6 per cent in 1997 (Corporate Intelligence, 1997d; Corporate Intelligence, 1998). Next for Men is part of Next Retail Ltd. which also sells women's and children's clothing. The retailer has consistently increased sales per square foot to £676 in 1998 compared to the Arcadia Group density of approximately £320 per square foot. This is still below the strongest return on space achieved by Jigsaw at nearly £1.000 per square foot (MTI, 1998; Potter, 1999). Next trades out of 331 stores and promotes own label goods (Osborne, 1999). It is estimated that Next for Men and Next Directory together have about five per cent of the menswear market (MTI, 1998). Next communicates with its customers not only by the design of the store environment and the product presentation, but also through the ticketing and point of sale material which emphasise the design features to promote the value of the brand (Moore and Shearer, 1998).

Moss Bros. has in recent years increased its share of the menswear market to three per cent, partly through the acquisition of Blazer from Storehouse. The group has 187 outlets trading under a number of fascia: Moss Bros., Savoy Tailors Guild, Cecil Gee, Blazer and The Suit

Company as well as three Hugo Boss stores and one YSL outlet (MTI, 1998). Moss Bros. has about 13.5 per cent of the suit market and aims to become the market leader in this area by the end of 1999 by outperforming Marks & Spencer, which currently has about 15 per cent (Phelps, 1999).

The privately owned company, River Island, has approximately 350 stores and promotes both womenswear and menswear from joint units. The company sells both own label and some national brands and has a two per cent share of the menswear market. River Island is continuing its repositioning strategy to promote goods that appeal to its existing customer segment as it ages (MTI, 1998). All the other multiple specialist retailers have less than three per cent of the menswear market (Table 3.4).

In recent years a number of smaller multiple specialist retailers, such as USC, Capolito Roma and Active Venture, have entered the menswear fashion sector promoting branded goods to the fashion aware younger male customer. Ciro Citterio, which promotes its own label merchandise, has been one of the fastest growing groups and trades under the formats of Oakland, Hornes and The Sweater Shop (MTI, 1998). However, the main competition to the multiple specialist menswear retailers comes from variety stores, such as Marks & Spencer and Bhs; department stores such as Debenhams; independent retailers selling national brands; and sportswear retailers.

Table 3.4 Market share for menswear retailers (1993)

Retail company	Market share of menswear - 1993	Market share of menswear - 1997
Marks & Spencer	16.9	15
Arcadia	N/A	7
Burton Menswear	7.6	*
Top Man	3.0	*
Principles for Men	1.0	*
Debenhams	4.4	4
C&A	4.2	4
Moss Bros	φ	3
Bhs	2.7	2
Next for Men	2.5	5
Fosters	2.2	φ
Littlewoods stores	2.0	φ
River Island	1.7	2
House of Fraser	1.6	φ
John Lewis	1.0	φ

Source: MTI (1998) and Verdict (1994)

Note: * indicates these companies are now quoted as Arcadia

φ indicates data was not available

3.7.2 Variety retailers and department stores

The variety store sector includes fashion clothing retailers such as Marks & Spencer, Bhs and Littlewoods. In 1993, Marks & Spencer, the largest menswear fashion retailer, had a market share of 16.9 per cent of the total menswear clothing market (Verdict, 1994). By 1997, this had been reduced to about 15 per cent (MTI, 1998) and continues to fall as competition among the major retailers intensifies (Anon, 1999). The competitor analysis carried out by Verdict (1994) indicates that Marks & Spencer is a strong competitor to all the multiple specialist retailers, but that these also individually compete with each other (Appendix 1). The area that Marks & Spencer has neglected is the increased demand for branded menswear clothing. In contrast they have developed casual ranges that have been very successful (MTI, 1998). This has been achieved by using designers, such as Paul Smith on a consultancy basis, to update and improve the styling of ranges (Moore and

Shearer, 1998). Marks & Spencer has particular strengths in men's outerwear with 35 per cent of the trouser market (Corporate Intelligence, 1997c); 25 per cent of suit sales (Corporate Intelligence, 1997a) and 16 per cent of the shirt market (Corporate Intelligence, 1997b).

Recently, Marks & Spencer has seen a 41 per cent reduction in pre-tax profit due to reduced consumer loyalty and negative publicity. Hence, management have announced that new designers, such as Timothy Everest, the Savile Row tailor, are advising the company on style and design and that stores will be selling basic classical ranges at improved prices (Alexander, 1999; Rankine, 1999a). An additional problem for the company has been the purchase of 19 Littlewood stores, which have not performed to plan, and it may take several years before Marks & Spencer again makes £1 billion pre-tax profit (Rankine, 1999a). In May 2000, Marks & Spencer announced a cut in the dividend due to poor trading over the last eighteen months. The company blames increased competition and polarisation in the UK clothing market "with better branded offers at one end of the market and discounters at the other" (Menary, 2000).

John Lewis Partnership is the largest department store group in the UK based on turnover, but Debenhams with 4.4 per cent market share of the menswear market is the largest department store in terms of fashion sales (MTI, 1998; Verdict, 1994). Debenhams sells a high proportion of own label goods from its 92 stores as well as the Arcadia labels and has recently strengthened its offer with a number of designer ranges.

House of Fraser has about 50 stores and has successfully tried to attract younger shoppers by promoting new brands such as Tommy Hilfiger, DKNY and Ralph Polo Jeans. It has

also developed its own Linea label very successfully (MTI, 1998). The department stores traditionally promote a number of concessions to broaden their offer, but both House of Fraser and Debenhams are trying to strengthen their own brands to become less reliant on concession sales (MTI, 1998).

C&A, the privately owned retailer, has its head office in Düsseldorf as well as having a strong presence in Holland. The company has approximately 120 stores in the UK and 580 stores in Europe and is a network of autonomous national companies managed by the Brenninkmeyer family (MTI, 1998). In the UK the company has a market share of 4.2 per cent of the menswear market. Traditionally, C&A positioning has been between the discounters and the variety stores, but the company tried to reposition its brand during 1999 (MTI, 1998). However, in June 2000 the decision was announced to close all the UK and Irish stores during the next nine months. This is due to the increased competition from the discount retailers such as Peacocks, Matalan and New Look (Hope, 2000).

3.7.3 Independent menswear fashion retailers

One of the distinctive features of menswear fashion retailing, compared to the womenswear sector, is the low number of multiples trading in the market (MTI, 1998). This is partly to be expected since menswear sales are approximately half that of womenswear (Mintel, 1997d), however, menswear outerwear sales from multiple specialist retailers only account for 25.4 per cent compared to womenswear outerwear sales of 32.6 per cent and this has provided the opportunity for the independent sector to retain approximately 18 per cent of all fashion clothing and footwear sales (MTI, 1998). This percentage is gradually decreasing, but is still approximately six per cent more than for womenswear and nine per cent more than for childrenswear sales (Mintel, 1993b; Mintel, 1997d).

The independent retailers cannot compete on price, as they are unable to buy in bulk, and suffer from intense competition from department stores and multiple retailers on the high street. However, these retailers have the ability to offer a personal service to their customers and a more exclusive branded product. Consequently, they are gradually trading up and targeting consumers with a higher disposable income by providing a service tailored to their customer's needs (Anon, 1998a; Mintel, 1997d; MTI, 1998). Middle-aged men in the ABC1 socio-economic groups are the most likely customers of independent retailers. These are discerning customers seeking fashion clothing, which is different in styling and quality from the merchandise on offer at the multiple retailers (Mintel, 1993b).

3.7.4 Sportswear retailing

Sportswear retailers, with a market share of 9.9 per cent of the menswear market (MTI, 1998), are increasing their sales at the expense of high street fashion chains (Harverson, 1998). Menswear retailers traditionally sold formal and casual ranges, but have now increased product lines to promote a narrow selection of sportswear fashion goods (Mintel, 1997b) and this has provided the opportunity for sportswear retailers to promote fashionable sportswear ranges in much greater depth than the menswear retailers can provide (Harverson, 1998; Mintel, 1997c).

Comparative analysis of this sector is difficult since official statistics combine sports goods stores with those selling leather goods, toys and fancy goods. However, recently sportswear retailers have increased sales of fashionable sportswear clothing and hence JJB Sports is now listed as a clothing retailer (Mintel, 1997c). Nevertheless, MTI (1998) include sports shops and clubs as a separate sector within menswear clothing sales and list

this to be nearly one tenth of all clothing sales with the specialist multiples being responsible for the turnover of just under a quarter of all menswear clothing.

The expansion of sportswear retailing is also due to increases in leisure time and a move by some people towards healthier lifestyles, which encourages people to take more exercise and, thus, the need for practical clothing suited to these pursuits. This type of sports clothing has become part of everyday wear (Easey, 1995; MTI, 1998). In total, sales of sports merchandise grew nine per cent during 1996 (Mintel, 1997c). Sports shops are where younger people seek sports related fashion brands, such as Reebok, Nike and Adidas (Mintel, 1997c) and these retailers target their displays towards the fashion orientated and brand aware youth shopper.

Sports Division, based in Scotland, became the largest UK sportswear retailer after purchasing Olympus at the end of 1995. The group had an estimated sales turnover of £350 million in 1997 with 260 outlets, including over 30 superstores, in the UK (Mintel, 1997c). In July 1998, JJB Sports merged with Sports Division to become the market leader with a 16 per cent market share and trading from 472 outlets (Osborne, 1998). JJB Sports was achieving better margins (17 per cent) than Sports Division (9.6 per cent) and it is envisaged that the merger will provide opportunities for efficiencies (Williamson, 1998).

A consumer survey found that product quality and durability are the most important factors to the majority of sportswear shoppers, with a third each seeking comfort or well-known brands. Low prices were only important to a fifth of respondents. Shoppers do not appear to be bargain hunters, in contrast to customers in other retail sectors, but realise they have to pay higher prices for fashionable premium brands or high performance products (Mintel,

1997c). The market for sportswear retailing appears to be slowing down and those retailers focusing less on fashion and more on leisure and sports activities may well be in the best market position (Murden, 1998; Steiner, 1998; Williamson, 1998).

3.7.5 Clothing sales from supermarket outlets

Traditional fashion outlets are meeting increasing competition from the supermarket retailers such as Asda with the George range, Sainsbury's Savacentre and Tesco's clothing section. Supermarkets have a 2.7 per cent market share of clothing sales with significant strengths in sales of childrenswear, hosiery and underwear (MTI, 1998). These retailers are able to undercut the high street retailers on price (Mills, 1998) and have been able to promote branded merchandise, such as Calvin Klein underwear, bought on the grey market at discount prices (MTI, 1998).

Multiple food retailers promote destination shopping aiming to provide customers with a one stop shopping experience. Longer shopping hours, easy parking, and convenient location have made it possible for food retailers to increase their market share in non-food ranges. Asda has announced its goal of achieving £1 bn. in sales from clothing, which is twice its current sales turnover (MTI, 1998). Consequently, the company has increased the space allocated to clothing and sales have increased as a direct result of the strength of the brand. Furthermore, both Tesco and Safeway have given greater prominence to cut-price designer clothes, increased ranges and improved methods of display (Bray, 1997).

3.8 Purchasing Trends for Menswear Fashion Clothing

“Customers are becoming more affluent, sophisticated and selective. Growing importance is attached to protecting their identity and this is reflected in the clothes, eating habits and home”

Musannif (1988: 3).

Consumer demand for fashion clothing is becoming increasingly fragmented (Firat and Shultz II, 1997) and the choice of store is based on the consumer perception of the retailer (Easey, 1995). This is created through a series of interactions typically generated on two levels: the customers purchase experience and the consumption of the product.

3.8.1 Customer purchase experience

Consumer expectations of the overall shopping experience have risen since the recession of the late 1980's with customers seeking bright and clean environments, well designed stores, stock displayed for ease of selection, good size ranges, frequently changing product lines providing 'value for money' and good customer care (O'Brien and Harris, 1991).

In 1997, the National Consumer Council identified consumer attitudes to be an important factor influencing purchasing behaviour. The main determinants were price, 'value for money', style and quality of merchandise. Other factors highlighted were convenience, assortment of goods, branding and the return policy. Consumers in Scotland followed the UK pattern of perceiving price and quality to be the two most important factors, but differed from the majority of the UK population in stating selection and choice of goods to be more important than fashion and style (MTI, 1998).

Research conducted on behalf of Marks & Spencer indicates that male shoppers prefer not to have to go through a ladieswear department before entering the menswear section. This has resulted in the company planning to restructure the layout of their stores and move menswear fashion departments to stand alone units or to a ground floor location (Trefgarne, 1998). Male consumers are less influenced by the style of the merchandise and convenience than women are. Younger shoppers are particularly price and fashion oriented and less concerned about quality, in contrast to the older age groups where price and quality appear to be the main factors (MTI, 1998).

Customer expectation of service level is increasing to the extent that retailers attempt to employ staff that mirror the targeted customer groups by reflecting their lifestyle and beliefs (Freatly and Sparks, 1996; Lowe, 1991). Overall, retailers have been successful in improving the shopping experience, which has mirrored the increase in customer expectation (Evans, 1997), but retailers have yet to resolve how they can consistently provide the service expected by customers.

3.8.2 Consumption of the product

The largest group of consumers, shopping for menswear fashion, are the 19 to 44 year olds, male or female, in the C1C2 socio-economic groups and consequently many of the high street fashion retailers concentrate their market positioning to attract these customers (Mintel, 1997d; Musannif, 1988). Patterns of employment are changing with the number of blue collar workers decreasing and white collar jobs in service industries, professional and semi-professional occupations increasing and reinforcing the fragmentation of the market (Mintel, 1997d).

Men traditionally have a working wardrobe, particularly if they are in the clerical, supervisory or management occupations and many companies now have a dress code even if this is only applied through peer pressure (MTI, 1998). From 1989 to 1997 suit sales declined by 25 per cent whilst the proportion of white collar to blue collar workers increased (Porter, 1997c). This is in part due to the recession, but also to the trend to a more casual working wardrobe (Easey, 1995; MTI, 1998). Several companies now encourage employees to dress down on Fridays, which in essence results in employees having two sets of clothing for work: formal wear for Monday to Thursday and smart casual for Friday (Novina, 1996; Porter, 1997c; Rasband, 1996; Saporito, 1993; Townsend, 1998).

Since the late 1970's, the media has become an important influence in fashion purchasing by advising readers on seasonal styles and garments with 'street cred' (Easey, 1995). This is also confirmed by the number of fashion magazines now available, such as Loaded, Esquire and GQ, and targeting male consumers (Intel, 1997e). Many young male consumers are, as a result, more fashion conscious and wish to express their self-image by the clothing they wear. Buying the right brand provides a sense of status and self-enhancement (Jobber, 1995; Lewis and Hawksley, 1990). Men are influenced by advertising and contemporary store design and induced into buying more fashionable clothing (Verdict, 1994) although most still prefer to purchase established safe brands (Drew and Dallanegra, 1995; Foxe, 1998). Younger brand aware consumers want to wear the 'right' label as reference groups influence the fashion purchasing decision (Horn and Gurel, 1981; MTI, 1998; Willans, 1995).

Multiple specialist fashion retailers identify the customer groups they want to target and design or purchase ranges especially for them. These targeted groups are normally identified in terms of the male socio-economic profile and do not credit the female contribution towards the purchasing decision. In excess of thirty per cent of menswear clothing, such as underwear, socks, shirts and knitwear is purchased by women shopping for their partners (Intel, 1997b). Higher risk purchases, such as formal suits, are often a family decision with the female partner strongly influencing the decision process (Shin and Dickerson, 1999). This was confirmed by the Access/BMRB's 'Men Shopping Badly' survey, which found that approximately three quarters of all menswear purchases were influenced by women (cited in MTI, 1998). This highlights a dichotomy between the younger fashion aware consumer, who looks to peer groups for confirmation of the 'right' brand, and the slightly older shopper, who may be less confident in choosing fashion clothing and thus require a female partner to give the final approval.

The retailer has to know the needs and wants of the male consumer. In the field of fashion, where products occupy a symbolic as well as a functional role (Elliott, 1994; Holman, 1981; McCracken and Roth, 1989), there is an even greater need to understand the process and content of consumer perceptions as a basis for more effective market segmentation (Du Gay, 1996). Consumers may need clothing to keep them warm, but they desire fashion items, which signify status, lifestyle and image and which provide an opportunity to project their personality and identity as individuals. Creating these needs is central to the concept of fashion marketing.

3.9 Conclusion

This chapter has explored retail trends over the last three decades and examined pertinent issues for multiple specialist fashion retailers including merchandise factors, customer service requirement, location and internationalisation. It has highlighted a number of choices available to fashion retailers in choosing their strategies to achieve company objectives and mission.

In this dynamic environment a critical success factor is the need for retailers to be able to respond quickly to changes in consumer expectations (Dawson, 1995). It is important to establish consumer attitudes to a brand or a store, to analyse market trends and thereby to establish the direction of the marketing. Furthermore, company success will depend on how well retailers analyse and understand information and how “through a series of creative acts and processes transmute that knowledge into unique and wantable goods, services and systems” (Sorrell, 1996: 4).

In addition, the chapter has examined some of the trends in fashion retailing in terms of market concentration, consolidation and internationalisation. The chapter contextualised these trends within UK menswear fashion sector and examined the main players within the menswear clothing market. This exploration found those fashion retailers lacking a strong brand and a differentiated product range to be vulnerable, as niche shifts and new entrants alter the dynamics of the market. The chapter concluded with an examination of trends in menswear fashion purchasing and highlighted the change in the working wardrobe, the role of the media and the influence of women as important contributors to the decision process of what and where to purchase menswear fashion clothing.

CHAPTER FOUR

METHODOLOGY

4.1 Introduction

In Chapter One different models of consumer behaviour were examined; in Chapter Two consumer perceptions of store image and methods of store image measurement were discussed and the way fashion retailers use marketing positioning strategies to compete on the high street were explored; and in Chapter Three an overview of past and current retail trends was presented. These chapters sought to illustrate how consumers and retailers interact in the marketplace.

The aims of the thesis are to evaluate consumer and retailer perception of store image and to identify marketing strategies that influence consumers in their choice of store in the context of menswear fashion purchases. To achieve these aims it is necessary to understand purchaser expectation and evaluation of menswear fashion retailers and the conditions on which they base their choice of store. It is also necessary to evaluate retail employee perception of their own company and to consider the manner in which competing firms operate. This chapter will therefore argue that the realist epistemology and ontology are most appropriate to the achievement of these aims and will describe the methodology for each of the four phases of research. Analysis of each research phase is presented in separate chapters from which a series of conclusions and recommendations are derived.

4.2 Philosophical Foundations

4.2.1 Positivist philosophy

Social science research methods were traditionally modelled on the natural science

techniques of testing logical theories using rigorous quantifiable measurements and applying deductive analysis. The term 'sociology' was formulated by Comte meaning the scientific study of human society (von Wright, 1993). Positivist research, a description also developed from Comte's terminology 'positive philosophy' (Kolakowski, 1993) aims to follow the principles of natural scientific research by testing theories through experiments to probe whether the theory is correct or false.

Positivists believe that knowledge of the world is based on objectively defined truths which "exist externally to the individuals who make up humanity" (Jupp and Norris, 1993: 40). They argue that the social world follows a set of laws based on cause and effect and that scientific methodologies are the way to establish these causal relationships (Henwood and Pidgeon, 1993).

Holmans (1964) identifies theory developed by positivist methodology as a number of interrelated proposals from which clarification can be deduced. Denzin (1989b) points out that theory, to positivists, consists of proposals or hypotheses that combine descriptive and relational ideas and that when deductions have been made 'theory is explanation' and these allow for predictions.

Positivist researchers within the social sciences accept that research methods should be deductive. Hypotheses are deduced from theory and presented as a number of related variables which can be tested by measuring the observable (Kolakowski, 1993). This is why this process is also termed the hypothetico-deductive method (Popper, 1959, 1963). In this way the hypotheses and, as a consequence, the theory can be verified or declared false (Jankowicz, 1995). The generalisation of results means that theories can be tested and advances in knowledge made by improving those theories.

