STORE-WITHIN-A-STORE CONSUMER PERCEPTIONS

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Graduate Degree, University of Lethbridge, 2016

A Thesis
Submitted to the School of Graduate Studies
of the University of Lethbridge
in Partial Fulfillment of the
Requirements for the Degree

MASTER OF SCIENCE IN MANAGEMENT

Faculty of Management
University of Lethbridge
LETHBRIDGE, ALBERTA, CANADA

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Date of Defence: January 14, 2016

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ABSTRACT

Numerous studies in the past have shown how the store image gets created for a retail store and the various factors that influence the purchase intentions of the customers in the retail environment. Different aspects of a retail store have been studied in details like store atmosphere, customer service, in-store music, merchandise quality, location of the store and so on. However, the presence of another smaller store inside the premises of a larger retailer has rarely been looked into. It is proposed in this study that the presence of another retailer inside the premises of a larger retailer should have significant effects on the overall store image, service quality perception and attitudes toward the association of the larger retailer. Furthermore, the store image, service quality perceptions and attitude toward the association of the smaller partner in conjunction with the larger retailer is also expected to be affected.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my supervisor, Dr. Tanya Drollinger for her extensive and continued support, encouragement and patience. It has been her constant guidance and support, starting at conceptualization and then throughout the research work, which has led me to the completion of this M.Sc. program.

I would also like to thank my committee members, Dr. Debra Z. Basil and Dr. Roberto Bello, who have been instrumental through their expertise and valuable inputs in the completion of my thesis.

I would also like to acknowledge and appreciate the support and expert advice extended by my external examiner Dr. Kyle B. Murray.

A special note of appreciation is also extended to Dr. Kelly Williams-Whitt and Tammy Rogness for their never-ending support and encouragement. A sincere note of thanks is also extended to Dr. Sameer Deshpande, Rajashekhar, Mr. A. Chowdhury and their respective families along with friends like Mohi, Neema, Nitin, Fahid, Kelly, Corie, Arif, Akbar, Frank and Jessie, just to name a few, for making this journey a lot easier. Also, I would thank my colleagues, associates and friends who have also been a constant source of motivation and support during these testing times.

Last but not the least; I would like to extend my appreciation to my parents, relatives and family for their support and trust that has helped me a great deal in ensuring the completion of the program.

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INTRODUCTION

The retail sector is undergoing a major transition in almost all categories of the marketplace. Retailers are not only targeting higher revenue for the store through better margins but are also experimenting with various formats to lure customers into their stores. One such format is the concept of store-within-a-store or SIS. As defined by Jerath and Zhang (2010), “in a store-within-a-store arrangement, retailers essentially rent out retail space to manufacturers and give them complete autonomy over retail decisions, such as pricing and in-store service” (p. 748).

A customer might come across large retail stores like Wal-Mart, Safeway, Sears, etc., which have a number of smaller stores like McDonald’s, Tim Hortons, Starbucks, Lakmé, etc. within their premises or the cosmetic sections at almost all popular department stores are populated with smaller stores featuring major brands such as Chanel, Gucci, Dior, and others (Anderson, 2006). The company of the smaller retailer provides the entire management of such smaller stores along with the staff managing the store. But, the effect a SIS retail partner has on the overall business of the larger retailer is devoid of much scholarly research. This study will investigate questions like how does the presence of such stores inside the larger format augment the offerings to the customers? How is the store image perception affected by the presence of a SIS? How is the SIS affected by such associations? Is the perception of a stand-alone store and a SIS any different for the customers? In other words, is a stand-alone store viewed any differently than the one inside a larger retail store? The averaging principle as suggested by the Balance Theory and the Congruency Theory has not yet been evaluated on the concept of SIS. The questions need some empirical examination to ascertain a strategic rationale behind selecting partners by both the larger retailer and the smaller SIS partner.

In the popular press, there is evidence that there have been failures in the past when the SIS associations have not worked out the way intended. For example, Exxon had been testing a Dollar store-within-a-store in its Tiger Marts in Nashville and planned to roll it out chain wide (Anderson, 2005). The report saw a mixed response from the customers with mostly perceiving it as an improper association. The current web pages of Tiger Mart do not have a Dollar Store or any other dollar format stores listed therein suggesting that the planned association did not work out. Similarly, Target in early 2012 tried some, what were called "The Shops at Target" mini stores, inside the premises of a larger location and featuring the designs of a few small boutiques from across the country (Tuttle, 2013). However, Target had to call off of the arrangement later on, likely because the initiative failed to generate much excitement amongst its customers. In the past, a store-within-a-store was treated more as a source of additional revenue by the department stores that had some space available to rent out. Now-a-days, a growing number of retail formats such as discount stores, grocery retailers, gas stations and especially big box retailers have other smaller stores within their premises. For example, retailers like Wal-Mart, and Safeway can be seen renting out smaller portions of their retail space to McDonald's, Tim Hortons and Starbucks. To maximize its revenue, the larger retailer charges a rent from the smaller SIS partner or gets to share a percentage of the earnings the SIS makes from its sale inside the larger store (Jerath & Zhang, 2010). However, the rationale behind these partnerships can go beyond the goals of profitability in SIS arrangements.

A large retailer can partner with a smaller retailer for a SIS arrangement for various reasons. The major benefits to the larger store could be giving its customers reasons beyond its own merchandise to visit the store, make optimum utilization of any available space or to transfer the responsibility to ensure high value, sensitive or niche items to a third party without having to invest in additional merchandise or manpower (Jerath & Zhang, 2010). Thus, a store-within-a-store is just a small shop inside the premises of a larger retailer selling complimentary products or services to the visiting customers. Other than complementing the merchandise offered by the retailer, a store-within-a-store partner can also provide a comfortable place to take a break for the customers, thus creating an additional reason for the customers to visit the store. The larger store can accomplish this by bringing in either an exclusive retail partner that is not present outside as an independent store or by bringing in a very famous and sought after store inside its premises.

Although being a globally recognized phenomenon, this practice has been observed in more retail categories in Europe and Asia as compared to other parts of the world (O'Connell & Dodes, 2009) and in categories like furniture, toys, apparel accessories, footwear and so on. As discovered by Jerath and Zhang (2010) through interviews with industry experts in the US and Asian retail corporations, the retailers in the US chose stores-within-a-store arrangements more for the cosmetics and apparels categories, for which consumers perceive a stronger difference amongst the brands. In other categories like food products or home wares, for which the consumers perceive the brands as close substitutes, a store-within-a-store arrangement was found to be very rare. Further according to Jerath and Zhang (2010), the store-within-a-store association is found to appear in more product categories in Asia than anywhere else.

In a store-within-a-store arrangement, manufacturers of some product categories are given complete control over a part of the larger retail store, which makes the concept very unique in retail area (Binkly, 2009). Some other important characteristics of a store-within-a-store arrangement include ownership of the merchandise, pricing and promotion decision which are held with the partnering manufacturer and not with the retail store (Jerath & Zhang, 2010, p. 748). Some of the other decisions like those relating to visual merchandising, seasonal fluctuations in staff and inventory requirements and representative trainings are often taken in discussion and collaboration between the two partners so as to reach a win-win situation.

The larger retailer might also select a retail partner just to take care of product categories that are prone to shrinkages or thefts without having to invest in additional manpower or resources. With the growth in the assortment of smaller articles like cosmetics, toys and jewelry on display at the retail stores, the likelihood of shoplifting for these articles has also witnessed a rise in occurrence. Often the person does not enter a store with the intention to steal. Such temptations are often created due to the environmental factors prevalent inside the store (Moore, 1984). According to the National Association of Shoplifting Prevention, shoplifting has been found to be the cause for more than one-third of the $30-billion-a-year total loss reported that affects the retailer’s inventory by way of various frauds and thefts like internal theft, consignment theft and coupon fraud (Schwartzberg, 2014). Eckelbecke (2011) reported that during 2010, there has been a total reported loss of about $12 billion in the US due to shoplifting (p. 8). The store-within-a-store arrangement can curb this impulsive (15.4%), occasional (15%) and amateur (56.4%) shoplifting behavior (Moore, 1984, p. 55-58) to quite an extent by ensuring dedicated and trained staff at sensitive counters inside the retail store.

The larger retailer gains by having a SIS partner inside its premises by way of increased competition between various brands for the available space, from the returns in the form of an increase in store traffic and subsequent business growth

(Jerath & Zhang, 2010). And for the partnering smaller stores, the incentives could be a large traffic or customer base the larger store might already have which would now be the prospective clientele for them along with the readily available retail space without having to invest in a separate brick and mortar store. In any case, the very purpose of the store-within-a-store arrangement needs to be carefully evaluated, both for the larger retailer and its smaller partner.

LITERATURE REVIEW

The concept of store-within-a-store creates a more complex retail environment for the customers to assimilate and process because they are no longer assessing a single store but two or more stores simultaneously. Store image is an important aspect in the customer's decision making process (Nevin & Houston, 1980). The store image has been found to encompass various characteristics including physical environment, merchandise quality and the perceived service level of the store (Grewal, Krishnan, Baker & Borin, 1998). But as soon as the same customer visits another retailer, even within the same category of merchandise but with a different format or SIS strategy, that customer has new information and cues to assimilate and interpret. The store image that resides in the minds of a customer is always sensitive to fluctuations and changes on subsequent visits to the same store if there is any significant change to the retailer such as a new smaller retailer within a larger store (Keaveney & Hunt, 1992). As suggested by Murray and Haubl (2008), it is often very taxing for the customer to make decisions in the constant changing environment of a store. This is primarily so because the experience on each visit may or may not confirm to the prior expectations of the customer. Understanding of these fluctuations and handling them appropriately is critical for retail managers to ensure repeat customer visits and maximized satisfaction (Baker, Grewal, Parasuraman & Voss, 2002).

The concept of SIS is also critical for the partnering smaller store. The partnering smaller store is usually after the available clientele of the larger retail store and wants access to this readymade customer base (Jerath & Zhang, 2010). Aptly pointed out by Jacoby and Mazursky (1984), the combined impression of brands within a larger retailer needs to be carefully evaluated to find out if there is a potential for one of the linked parties to be either benefited or adversely affected by the association. Further, Jacoby and Mazursky's (1986) study focused on the fit between brands carried in retail stores and the perception of their image along with the retailer's image using balance theory. In their study low image brands adversely affected high image retailers and high image brands positively affected retailers with lower store images.

The SIS needs to ascertain and carefully evaluate if the partnership would add any equity to its image perception or damage the image it carries. The larger store, as well as the partnering SIS, also needs to consider if they wish to offer complementary or non-related category of products for the customers, the location and allocated space for the store within the store and the revenue model for the partnership namely a revenue share model or a fixed monthly rental (Jerath & Zhang, 2010). Decisions like these together with many others make the concept of SIS fascinating and challenging for the marketing managers of the larger retailer as well as that of the SIS retail partner. Although pragmatic reasons for having a SIS are understandable, the impact that a SIS has on the larger and smaller retailer's store image is unclear and has not yet received much empirical attention.

The concept of store-within-a-store has been a subject of little scholarly research in the past. Although the concept has been growing in practice within the area of retail as more and more retailers are partnering with another retailer with the purpose of improving their profitability as well as the merchandise and service mix, the subject has been studied and evaluated inadequately (Jerath & Zhang, 2010; Netemeyer, Heilman & Maxham, 2012). An inappropriate partnership between a large retailer and a SIS partner can potentially prove to be a recipe for disaster for both partners if there is a mismatch like Target associating with a lot of lesser known brands in its mini stores. There is a vast array of considerations both the partners need to keep in mind before joining hands. These factors could be the location of the store, the placement of the SIS partner within the store, the merchandise mix they carry, the price points of their offerings and most importantly the overall store image of both stores in the minds of their customers.

A few concepts that are of prime consideration here and which form the quantum of academic research in the area of retail management are store image, service quality, customer perception and purchase intention of the customers. While store image is more of an overall evaluation of a store by the customer, at times even before visiting a store, the service quality and the intention to purchase could be more tangible and explicit in nature. The evaluation of any SIS association between two retail stores by the customers can have the potential to alter the perceptions of store image, service quality as well as purchase intentions from such stores.

Store Image:

The concept of store image has been a subject of intense research and deliberations in the past. Store image has a long history of changing conceptualizations (Hartman & Spiro, 2005). These constant changes illustrate the difficulties researchers have in defining this construct (Sewell, 1974). There have been different views as to how a store image gets created and what the factors that constitutes a store's image. Store Image has been argued to be one of the most critical assets for a retailer (Steenkamp & Wedel, 1991). Although definitions vary, store image has broadly been described as the primary perception of a store in the shopper's mind regarding its physical characteristics together with the psychological or emotion features of the store (Martineau, 1958). Marineau (1958) conceived store image majorly as part of the retail store's personality. The term 'store image' is also often used interchangeably with customer's attitude towards the store (Doyle, 1974). Store image has been considered an important factor used by consumers to determine their suitability as customers for a particular store (Dickson & MacLachlan, 1990).

Over the years, several researchers have differentiated various store attributes or characteristics that are part of the overall image of the store. For example, Lindquist (1974) combined models from 19 different studies and identified nine elements of store image which are: merchandise, promotion, service, physical facilities, store atmosphere, comfort, clientele, institutional and post-transaction satisfaction. One of the studies Lindquist (1974) based his study most was by Pierre Martineau (1958) who defined 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" (p. 47). Based on this definition, Lindquist (1974) suggested that consumers formulate a store image both on a functional as well as on a psychological or emotional level simultaneously.

Doyle and Fenwick (1974) in their study distinguished only five elements: product, assortment, location, price and styling. In their study, the authors concluded that with urbanization and a more transient population, convenience is no longer the primary or sole factor in choice. Relative prices and factors like variety of goods sold, merchandise quality, store layout, and parking facilities have been found to be amongst the key determinants of store loyalty. Bearden (1977) suggested characteristics like price, quality of the merchandise, assortment, store atmosphere, friendly personnel, store location and parking facilities. Bearden's (1977) findings were quite similar to that of Doyle and Fenwick (1974) whereby he describes the results of a study that focused on the identification of such characteristics, which affect individual decisions about shopping in the downtown area as opposed to consumer’s patronage in outlying or suburban shopping centres. Keaveney and Hunt (1992) suggested that customers develop store image often through comparing new information to existing information in memory and, therefore, store image is not only a dependent on the image of a particular store but would also comprise of images and associations or stores and retail categories in memory.

The store image literature also treats merchandise quality and service quality as the primary elements that influences store image (e.g., Hildebrandt, 1988; Mazursky & Jacoby, 1986). The literature suggests that there are correlations between store environment, merchandise quality and perceived service quality and the overall store image of the retailer. “Consumers make inferences about merchandise and service quality based on the store environment factors and these inferences, in turn, influence store image” (Grewal, Baker & Parasuraman, 1994, p. 328). The study also proposed that the customers make the quality inferences based on the store image perception that finally leads to the customer deciding to patronize the store or otherwise making the concept of store image very critical for the retail managers.

There have also been a number of studies undertaken in the past to evaluate the effect store image can have on the brands the store carries and vice versa (eg. Jacoby & Mazursky, 1984; Sirgy, Grewal & Mangleburg, 2000; Baker, Parasuraman, Grewal & Voss, 2002; Dodd & Lindley, 2003). Also, the effect of store name, image and price discounts have been extensively evaluated against the customer’s brand quality and value perceptions (Grewal, Krishnan, Baker & Borin, 1998). Another study carried out concerning the effect of various factors like the store image and price discounts on the perceived value and purchase intentions by the customers supports the notion that higher product discounts result in a higher perceived value (Grewal et al., 1998). The study has further established that there exists a positive correlation between the store's perceived image and the purchase intention of the shoppers.

Research also suggests that cues like atmosphere, location, merchandise, price and promotion greatly influences store image (Sirgy, Grewal & Mangleburg, 2000). Whenever a shopper visits a retail store, he or she unconsciously assimilates and processes cues like the merchandising and displays, on-going promotions, aisle space and ease of movement, brands available, the temperature inside the store, service received from the store team, and so on. However, the presence of a smaller retailer or the SIS within the retail store adds another dimension to the environmental cues that need evaluation.

The study on store image has drawn a lot of attention as a research area primarily to investigate its role as a predictor of consumer behaviour as well as store performance (Hartman & Spiro, 2005). Among other correlations found in the literature, many previous research studies suggest that store image is an antecedent of the retailer choice or store patronage (Grewal, Krishnan, Baker & Borin, 1998). Donovan & Rossiter (1982) suggested from their study that store image influences shopping behaviour of the customers along with the stores they would patronize. In-store elements such as colour, style, music, or lighting may have more immediate effects on customer decision making than other inputs that are not available at the point of purchase like advertising (Baker et al., 1994). Previous research studies have also shown store environment to be one of the several inputs into a consumer's global store image, or overall attitude towards a store as well as their store choice (Darden, Erdem & Darden, 1983; Zimmer & Golden, 1988; Nevin & Houston, 1980; Malhotra, 1983). Presently retailers are being challenged to make changes in their current store image in order to attract and develop their target customers (Reardon, Miklller & Coe, 1995).

In several of the above conceptions of store image, service quality is included. It is important to note that previous studies consider service quality as a part of or independently from store image. This study is an effort to investigate the concept of service quality in the store-within-a-store setting when there is a match or mismatch between retailers. But for the purpose of evaluation of the store image in the proposed study, only customer's evaluation of a store after experiencing various in-store factors like environment, quality of service received, etc. along with the perception of the store would be looked at so as to ensure inclusion of most of the elements identified by various authors. Further, purchase intention is an important outcome variable in measuring a retailer's success and in this study both outcomes will be measured when investigating the effects of a match or mismatch between and larger retailer and a smaller retailer located within the store.

Service Quality:

Literature describes service quality as the broad evaluation of the overall service delivery of any company (Anderson & Fornell, 1994). There has been an increased interest in the measurement of service quality and delivery of higher levels of service in the retail sector and it is now a key strategy that offers a solution to position themselves more aggressively in the marketplace (Parasuraman, Zeithaml & Berry, 1985; Brown & Swartz, 1989). Retailers today have been committing more resources to improving service to ensure that they can maintain their current customer base and attract new customers (Zeithaml, Berry & Parasuraman, 1996). Companies like Xerox and Federal Express have increased their level of service quality and have received bottom-line rewards for their efforts (Keams & Nadler 1992; Germano

1992). Other companies have not been able to make significant investments in their service improvements due to the high costs involved. In the current period of increased business challenges, companies have started to take more interest in such investments (Zeithaml et al., 1996).

Previous studies also differentiate service quality into two strategies, ones with offensive and others with defensive impacts (Rust & Zahorik, 1993). While the offensive impacts target capturing new customers from the competition, the defensive impacts are more about retaining the existing customer base. Our study would focus more on the defensive strategy adopted by the retailers to maintain their customer base and promote their business possibly through the goodwill created amongst its customers and in the marketplace. Service quality has often been referred to as an antecedent to customer satisfaction (Sivadas & Baker, 2000). Zeithaml, Berry and Parasuraman (1996) in their research suggested that “a customer’s relationship with a company is strengthened when that customer makes a favourable assessment about the company's service quality and weakened when a customer makes negative assessments about the company's service quality” (p. 33). The study brings out that a favourable assessment of service quality of a company will often lead to a favourable behavioural intention like "praise for the company" and selecting the company instead of its competitors. Fornell (1992) argues that a high customer satisfaction will lead to increased loyalty towards the company and that the customers will be less prone to getting swayed away by the competition. One of the primary reasons for considering the service quality of any modern day firm is this fear of losing their existing customer to its competition if not managed well. While the companies, especially in the service industry seek to expand their customer base by way of advertising and marketing campaigns, the necessity to retain their existing customers is well recognized and appreciated throughout the business world.

Consumer Perceptions:

The retail environment of a store and its other attributes, including the behaviour of the store staff, influences the shopping behaviour of customers based on the manner in which they perceive such attributes (Morschett, Swoboda & Foscht, 2005). A recent study carried out by Hanna, Wozniak and Hanna (2013) defines perception as the process of selecting, organizing, and interpreting various stimulants and sensations into meaningful terms. Interpretation is the stage in this process in which people would draw upon their experiences, memories, and expectations to attach meanings to the stimuli (Marzursky & Jacoby, 1986; Schiffman & Kanuk, 2004).

In the field of research literature on retailing, consumer's perception has been noticed as being very closely related to store image (Morschett, Swoboda & Foscht, 2005). As discussed during the discussion on store image, researchers like Martineau (1958) and Lindquist (1974) have suggested that a combination of customer's perception of a store creates the store image, which seems to be just an operationalization of the concept. While store image seems more static and conceptual in nature, the customer's perception is more dynamic and operational in nature.

For the purpose of this study, the primary focus would be on the perception of the customers towards the suggested associations between two stores and if there is any change in the overall image or purchase intentions towards the individual stores. The concept of customer perception has been studied extensively in the past and has been rendered crucial in identifying the customer's responses towards a store (Meoli, Feinberg & Westgate, 1991; Oxenfeld, 1974; Thang & Tan, 2003). The study by Thang and Tan (2003) concluded that it is the perception of a customer towards a retail store through which inter-store comparisons are carried out and approach-avoidance reaction towards them are developed. This makes the concept of customer perception towards a store critical for the retail managers to ensure high as well as repeat patronage from its customers.

Purchase Intention:

Retailers are often trying to evaluate the various factors that influence a customer's final intention or decision to make a purchase. Purchase intention of the customers is the final desired outcome that is employed through various strategies to enhance the image, service quality and the overall shopping experience at the store. A large number of studies have been undertaken in the past seeking to identify the customer's decision making process inside a retail store (Olson & Jacoby, 1972; Zeitham, 1988; Chang, 1994). The literature suggests that a number of intervening constructs, including perceived price, perceived quality, and perceived value influences the link between product attributes and price and the intention to purchase. Another study carried out by Grewal, Parasuraman, Baker and Borin (1998) also established that the purchase intention is positively associated with the store's perceived image. This study proposes that the purchase intention is positively influenced by a match in both the store image and service quality of the larger retailer and its SIS partner.

THEORETICAL FRAMEWORK

Balance Theory:

Heider (1946) first proposed the Balance Theory in his study on individual attitudes towards other individuals and suggested that the relationships can be evaluated from the perspective of one of the individuals. “The fundamental assumption of balance theory is that an unbalanced state produces tension and generates forces to restore balance” (Zajonc, 1960, p. 283). The analysis of the theory focuses on what was called the P-O-X unit of a cognitive field, consisting of P (one person), O (another person), and X (an impersonal entity). Now if P is positively associated or has a positive relation with O and O is seen as positively responsible for the entity X, then there will be a tendency for P to be positively associated with X. If the nature of X is such that it is normally evaluated as being bad, the whole P-O-X unit is in a state of imbalance, and pressures will be created to change it towards a state of balance. Thus, “a balanced state is obtained when, for instance, P likes O, P likes X, and O likes X; or when P likes O, P dislikes X, and O dislikes X; or when P dislikes O, P likes X, and O dislikes X” (Zajonc, 1960, p. 283):

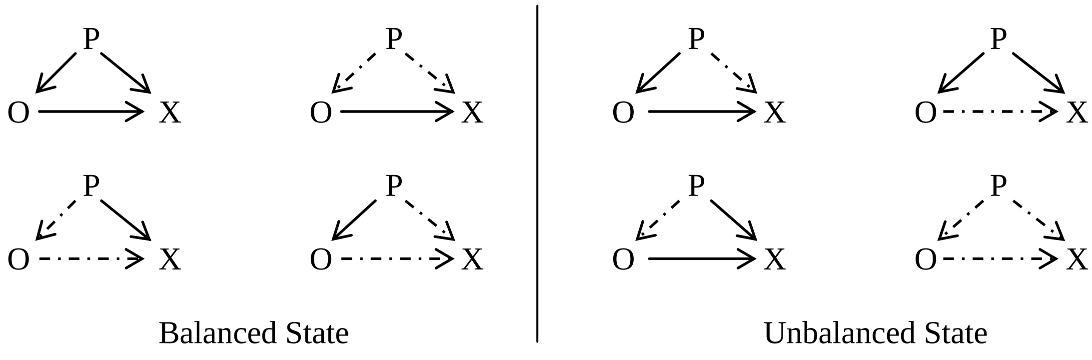

Fig.1 – Examples of Balanced and Unbalanced states. Solid lines represent positive relations while broken lines represent negative relations.

<u>Applications of Heider's Balance Theory</u>:

Balance theory has been an area of intense deliberations across all fields of science and management. It has been extensively evaluated in studies primarily concerning Educational Psychology (Sternberg, 2001), Consumer Psychology (Woodside & Chebat, 2001), Supply Chain (Phillips, Liu, & Costello, 1998), Store Brands (Collins-Dodd & Lindley, 2003) and Cause- Related Marketing (Basil & Herr, 2006), just to name a few. Within the area of marketing, the study undertaken by Woodside and Chebat (2001) demonstrates how Balance Theory is useful theoretically in linking modes of thinking and behaviour. His findings brought out that peripheral or low involvement routes to persuasion match well with Heider's (1946) view of entities in a balanced state and can affect attitude and brand choice. The study carried out by Basil and Herr (2006) on cause-related marketing demonstrates that a fit in CRM alliance between a charity and an organization positively impacts not only the CRM attitude but also the attitude towards the firm.

In yet another study carried out by Phillip (1998) on the supply chain relationships between manufacturer, dealers and customers, it was noticed that a customer's loyalty to the manufacturer is strongly influenced by the customer's loyalty towards the dealer when the dealer, in turn, is loyal towards the manufacturer. This effect is slightly weaker when the dealers are not loyal to the manufacturer. Another study carried out by Woodside (2004) advancing the Balance Theory points out that these relations may be for dyads, triads or even more complex cases, but all relations are from the perceiver's point of view. Thus, even if a brand possesses a given attribute, an incongruent relation will be perceived between the brand and such attributes if a consumer perceives the opposite (Woodside, 2004). Therefore, balance is said to be subjective and based strictly on an individual's point of view.

Within the area of Retail Management, Jacoby and Mazursky (1984) discussed and evaluated the averaging effect in retail stores when a manufacturer brand and a retailer become associated. The findings of this study demonstrated that while a retailer with a relatively low image might be able to improve its image by associating with manufacturer brands that have relatively favourable image perceptions, the same store might damage its image perceptions upon partnering with brands that have lower image perceptions. Another similar study carried out by Collins-Dodd (2003) on store brands and retail differentiation provided evidence that retailers with an unfavourable image could improve that image by associating with brands that carry a more favourable image and vice versa. The idea behind the research study suggests that when such associations take place in the retail scenario, the party with a lower image is favourably impacted by such association with a relatively stronger brand image whereas, the party with the more favourable image is adversely affected so as to reach a state of equilibrium in their overall image. In other words, if the image of the store is lower than that of the manufacturer brand, its image would be favourably affected by being associated with the manufacturer brands. On the other hand, an association between stores of a high image with brands of poor image perceptions can seriously mitigate the image of the store in the mind of its customers.

These articles bring forth the importance for the retailers as well as the brand manufacturers to evaluate the likely impact on their image when they get associated with another brand. Any association established by one party when the other party has a very different image perception in the minds of the customers can have serious implications on its own brand image. As also noted in another study (Ailawadi & Keller, 2004; Jacoby & Mazursky, 1984), carrying strong brands can lead to an improved image of the retailer but a strong retailer image does not seem to improve the image of a weak brand.

Another theory developed by Osgood and Tannenbaum (1955) called ‘Congruity Theory’ basically deals with the direction of the attitude change. The basic principle of congruity suggests that when a change in the attitude occurs, it will always occur in the direction of increased congruity (Zajonc, 1960). The theory suggests that whenever there is incongruity between an object of assertion and a person, there will be an increased tendency to change the attitudes toward the person and the object in the direction of increased congruity (Zajonc, 1960). The basic philosophy of all such congruency theories is that when an individual’s mind carries two related but inconsistent thoughts, psychological tensions would arise so as to exert pressure on the individual to regain consistency (Jacoby & Mazursky, 1984).

Mandler (1982) brought forward what is known as the Mandler’s Schema Congruity Theory, which suggests that an incongruity in the schema activates cognitive processing from the customers which is not the case in the event of perfect schema congruity. In other words, customers are expected to indulge actively in the evaluation of an incongruity between a retailer and a SIS partner more as compared to perfect congruity between the two stores. This is because the customers take note of the imbalance and actively seek to restore the congruity between the two stores, which might not be required if the customers perceive the two stores to be similar.

One important difference of Congruity Theory is that it makes specific predictions about the direction and amount of attitude changes that is expected to occur. However, this study investigates the underlying mechanism of restoring balance when two or more objects are inconsistent according to the original Balance Theory authored by Heider (1946). Further, balance theory has been used in at least two studies examining the relationship between a retail brand and a manufacturer brand and implications with regards to brand image on both (Ailawadi & Keller, 2004; Jacoby & Mazursky, 1984). If balance theory works well in a retail setting in explaining variations in retail brand images it appears to be a good choice to evaluate in the retail SIS scenario.

As rightly pointed out, the theory also proposed that individuals strive for a balance in their interpersonal relations and in their attitudes towards such relationships (Basil & Herr, 2006). The balanced state is defined concerning certain combinations of these relationships (Cartwright & Harary, 1956). Abelson and Rosenberg (1960) suggested that balance outcome is achieved only when the tendencies towards hedonic gain and consistency operate in the same direction. This should imply that if a large retail store partners with a SIS partner with a different store image or perceived service quality, the customers would face a strain on the overall perception of the store and would seek to strike equilibrium or a balanced state.

HYPOTHESES DEVELOPMENT

The applicability of Balance Theory's averaging principle on the store images of the retail store and its SIS partner is yet to be evaluated. Balance theory, as proposed originally by Heider (1946) and further evaluated by Jacoby and Mazursky (1984) in their study on merchandise brands, if applicable to the SIS concept should mean that if a coffee chain like Tim Hortons or Starbucks gets into a SIS arrangement with a larger department store like Wal-Mart or Safeway, there should be significant shifts in the store images of both partners if they are significantly dissimilar. This can be described as the following hypotheses:

H_{1a}: *A smaller high image store will be adversely affected upon being located inside a larger store with a significantly lower store image.*

H_{1b}: *A smaller low image store will be favourably affected upon being located inside a larger store with a significantly higher store image.*

H_{2a}: *A larger high image store will be adversely affected upon having inside its premises a smaller store with a significantly lower store image.*

H_{2b}: *A larger low image store will be favourably affected upon having inside its premises a smaller store with a significantly higher store image.*

When two retailers form an alliance in the form of SIS partnership, they often bring to the table two very different service norms and processes. For example, large retail stores are often seen to function on minimum manned aisle format and negligible customer interaction during the shopping process. As pointed out by Gitlow and Rosenbloom (1980), the associates are expected to carry out various functions at the retail store like post-sale customer assistance, merchandising, inventory management and so on, which could take up more than half of the man-hours spent at the store by the associates each day. In other words, there is almost no customer service available at the store during the entire shopping process unless the customer is at the cash tills or the customer care desk. Further, the cashiers at the check-out counters are also trained to focus primarily on the speed and efficiency of the check-out process. Manpower planning on the lines of this strategy is still evident in most of the large retailers across the globe. Customers say they want on-going, close relationships with sales and service providers but have difficulty finding such relationships (Berry & Parasuraman, 1991). On the contrary, fast food restaurants like McDonalds and Tim Hortons or coffee houses such as Starbucks offer a higher level of customised services. Many earlier research studies have stated that delivering superior value and service to its customers and relationship marketing is critical in ensuring customer loyalty (Beatty, Mayer, Coleman, Raynolds & Lee, 1996; Reichheld, 1994; Webster, 1994).

As discussed by Rust and Zahorik (1993), dissatisfaction amongst customers can be due to inherently poor service, or perhaps due to the discontinuation of a once-accepted level of service that no longer meets the customer's expectations. Some earlier studies have been successful in establishing the strong influence of customer service on store image and store loyalty (Sividasa and Baker, 2000; Bloemer & Ruyter, 1998). The store image literature also treats service quality as a key variable influencing store image (Jacoby & Mazursky, 1986). So what happens in the SIS setting when different service formats come together under the same roof? Does the customer's service expectation get altered? Considering the relationship between store image and service quality, it is expected that Balance Theory would play a significant role here in the event of a mismatched association. If that be the case, the store image of the larger retailer should experience a significant change upon being associated with a smaller store as its SIS partner which has a differing level of service quality perception. In other words:

***H**$_{3a}$**:** A larger high image store will be adversely affected upon having inside its premises a smaller store with a significantly lower service quality perception.*

***H**$_{3b}$**:** A larger low image store will be favourably affected upon having inside its premises a smaller store with a significantly higher service quality perception.*

In the study undertaken by Thang and Tan (2003), one of the major attributes of store image is the store atmosphere. The study suggests that any change in the store attributes could lead to a change in the approach-avoidance reaction towards the store by the customers. The customer's perception of the store is influenced simultaneously by aspects such as store environment, service and orderliness (Morschett, Swoboda & Foscht, 2005). In other words, an introduction of a SIS partner inside a larger retailer would have an impact on the consumer's evaluation of the store based on the new environment. How the customers evaluates the association could depend extensively on the extent to which they can find congruence in the images of the two partnering stores. Further, as pointed out in the Schema Congruity Theory, the role that affect plays when the relationship is congruent and the unfavourable affect when the relationship is incongruent is an area that has not been studied in a SIS environment. This brings us to our next set of hypotheses:

***H**$_4$**:** Consumers will evaluate the associations for matched or balanced SIS store image cases more positively than associations in mismatched or unbalanced cases.*

Literature has used purchase intention widely as a predictor of a subsequent purchase (Grewal, Parasuraman, Baker & Borin, 1998). Some studies have supported the notion that store image is an important component of store patronage

(Nevin & Houston, 1980; Sirgy, Grewal & Mangleburg, 2000). A customer walking into a store would assimilate various cues from the store which would influence overall purchase intention. Now consider a situation where a customer walks into a high value store and notices a smaller store with a very high or very low image perception (eg. a customer finds Starbucks stores inside a Best Buy Store as well as inside a Dollar Store). If Balance Theory is to apply, there should be a significant shift in the purchase intentions of the customer for both the partnering stores in the latter case. Based on this assumption and past studies on retail patronage and purchase intentions (Zinkhan, 2006), the following hypotheses are proposed keeping purchase intention as the dependent variable:

H_{5a}: *Purchase intentions for the larger store will be higher in the case of matched (larger and smaller) store image than when the store images of the two stores are mismatched.*

H_{5b}: *Purchase intentions for the smaller store will be higher in the case of matched (larger and smaller) store image than when the store images of the two stores are mismatched.*

METHODOLOGY

Design:

This study involved a pre-test followed by the main study using an online panel of respondents from Mechanical Turk. The pre-test was used to determine which large and small retail stores were on the high and low spectrum of perceived store image and service quality.

The basic design for the main research entailed several 2 X 2 between subject experiments. The interactive effect of pairing two independent variables, match or mismatch in perceived store images and service quality of larger stores *(eg. Wal-Mart, Safeway, Sears, Trader Joe's, Whole Foods, Dollar General, etc.)* and smaller stores *(eg. McDonalds, Burger King, Starbucks, Wendy's, KFC, Taco Bell, etc.),* on dependent variables, change in *overall store image, perceptions of the desirability of the match* and *purchase intentions*, will be examined. It is expected that when a mismatch occurs between the SIS partnership respondents will likely strive to reach a state of equilibrium or balance whereby there is a significant shift in image perceptions for the larger store as well as that for the SIS partner. This outcome supports the underlying mechanism of Balance Theory and also finds support in previous studies (Jacoby, 1984; Basil & Herr, 2006; Awa & Nwuche, 2010).

In case the SIS partnership is balanced, no shifting in the image is expected for either the larger or, the smaller store. Similarly, the other dependent variables of service quality and purchase intention after the association between the two retailers are expected to undergo a significant shift when exposed to mismatched cases in store image of the two stores or the perceived service quality therein. It is expected here that the image and service quality perceptions for the store with a superior image will decline significantly while the image and service quality perceptions for the store with lower image perception will see a significant improvement so as to reach a balanced state. It is also expected that the respondents will evaluate the association for matched cases of store image favourably and vice versa.

This model and the corresponding hypotheses can be illustrated using the following designs for evaluating the perceived store images:

<table>
<tr><td colspan="2" rowspan="2">2*2 FACTORIAL DESIGN</td><td colspan="2">LARGE RETAILER</td></tr>
<tr><td>LOW IMAGE/ SERVICE</td><td>HIGH IMAGE/ SERVICE</td></tr>
<tr><td rowspan="2">PROSPECTIVE SIS PARTNERS</td><td>LOW IMAGE/ SERVICE</td><td>Insignificant shifts</td><td>H_{1b}/ H_{2a}/ H_{3a}/ H_{5b}</td></tr>
<tr><td>HIGH IMAGE/ SERVICE</td><td>H_{1a}/ H_{2b}/ H_{3b}/ H_{5a}</td><td>Insignificant shifts</td></tr>
</table>

Fig. 2 – Experimental design to test the proposed hypotheses

PRE-TEST

The purpose of carrying out the pre-test is to establish a list of large and small retail stores with very high and low brand and service quality images. Results from the pre-test enable the researchers the ability to find the most suitable stores for the main study (high and low image and service quality). A set of 10 retail stores (Trader Joe's, Whole Foods, Costco, Dollar Tree, Kmart, Kroger, Goodwill, Target, Macy's and Save-A-Lot) and 10 prospective SIS partners (Starbucks, McDonalds, Subway Restaurants, KFC, Burger King, Chipotle Mexican Grill, Five Guys Burger and Fries, Panda Express, Wendy's and Dairy Queen) were evaluated against each other in order to find out their relative image perception with regard to the others. Each respondent viewed five large retail stores and five smaller stores randomly from the pool of stores so as to ensure an optimum level to concentration and interest in answering the questionnaire.

Scales:

The pre-test comprised of two scales for the purpose of evaluating the perceived store image (Appendix-1) as well as the store's service quality (Appendix-2) in the minds of the respondents. The scale used to evaluate the store's service quality was developed by Dabholkar, Thorpe and Rentz (1996). From this scale, the sub-scale for evaluating Personal Interaction was used on a 7-point Likert scale format. This was consistent with the study carried out by Dawes (2008) which showed that a 5 or a 7 point Likert scale provides a higher mean score relative to the highest possible attainable scores. The scale had questions on customer's perception of the knowledge of the store associates and how confident the customers feel during their dealings with the store. To measure overall store image, the scale developed by Jacoby and Mazursky (1984) was used during the pre-test. This scale was administered in a semantic differential format and tests the respondents on their perception of the store in terms of its maturity/youthfulness, high/low class, high/poor reputation, etc. To measure the store patronage intentions of the participants, a part of the model developed by Baker, Parasuraman, Grewal and Voss (2002) was used. These questions were also administered in the form of 7-point Likert Scale items to the respondents. This scale had questions on the intention to patronize and intention to recommend the store in discussion. A number of large retail stores, as well as possible SIS partners, were used with the purpose of bringing out the stores with the highest and the lowest store image perceptions.

Participants:

The pre-test was carried out using Mechanical Turk panel respondents from the United States. Although a few checks were placed to ensure that only valid responses were collected, there still were a few cases of responses wherein the respondents were out of the desired geographic location namely, USA. A total of 157 responses were recorded and after cleaning the data for incomplete and invalid responses, a total of 119 valid responses were considered useable for the intended analyses.

The basic demographic profile of respondents to the survey revealed that there were about 59% male respondents and 41% female respondents who had taken up the survey. Further, 25% of all respondents were in the age group of 18-27, 38% in the age group of 28-37 years and about 20% in the age group of 38-47 years. Approximately, 7% of the respondents were from the age group of 48-57 years while the rest 10% were from the age group of 58-67 years. As for ethnicity, about 7% of all respondents were African Americans, 5% Hispanic, about 2% Native Americans, about 12% in Asian or Pacific Islander and 74% Caucasians. Lastly, the respondent's profiles in terms of their annual household income suggest that about 43% of all respondents had an annual household income of less than $40,000, 43% between $40,001 and $80,000, about 11% between $80,001 and $120,000 while the remaining 3% had an annual household income of over $120,000.

Reliability Checks:

The reliability measures of the scales used have also been found to be good suggesting high internal consistency. The 8 item scale adopted from Jacoby and Mazursky (1984) to test store image was found to have a high internal consistency for large stores (α = 0.88) as well as for the smaller retailers (α = 0.89). Similarly, the 9 item scale adopted from Dabholkar, Thorpe and Rentz (1996) to test perceived service quality exhibits a high internal consistency for large stores (α = 0.97) as well as for the smaller retail stores (α = 0.98). Lastly, the 3 item scale used to test Purchase Intentions (α = 0.97) and adopted from Baker, Parasuraman, Grewal & Voss (2002) also suggests high internal consistency. The alpha (α) values for the three scales exceeds the recommended level of 0.70 (Nunnally & Bernstein, 1994) suggesting a high reliability. The table below (Table-1) illustrates the reliability measures for the two scales used for large retail stores as well as for the smaller retailers to measure store image and service quality perceptions.

Table 1 - *Cronbach's Alphas for the Scales*

Cronbach's Alpha	Number of Items	Large Retailer	Smaller Retailer
Store Image	8	0.883	0.889
Service Quality	9	0.966	0.982

Analysis and Results:

The data collected from the pre-test enabled the clear identification of the stores with significantly high and low store image perceptions as well as on their perceived service quality. The mean scores for the stores for the two parameters are illustrated in Table 2. Although Whole Foods featured as the top large retailer in terms of store image (M = 5.43, SD = .97), it has been dropped from the main study as the store has a privately owned food section within the store which could impact the entire store-within-a-store perception. So, the large retailers which have been selected from this pre-test were Trader Joe's (M = 5.22, SD = .98) and Macy's (M = 4.83, SD = .90) with high scores and Goodwill (M = 3.37, SD = 1.00) and Kmart (M = 3.49, SD = 1.19) with relatively very low scores on store image.

Table 2 - *Mean scores on different parameters for large retail stores*

Store Name	N	Store Image (M)	Service Quality (M)
Whole Foods	62	5.43	5.24
Trader Joe's	63	5.22	5.29
Macy's	59	4.83	5.14
Costco	56	4.82	5.40
Target	59	4.66	4.81
Kroger	56	4.27	4.98
Dollar Tree	57	3.64	4.32
Save-A-Lot	62	3.54	4.16
Kmart	59	3.49	4.19
Goodwill	61	3.37	4.19

Similarly, the mean scores for store image and service quality for smaller retailers have been evaluated and illustrated in Table 3. In the evaluation of smaller retailers, it is evident from Table 3 that the stores with high image and service quality perception are Starbucks (M = 5.53, SD = .85) and Chipotle (M = 5.21, SD = .98), while the stores on the lower extreme are Burger King (M = 3.52, SD = .89) and McDonald's (M = 3.25, SD = 1.01).

Table 3 - *Mean scores on different parameters for smaller retail stores*

Store Name	N	Store Image (M)	Service Quality (M)
Starbucks	61	5.53	5.51
Chipotle	59	5.21	5.14
Five Guys Burgers & Fries	59	4.89	5.09
Panda Express	56	4.34	4.74
Subway	62	4.13	4.73
Wendy's	60	4.06	4.63
Dairy Queen	58	4.00	4.60
KFC	60	3.59	4.33
Burger King	59	3.52	4.16
McDonald's	59	3.25	4.06

After the initial selection of the pair of large and smaller retail stores on the two extremes, the stores were combined viz. Trader Joe's + Macy's and Goodwill + Kmart for large retailers and Starbucks + Chipotle and Burger King + McDonald's for smaller retail stores. Then, the combined image scores have been further subjected to independent samples t-tests to ensure that there exists a significant difference in the mean scores between the stores with high image perceptions and those with low image perceptions. The large high image retail stores (M = 5.03, SD = .96) were found to be significantly different (p < 0.001) from the large low image retailers (M = 3.43, SD = 1.09). Similarly, the smaller high image retail stores (M = 5.37, SD = .92) were found to be significantly different (p < 0.001) from the small low image retailers (M = 3.38, SD = .96). This suggests that the stores selected as the two extremes in terms of their respective store images are significantly different from one another. The comparison between the mean image scores of the large as well as the smaller retail stores on the two extremes of high and low store image perceptions is illustrated in Table 4 below.

Table 4 - *Comparison between High Image and Low Image Stores*

Stores	**Store Images**	**N**	**F**	**Mean**	**SD**
Large Stores	High Image Stores	122	$.547^{***}$	5.034	.96
	Low Image Stores	120		3.433	1.09
Small Stores	High Image Stores	120	$.374^{***}$	5.371	.92
	Low Image Stores	118		3.384	.96

$^{***}p < .001$

A single item was used to measure the respondent's familiarity with all of the stores in the pre-test. To determine if there were any significant differences in familiarity of the stores selected for the main study several independent samples t-test were performed to compare the mean scores of the stores within a group. In terms of their familiarity, the selected larger retail stores of Macy's (M = 3.09, SD = .20) was found to have no significant difference (p < .05) with Trader Joe's (M = 3.86, SD = .24). Similarly, Goodwill (M = 3.31, SD = .26) was found to be similar (p < .05) to Kmart (M = 3.27, SD = .19). Thus, the stores selected were also found to have similar familiarity ratings.

The following stores were selected for the main study:

- Large Stores with High Image Scores:
    - Trader Joe's
    - Macy's
- Large Stores with Low Image Scores:
    - Goodwill
    - Kmart
- Small Stores with High Image Scores:
    - Starbucks
    - Chipotle
- Small Stores with Low Image Scores:
    - Burger King
    - McDonald's

MAIN STUDY

For purposes of testing the SIS association in the main study, same scales that were used in the pre-test were once again employed but, with an alteration to the design of the questionnaire. Firstly, photos of individual stores, as well as the hypothetical SIS associations, were included along with the names of the stores (Appendix 6). The photos included the facade of the store and appeared as they do when seen in an actual SIS setting (Appendix 7). The main study had a pre and post-test measure of store image and service quality image so two filler stores were included in the questionnaire to avoid hypotheses guessing and a recency effect while answering the follow up questions corresponding to the stores post association.

The main study was designed to test the following hypotheses regarding the SIS partners. More specifically, hypotheses H_{1a}, H_{1b}, H_{2a} and H_{2b} were proposed to check for any significant shifts in store image perceptions of a large and a smaller store in the event of a mismatched SIS arrangement in terms of their respective store images. Similarly, hypotheses H_{3a} and H_{3b} were proposed to check for shifts in store image perceptions of a large and a smaller store in the event of an association between mismatched cases of SIS arrangements in terms of their respective service quality perceptions. Hypotheses H_4 was proposed with the purpose of checking the respondent's view on the suggested associations for both matched and mismatched cases. Lastly, hypotheses H_{5a} and H_{5b} were proposed to check for any significant shifts in the customer's purchase intentions from a large and a smaller store in the event of an association between matched and mismatched cases of SIS combinations in terms of their respective store image and service quality perceptions. The basic experimental flow on Mechanical Turk for the main study was as follows:

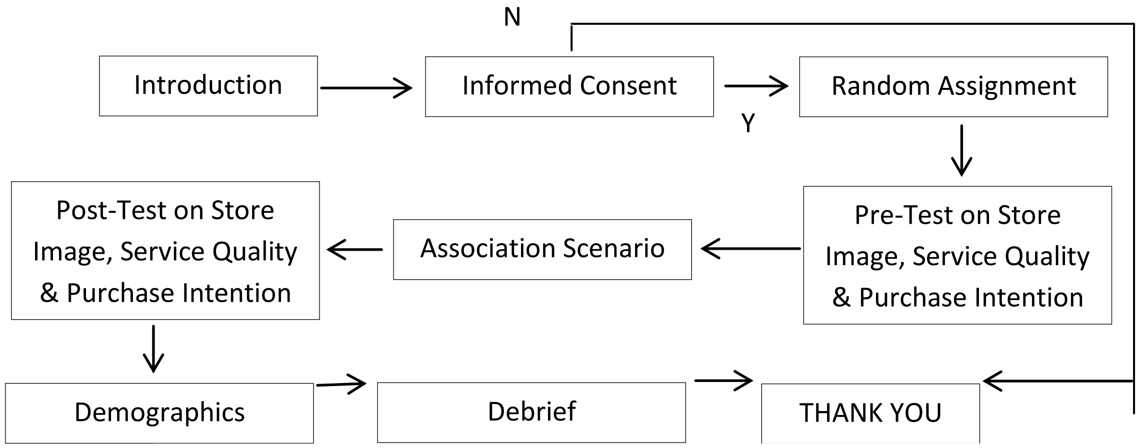

Fig. 3 – Basic experimental flow for the main study

Scales and Reliabilities:

The store image scale proposed for the main of the study was derived from Jacoby and Mazursky (1984) in their study on brand and retail images. This had items like High Price-Low Price, Good Reputation-Poor Reputation and High Class–Low Class evaluated on a semantic differential scale (Appendix-1). Further, service quality of the overall store was evaluated using the sub-scale on Personal Interaction developed by Dabholkar, Thorpe and Rentz (1996). This included items asking questions of various aspects of the store's service quality and customer's comfort in the stores on a 7-point Likert Scale (Appendix-2). To determine whether the levels of internal consistency of the scales were acceptable (Nunnally & Bernstein, 1994) a series of reliability tests were run. The 8 item scale adopted from Jacoby and Mazursky (1984) to test store image (α = 0.82) as well as the 9 item scale adopted from Dabholkar et al. (1996) to test perceived service quality (α = 0.92) suggested high internal consistencies.

A 3-item scale was also developed to test the respondent's view of the SIS association (Appendix-4) which was administered on a 7-point Likert scale to test the favourability of the proposed association. This scale had questions like having a Starbucks restaurant inside a Trader Joe's is a good combination. The internal consistency for this 3-item scale (α = .98) was also found to be acceptable. Lastly, to measure the store purchase intention of the participants, a 3 item scale from the model developed by Baker, Parasuraman, Grewal and Voss (2002) was used (α = .95). These questions were also administered in the form of 7-point Likert Scale items to the respondents (Appendix-3). The study concluded with some basic demographic constructs like age, gender, household income and ethnicity of the respondents.

Participants:

The participants for the main study comprised of 500 adult shoppers recruited through Amazon's Mechanical Turk. This number of respondents was reached so as to get 30 responses for each of the 16 possible store combinations (Simmons, Nelson & Simonsohn, 2011). The size of the scale was also ascertained after considering the length of the survey questionnaire for each respondent and to avoid respondent's fatigue during the survey. Every respondent was thus responding only to one of the possible 16 store combinations on the four scales measuring store image, service quality, store association and purchase intentions. The sample size also allowed for removal of any noise that might be encountered during the data cleaning process or data which are beyond the scope of the study.

Although checks were placed to ensure that only valid responses are collected, there still were a few cases wherein the respondents were out of the desired geographic location. A total of 616 responses were recorded through the survey and after cleaning the data for incomplete and invalid responses, a total of 536 valid responses were useable. Although the questionnaire was programmed to randomize itself evenly for all the possible store combinations, the combination for Trader Joe's and Starbucks recorded just 16 responses which were inadequate for the experiment. The survey was immediately distributed again using Mechanical Turk just for this combination and a further 14 valid responses were recorded. Thus, a total of 550 (N) valid responses were recorded for the main study. Table 5 illustrates the distribution of the respondents group along the four quadrants of possible associations and it is evident that the respondents are evenly spread across the cells.

Table 5 - *Summary of Subject Distribution for Main Study (n)*

		Small Retail Stores				
		Starbucks	**Chipotle**	**Burger King**	**McDonald's**	**Total**
Large Retail Stores	**Trader Joe's**	33	33	32	38	**136**
	Macy's	30	39	37	35	**141**
	Goodwill	35	33	32	33	**133**
	Kmart	36	34	33	37	**140**
	Total	**134**	**139**	**134**	**143**	**550**

Further, the basic demographic profile of the respondents in terms of gender suggests about 40% male respondents and about 60% female respondents. In terms of age, there were about 23% respondents from the age group of 18-27 years, 37% from 28-37 years, 16% from 38-47 years and about 14% from 48-57 years age groups. The remaining 10% were from the age groups of 58 years and above. In terms of ethnicity, about 1% of all respondents were African Americans, 5% were Latinos or Hispanics, 5% were Asians, 81% were Caucasian and the rest 8% from other ethnic groups. Lastly, about 14% of all respondents had an annual household income of less than \$20,000, 27% had between \$20,001 and \$40,000, 21% between \$40,001 and \$60,000, 18% between \$60,001 and \$80,000 and 12% between \$80,001 and \$100,000. The remaining 8% reported having an annual household income of greater than \$100,000.

Analysis and Results:

Balance Theory suggests that a state of mismatch or unbalance will create pressure on the system to restore equilibrium (Heider, 1946). In other words, if two stores with significantly different store image perceptions associate with each other, there should be enough pressure created within the association so as to bring about a balance in the minds of the respondent with regards to their store images (Jacoby & Mazursky, 1984). The same also follows for the perceived service quality of the two stores in the SIS arrangement. Further, customer's perceptions of matched and mismatched retail SIS associations are important to investigate when trying to understand if a match or mismatch is perceived favourably or unfavourably. Lastly, as purchase intention is an important outcome variable for most research in retail. This study tests whether or not a matched or mismatched SIS association between two retailers affects purchase intention. These assumptions have been made into separate sets of hypotheses in this study and examined in details hereunder.

Firstly to ensure that the stores selected in the main study as high and low image stores are significantly different, an independent samples t-test was carried out. The scores for the higher image stores of Macy's and Trader Joe's were combined (M = 4.95) and so were the scores for the stores with a lower image (Goodwill and Kmart, M = 3.20). Similarly, the image scores for Starbucks was combined with Chipotle (M = 5.20) and those of Burger King was combined with McDonald's (M = 3.62) to get a larger respondent base to work on for each of the combinations of matched and mismatched store image stores. Results indicate that there was a significant difference between the large retailers with high image (M = 4.95, SD = .90) and low images (M = 3.20, SD = .97) conditions; t(549) = 21.95 ($p < 0.001$).

The first set of hypotheses in this study was intended to measure the effect that high and low store image has on the partner store in the SIS arrangement. More specifically, hypothesis H_{1a} proposed that a high image smaller store would be adversely affected upon being located inside a larger store with a low store image. It was expected that the larger store's image would have an adverse effect in the case there is an image mismatch in the SIS arrangement. An independent-samples t-test was conducted to compare mean levels of the smaller store's image before and after the SIS association. There were no significant differences in the before (M = 5.21, SD = .74) and after (M = 5.29, SD = .81) conditions; t(274) = -0.79 ($p > .05$). The analysis shows that the hypothesis H_{1a} is not supported (Table 6).

Similarly, hypothesis H_{1b} proposed that a low image smaller store would be favourably affected upon being located inside a larger store with a high store image. It was expected that the larger store's image would have a favourable effect in case there is an image mismatch in the SIS arrangement. An independent-samples t-test was conducted to compare mean levels of the smaller store's image before and after the SIS association. There were no significant differences in the before (M = 3.66, SD = .96) and after (M = 3.63, SD = 1.05) conditions; t(282) = 0.29 ($p > .05$). The analysis shows that the hypothesis H_{1b} is not supported (Table 6).

Table 6 - *Changes in Store Image Scores – Small Retail Partners*

Small Store	**Large Store**	**N**	**Pre-association (M)**	**Post-association (M)**	**F**
High Image	Low Image	138	5.211	5.285	1.145†
Low Image	High Image	142	3.663	3.629	2.044†

$^{\dagger}p$ = ns

Hypothesis H_{2a} proposed that a high image larger store will be adversely affected upon having inside its premises a smaller store with a low store image. It was expected here that the smaller store's image would have an adverse effect in case there is an image mismatch in the SIS arrangement. An independent-samples t-test was conducted to compare mean levels of the larger store's image before and after the SIS association. There were significant differences in the before (M = 4.87, SD = .84) and after (M = 4.58, SD = 1.07) conditions; t(282) = 2.47 (p < .05). The analysis shows that the hypothesis H_{2a} is statistically supported (Table 7).

Hypothesis H_{2b} proposed that a low image larger store will be favourably affected upon having inside its premises a smaller store with a high store image. It was expected here that the smaller store's image would have a positive effect in case there is an image mismatch in the SIS arrangement. An independent-samples t-test was again conducted to compare mean levels of the larger store's image before and after the SIS association. There were no significant differences in the before (M = 3.17, SD = .95) and after (M = 3.38, SD = 1.19) conditions; t(274) = -1.68 (p > .05). The analysis shows that the hypothesis H_{2b} is not supported (Table 7).

Table 7 - *Changes in Store Image Scores – Larger Retail Partners*

Large Store	Small Store	N	Pre-association (M)	Post-association (M)	F
High Image	Low Image	142	4.866	4.584	6.647^{*}
Low Image	High Image	138	3.166	3.383	$5.410^{\dagger}$

$^{*}p < .05$, $^{\dagger}p$ = ns

Hypothesis H_{3a} proposed that a high image larger store will be adversely affected upon having inside its premises a smaller store with a low service quality perception. It was expected here that the smaller store's service quality would have an adverse effect in case there is a service quality mismatch in the SIS arrangement. It was illustrated during the pre-test that the stores with high perceived service quality are the same as those with high store images and vice versa. Therefore, table-7 above again illustrates that there were significant differences in the before (M = 4.87, SD = .84) and after (M = 4.58, SD = 1.07) conditions; t(282) = 2.47 (p < .05). The analysis shows that the hypothesis H_{3a} is statistically supported.

Similar to hypothesis H_{3a}, hypothesis H_{3b} proposed that a low image larger store will be favourably affected upon having inside its premises a smaller store with a high service quality perception. The expectation here was that the smaller store's service quality would have a favourable effect in case there is a service quality mismatch in the SIS arrangements. Again, as the stores with high perceived service quality are the same as those with high store images and vice versa, table-7 illustrates that there were no significant differences in the before (M = 3.17, SD = .95) and after (M = 3.38, SD = 1.19) conditions; t(274) = -1.68 ($p > .05$). The analysis shows that the hypothesis H_{3b} is not supported.

Hypothesis H_4 proposed that the consumers will evaluate the association between a large and a small store more positively if there is a match in the store image perceptions for the two partnering stores as compared to an association when there is a mismatch in their store images. The expectation was that the customers would evaluate an association between two stores with a matched store image perceptions more favourably. Independent samples t-test was again used to analyse the evaluation of the association by the customers. The favourability scores were found to be significantly higher for the high image large stores in the matched association (M = 4.39, SD = 1.86) as compared to the mismatched case (M = 2.74, SD = 1.74) conditions; t(275) = 7.65 ($p < .001$). The favourability score was also significantly higher for the low image large stores in the matched case (M = 3.68, SD = 1.84) than the mismatched associations (M = 3.23, SD = 1.81) conditions; t(272) = -2.05 ($p < .05$). Similarly, the favourableness score was found to be significant higher for the high image small stores in the matched case (M = 4.39, SD = 1.86) than the mismatched case (M = 3.23, SD = 1.81) and conditions; t(271) = 5.25 ($p < .001$). Lastly, the score was significantly higher for the low image small stores in the matched associations (M = 3.68, SD = 1.84) as compared to the mismatched associations (M = 2.74, SD = 1.74) and conditions; t(276) = -4.38 (p < .001). The results show that the evaluation of the association in case of matched store images was significantly favourable (p < .05) for both the large as well as the smaller stores (Table-8 and Table-9). Thus, hypothesis H_4 is statistically supported.

Table 8 - *Responses on Association - Matched and Mismatched Cases (Large Stores)*

Large Retail Stores	**N**	**Match**	**N**	**Mismatch**	**F**
High Image Stores	135	4.393	142	2.740	.124***
Low Image Stores	138	3.679	135	3.227	.125*

******* p < .001, * p < .05

Table 9 - *Responses on Association - Matched and Mismatched Cases (Small Stores)*

Small Retail Stores	**N**	**Match**	**N**	**Mismatch**	**F**
High Image Stores	135	4.393	138	3.227	.010***
Low Image Stores	142	3.679	135	2.740	.729***

***p < .001

Hypotheses H_{5a} and H_{5b} looks at the effect of match and mismatch in store images on the purchase intentions of the customers. Hypothesis H_{5a} proposed that the purchase intention for the large store will be higher when there is a match between the store images of the large store and the partnering smaller store as compared to an image mismatch in the SIS association. An independent-samples t-test was conducted to compare mean levels of the larger store's purchase intentions for the matched as well as mismatched SIS association. There were no significant differences in the matched (M = 4.690, SD = 1.97) and mismatched (M = 4.539, SD = 1.87) conditions; t(548), p = ns. The analysis shows that the hypothesis H_{5a} is not supported (Table 10).

Similarly to hypothesis H_{5a}, hypothesis H_{5b} proposed that the purchase intention for the smaller store will be higher when there is a match in the store images of the two partnering stores, as compared to an image mismatch in the SIS association. An independent-samples t-test was conducted to compare mean levels of the smaller store's purchase intentions for the matched as well as mismatched SIS association. There were no significant differences in the matched (M = 4.533, SD = 2.01) and mismatched (M = 4.610, SD = 1.96) conditions; t(549), *p* = ns. The analysis shows that the hypothesis H_{5b} is also not supported (Table 10).

Table 10 - *Changes in Purchase Intention Scores*

Stores	**N**	**Match**	**N**	**Mismatch**	**F**
Large Retailers	270	4.690	280	4.539	.632†
Small Retailers	270	4.533	280	4.610	.368†

† *p* = ns

DISCUSSION

The store-within-a-store is a long standing and wide spread practice throughout the world (Jerath & Zhang, 2010) yet there has been little scholarly research on SIS as a concept and no research on the effect of the store image partnership. This paper has been an attempt to evaluate the association between a large retail store and a smaller retailer in a SIS arrangement and to determine if any significant impact on the store images, perceived service quality, customer's evaluation of the association on favourability and purchase intentions for either of the partnering stores. A number of previous studies have considered variables like merchandise, store ambience, customer service, price promotions and the role they play in altering the store's image perceptions with its customers (Mazursky & Jacoby, 1986; Baker, Grewal and Parasuraman, 1994; Grewal, Krishnan, Baker & Borin, 1998; Sirgy, Grewal & Mangleburg, 2000; Baker, Parasuraman, Grewal & Voss, 2002; Thang & Tan, 2003; Morschett, Swoboda & Foscht, 2005). The effect of a SIS association brings all of the above mentioned variables into consideration when considering the effect on store image of both partners.

It was hypothesised that an introduction of another store inside the premises of a larger retail store would make shifts in the store images of both the stores if they are significantly different from each other. It was evident from the results that when a large retail store with very high store image and service quality perceptions enters into an association with a smaller retailer with a very low store image and service quality, the large store experiences a significant decline in its store image and service quality perception. This is also in sync with Balance Theory (Heider, 1946) which suggests that the stress will be created in case of a mismatch so as to restore the balanced state. The store image score, as well as the perceived service quality for a larger retailer having a high store image, is susceptible to decline significantly upon partnering with a smaller store with an inferior store image or service quality perceptions. Another study carried out by Ito, Larsen, Smith and Cacioppo (1998) suggests that negative information is evaluated more strongly by humans than comparatively strong positive information. This is also in line with the study carried out by Jacoby and Mazursky (1984) wherein the introduction of a very low image merchandise brand in a large retail store had a significant negative effect on the store's image perceptions.

Another interesting observation in this study has been the favourability shown by the customers towards the SIS association for matched cases of store images. The findings support the schema congruity theory and the notion that customers prefer or have favourable perceptions towards matched or congruent associations as compared to mismatched or incongruent relationships. All the associations between a large and a small retail store have been evaluated as positive whenever there has been a match in their store images. In other words, a high image large store associating with another high image smaller store and a low image large store associating with a low image smaller store has been viewed favourably by the respondents. One plausible explanation to this evaluation could be the possibility that the customers tend to have different sets of expectations from a high image store and a low image store. So, when the customer notices an association between two stores of similar image perceptions, the expectations from both the stores are in sync with each other and help in creating a favourable impression on the customer's experiences. This balanced or equilibrium state is perceived favourably by the customers when walking into a retail store and reinforces the image perceptions carried by such customers. Similar results were also noted in an earlier study by Basil and Herr (2006) wherein a match between organizational attitudes towards CRM practices lead to more positive evaluation of the organizations by the respondents. The same tendency has been noticed in this study where the participants to the survey have responded more positively to the balanced or matched associations as compared to the mismatched cases.

The analyses also brought out that the large low image did not experience any significant improvement in its image perceptions after associating with a smaller store with a significantly higher store image or service quality perception. It has been shown in an earlier study that negative information tends to influence evaluations more strongly than comparably extreme positive information (Ito, Larsen, Smith and Cacioppo, 1998). In this case, the positive image perception of the small partnering retailer did not get an immediate evaluation by the customers so as to influence the image of the larger store. The study by Jacoby and Mazursky (1986) suggests that past shopping experience affects information accessing by the customers. So, there could be an effect after repeated exposure to such partnerships which is an area for future research to look into. The presence of a smaller store inside the premises is just one of the many cues towards the formation of store image. The major portion of store image gets created or reinstated for a repeat customer between entry to the store's main aisle and the final check-out. It is during this stage when the elements as suggested by Jacoby and Mazursky (1986) get reinstated for forming the overall store image. Post check-out, the customer mostly does not think much about the store and prepares to exit the store. Also, as the expectations from such retail stores are generally low, it might take relatively longer for any substantial changes in the store environment to get registered in the minds of the customer so as to alter the store's overall image perceptions.

The results of the study further show that the store image for the smaller store does not shift significantly in matched or mismatched cases of store image or service quality perceptions. Perceived service quality is one of the many factors influencing the overall store image. As also suggested by Baker, Grewal and Parasuraman (1994), service quality is one of the major antecedents to store image. Again, the presence of a small store inside the premises of a larger retail store is one of the many factors influencing the customer's evaluation of the store. Service quality experienced by a customer during shopping at a large retailer or while visiting a smaller restaurant might not get significantly altered even after the two stores have partnered, except for when they are visiting a large retailer with high service quality perceptions and is associated with a smaller partner with a very low store image. This is again in line with the study carried out by Ito, Larsen, Smith and Cacioppo (1998) which shows that the negative information influences the evaluations of the customers more strongly than the comparably strong positive information. In other words, the introduction of a smaller retailer with high store image and service quality perception does not influence the customer's evaluation of the larger retailer. This influence of an association on customer's evaluation over a longer period of time needs to be studied further. However, at least momentarily, the customers seem to expect that the individual service qualities for both the partnering stores would be maintained even after coming into a store-within-a-store formation and that there would be no significant changes in the experience at the store. In other words, service quality of a stand-alone restaurant is expected to be the same as with the same store inside a larger retailer. Thus, the balanced state remains undisturbed in most cases, at least temporarily, when there is an association between two retail stores.

The final outcome variable for other constructs in the retail area, which formulates the choice of a store with the customers, is mostly purchase intention. But as store image is a strong determinant of the purchase intentions for a store, the purchase intention also seem to remain unchanged even in a store-within-a-store scenario. In other words, the purchase intention of a store remains more or less the same irrespective of whether it has another partnering store inside its premises or otherwise. A post hoc analysis was also carried out to test if there is any significant change in the purchase intentions for the large or the small retail stores before and after the association in mismatched cases. However, results reveal that there are no significant changes for either of the store's purchase intention scores even in a mismatched scenario.

It is very interesting to note here that although all the respondents had viewed the association favourably for matched cases of store images and unfavourably for the mismatched cases, there still seems no significant effect of the associations on most of the other variables studied in this paper. This suggests that the store image for the retailers in discussion is so strong in the minds of the customers that they tend to remain constant, at least in most cases, even after changes are introduced in the store environment**.** This also suggests that although customers perceive the associations between the stores with matched images as favourable and vice versa, the effect seems to be not significant enough to alter the overall store image or service quality perceptions for either of the stores in a store-within-a-store scenario. Alternatively, as the associations were all hypothetically created and the customers had just read about them, the shifts in the perceptions for most of the values are not instant and might take effect over a period of time and upon repeated exposures to such changes in the store environment.

Managerial Implications:

For retail managers of large retailers, the study suggests that the store image of the partnering small SIS can have a significant impact on the overall store image of the larger retailer. While an association with a small store with very high store image and service quality perceptions might not enhance the store image perception of a larger store, an association with a small store with very low image and service quality perception does have the possibility to damage the reputation of the larger store. Therefore, retail managers need to be extremely careful of the associations the retailer wishes to enter into as a bad association can have an immediate and detrimental effect on the store itself which could take much longer to correct.

For the retail managers of the smaller retail stores, although the effect of an association with a larger retailer with higher or lower image and service quality perception did not have any significant effect on the store image of the smaller store, there is a likelihood that this image perception is more static in nature due to the image perceptions of the stand-alone stores. Thus, it becomes all the more imperative for the smaller retailers to safeguard the store image and service quality perceptions of their stand-alone stores so that the customers would carry the same image and service expectations when entering into the same retailer in a SIS format.

Lastly, retail managers of large as well as small retailers need to understand the manner in which the customers evaluate retail associations. As is evident from this study, customers evaluate the matched association favourably while the mismatched associations are evaluated unfavourably. This unfavourable evaluation of an association may lead to a decline in the store’s image perceptions over a period of time. And as the processing of negative information is much stronger than the positive ones, the managers need to observe caution when deciding on any major changes in their overall store environment. Thus, it becomes very critical for the managers of the retail companies to understand and evaluate their association plans very carefully to safeguard their image perceptions with the customers.

<u>Limitations and Future Research</u>:

There are some limitations to the study which, along with the findings here, also suggests some direction to future research in the area of a store-within-a-store. Although the study started with ten large retail stores and ten restaurant chains present in the US, barring Macy’s the other nine stores were all grocery retailers. The grocery retailers serve more of utilitarian purpose to its customers than hedonic which might not be entirely true for the restaurants. Equating grocery stores with restaurants could have been a possible reason for not getting very significant results from this study. Future research is needed to study the impact of an association between stores of similar or complimentary in nature like large department stores (Macy’s, Nordstrom, etc.) and cosmetic stores (Dior, Lakmé, Chanel, etc.). This could give a better insight into the effects of a SIS association.

One more possible limitation to the study could be the use of retail giants like Macy’s, McDonald’s and Starbucks. Previous study carried out by Donthu and Yoo (1998) illustrates that culture has a strong effect on the service quality expectations. Similarly, the effect of local stores or retailers with a strong cultural association to the local population can have very different results than global giants. Large retail stores, as well as smaller retailers having a cultural linkage to the local population, can have very different effects on the association with another retailer that is not culturally associated, or is associated with a different culture. An example of such association could be a Taco Bell restaurant having a Mexican image partnering with a popular Chinese grocery store in mainland China. Future researchers can look into the effect of cultural bonding with a retailer on the SIS associations.

Constructs like store image, service quality and purchase intentions are created over a period of time in the minds of a customer after experiencing the stores multiple times. The study could have yielded different results had it been a longitudinal study instead of the just introducing a store inside a larger store and asking the respondents about their views on the association. As noticed from the study on the customer's response on the suggested association, although they noticed the association and responded favourably or unfavourably towards the changes in the store environment, it did not bring about any significant changes in the store images of the retailers. While previous studies have shown that the store environment is an antecedent to the store image (Grewal, Baker & Parasuraman, 1994; Baker, Grewal, Parasuraman & Voss, 2002), this result suggests that the environment affects the store image only over a period of time and not immediate to any changes introduced. This could be another area future researchers could look at in the domain of store-within-a-store over an extended period of time.

One more possible area for future research could be an evaluation of the extent to which Mandler's Schema Congruity Theory applies to the concept of store-within-a-store. The theory suggests on the affect with regard to congruent and incongruent associations. While the present study tried to evaluate the responses to SIS association between stores on the two extremes of store image scales, a future study could look at the differences in affects between store associations in cases of identical, moderately different and remarkably different retail stores.

Another area that needs evaluation in the retail sector concerning store-within-a-store arrangement could be the concept of co-branding. Broadly speaking, co-branding is bringing together the brand names of two different product categories like credit cards with gas companies or cola cans with Disney characters (Blackett, 1999). Such associations can be carried out with the purpose of carrying out a limited time promotion or a mutually beneficial long-term association. There has been no study undertaken yet to understand how the customers perceive a co-branding between two retailers and the effect such an initiative could have on both retailers. In fact, co-branding initiatives can be seen taking place in the retail space only in very rare instances, apart from placing the logo of the partnering store on the façade of a large retailer. Co-branding can be carried out in other modes like flyers, e-commerce enabled websites, corporate websites and so on. In many parts of the world, the gift cards of a retailer are often co-branded with financial services companies like MasterCard or Visa or at times, with another company like an airline company, car manufacturer or a gas company. However, it would be interesting to see a gift card co-branded between two retail stores in a SIS arrangement. Such an initiative might get registered in the customer's mind a lot quicker and softens the incongruity the images of the two partnering stores might have.

Another possible area for future research could be to look at the customer's perceptions towards SIS partnerships in a between-subjects design. So, instead of assigning the respondents a pre-association and a post-association scenario, future study can compare the respondent's views and perceptions about the associations and also evaluate if any other factor like store familiarity or demographics has a significant role to play in the evaluation of store partnerships.

Although past research has shown that any negative information is evaluated more strongly than the positive information, the same needs to be tested in terms of how a customer assimilates and processes negative and positive and cues before, during and after a visit to a retail store. Further, difference in information processing in varying retail formats could be another area to look into.

While this study has been predominantly conducted around well-known big box retailers and restaurant chains, future research might look into the other retail formats like departmental stores, health food or speciality stores, sports equipment retailers, local retailers, and so on. The format and popularity of the retail stores could have very different results on an association with another store, especially if the equilibrium is significantly disturbed. And lastly, an in-depth analysis by way of interviews to ascertain customer’s perception on match or mismatch could be another area for future research. While this study has taken into account constructs like store image, service quality and purchase intentions to create matched and mismatched cases, there might be a lot more that a customer evaluates for an association while considering a match or a mismatch therein.

CONCLUSION

This study on customer's perception on the suggested associations illustrates that while customers do evaluate matched associations more favourably than the mismatched ones, the impact of a mismatched association does not seem to have an immediate impact of the overall image perceptions or purchase intentions of the customers from the associating stores. However, there is an undeniable adverse effect on the image perception of a large store associating with a smaller store with significantly low image and service quality perceptions, something that the retail managers should be cautious about when looking for a store-within-a-store partner. Moreover, customers seem to evaluate the incongruent associations more actively as compared to the congruent associations, as suggested by the Schema Congruity Theory. Thus, the findings of the study support the notion that Balance Theory does play a vital role in the retail SIS environment. However, it is expected that some of this effect might take relatively longer to surface and make a significant impact of the customer's overall perceptions of the stores. This finding, together with the managerial implications and paving pathway for future research, helps us better understand the SIS partnerships and its evaluation by the customers.

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APPENDIX-1

Scales on Store Image:

1. Youthful – Mature
2. Good – Bad
3. High Price – Low Price
4. High Quality – Low Quality
5. High Class – Low Class
6. Good Reputation – Poor Reputation
7. Modern – Old Fashioned
8. Special – Ordinary

(These scales will be administered as Semantic Differential scales)

APPENDIX-2

Scales on Service Quality:

1. Employees in this store have the knowledge to answer customer's questions
2. The behaviour of employees in this store instils confidence in customers.
3. Customers feel safe in their transactions with this store.
4. Employees in this store give prompt service to customers.
5. Employees in this store tell customers exactly when services will be performed.
6. Employees in this store are never too busy to respond to customer's requests.
7. This store gives customers individual attention.
8. Employees in this store are consistently courteous with customers.
9. Employees in this store treat customers courteously on the phone.

(These scales will be administered as 7-point Likert scales)

APPENDIX-3

Scales of Store Patronage:

1. Will consider buying from this store.
2. Will recommend this store to others.
3. Will likely shop from this store.

(These scales will be administered as 7-point Likert scales)

APPENDIX-4

Scales of Association: (Store-1: Large retailer; Store-2: Smaller restaurant)

1. A combination of (Store-2) and (Store-1) makes a lot of sense.
2. The pairing of (Store-1) stores with (Store-2) is a good idea.
3. Having a (Store-2) restaurant inside (Store-1) is a good combination.

(These scales will be administered as 7-point Likert scales)

APPENDIX-5

Questionnaire for Pre-Test:

Q1. Which of the following best describes how often you visit a store?

- ❍ Few times a week
- ❍ Weekly
- ❍ Every other week
- ❍ Monthly

Q2. How familiar are you with this store?

	1	2	3	4	5	6	7
Very familiar: Not at all familiar	❍	❍	❍	❍	❍	❍	❍

Q3. Based on your experience and/or knowledge, please rate the store on the following criteria:

I consider (Store Name) stores to be:

	1	2	3	4	5	6	7
Youthful: Mature	❍	❍	❍	❍	❍	❍	❍
Good: Bad	❍	❍	❍	❍	❍	❍	❍
High Price: Low Price	❍	❍	❍	❍	❍	❍	❍
High Quality: Low Quality	❍	❍	❍	❍	❍	❍	❍
High Class: Low Class	❍	❍	❍	❍	❍	❍	❍
Good Reputation: Poor Reputation	❍	❍	❍	❍	❍	❍	❍
Modern: Old Fashioned	❍	❍	❍	❍	❍	❍	❍
Special: Ordinary	❍	❍	❍	❍	❍	❍	❍

Q4. Now please rate the service quality of the store as per your experience or knowledge:
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neutral, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
d. Employees in this store give prompt service to customers.	❍	❍	❍	❍	❍	❍	❍
e. Employees in this store tell customers exactly when services will be performed.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are never too busy to respond to customer's requests.	❍	❍	❍	❍	❍	❍	❍
g. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
h. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍
i. Employees in this store treat customers courteously on the phone.	❍	❍	❍	❍	❍	❍	❍

Q5. Now please rate the store on your intentions to patronize.
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neutral, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍
iii. Will likely shop from this store.	❍	❍	❍	❍	❍	❍	❍

(The same set of questions were administered for all the 10 large and 10 smaller retail stores)

APPENDIX-6

Questionnaire for Main Study: (Store-1: Large Retailer; Store-2: Restaurant)

Q1. How familiar are you with this restaurant? (Store-2)

	1	2	3	4	5	6	7
Not at all familiar: Very Familiar	❍	❍	❍	❍	❍	❍	❍

Q2. Based on your experience and/or knowledge, please rate the restaurant on the following items:

I consider (Store-2) stores to be:

	1	2	3	4	5	6	7
Mature: Youthful	❍	❍	❍	❍	❍	❍	❍
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Price: High Price	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

Q3. Please rate the service quality of the store as per your experience or knowledge: (Store-2)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
d. Employees in this store give prompt service to customers.	❍	❍	❍	❍	❍	❍	❍
e. Employees in this store tell customers exactly when services will be performed.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are never too busy to respond to customer's requests.	❍	❍	❍	❍	❍	❍	❍
g. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
h. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍
i. Employees in this store treat customers courteously on the phone.	❍	❍	❍	❍	❍	❍	❍

Q4. Please rate the store on your intentions to purchase. (Store-2)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍
iii. Will likely shop from this store.	❍	❍	❍	❍	❍	❍	❍

Q5. How familiar are you with this store? (Store-1)

	1	2	3	4	5	6	7
Not at all familiar: Very Familiar	❍	❍	❍	❍	❍	❍	❍

Q6 Based on your experience and/or knowledge, please rate the store on the following items:

I consider (Store-1) stores to be:

	1	2	3	4	5	6	7
Mature: Youthful	❍	❍	❍	❍	❍	❍	❍
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Price: High Price	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

Q7. Please rate the service quality of the store as per your experience or knowledge: (Store-1)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 –Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
d. Employees in this store give prompt service to customers.	❍	❍	❍	❍	❍	❍	❍
e. Employees in this store tell customers exactly when services will be performed.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are never too busy to respond to customer's requests.	❍	❍	❍	❍	❍	❍	❍
g. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
h. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍
i. Employees in this store treat customers courteously on the phone.	❍	❍	❍	❍	❍	❍	❍

Q8. Please rate this store on your intentions to purchase. (Store-1)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍
iii. Will likely shop from this store.	❍	❍	❍	❍	❍	❍	❍

Q9. How familiar are you with this restaurant? (Filler Store-2)

	1	2	3	4	5	6	7
Not at all familiar: Very Familiar	❍	❍	❍	❍	❍	❍	❍

Q10. Based on your experience and/or knowledge, please rate this restaurant on the following items:

I consider (Filler Store-2) stores to be:

	1	2	3	4	5	6	7
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

Q11. Please rate the service quality of this store as per your experience or knowledge: (Filler Store-2)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer’s questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Employees in this store give prompt service to customers.	❍	❍	❍	❍	❍	❍	❍
d. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
e. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍

Q12. Please rate the store on your intentions to purchase. (Filler Store-2)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍

Q13. How familiar are you with this store? (Filler Store-1)

	1	2	3	4	5	6	7
Not at all familiar: Very Familiar	❍	❍	❍	❍	❍	❍	❍

Q14. Based on your experience and/or knowledge, please rate this store on the following items:

I consider (Filler Store-1) stores to be:

	1	2	3	4	5	6	7
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

Q15. Please rate the service quality of this store as per your experience or knowledge: (Filler Store-1)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Employees in this store give prompt service to customers.	❍	❍	❍	❍	❍	❍	❍
d. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
e. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍

Q16. Please rate this store on your intentions to purchase. (Filler Store-1)
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍

Manipulation:

(Store-1) has recently announced an association with (Store-2) to open up a restaurant within its store. (Store-1) began installing (Store-2) in 30 stores in 2015 and hopes to have all of its stores with a (Store-2) restaurant completed by 2020. (Store-1) and (Store-2) are pleased to announce this association to the public.

Q17. What do you think about the association between (Store-1) and (Store-2)?

❍ Beneficial to (Store-1)
❍ Beneficial to (Store-2)
❍ Beneficial for both the stores
❍ No Effect

Q18. Given the new association, how would you rate (Store-1) and (Store-2)?
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

	1	2	3	4	5	6	7
a) A combination of (Store-2) and (Store-1) makes a lot of sense.	❍	❍	❍	❍	❍	❍	❍
b) The pairing of (Store-1) stores with (Store-2) is a good idea.	❍	❍	❍	❍	❍	❍	❍
c) Having a (Store-2) restaurant inside (Store-1) is a good combination.	❍	❍	❍	❍	❍	❍	❍

Q19 How would you rate (Store-1) and (Store-2) on the following items?

a) I consider (Store-1) to be:

	1	2	3	4	5	6	7
Mature: Youthful	❍	❍	❍	❍	❍	❍	❍
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Price: High Price	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

b) I consider (Store-2) stores to be:

	1	2	3	4	5	6	7
Mature: Youthful	❍	❍	❍	❍	❍	❍	❍
Bad: Good	❍	❍	❍	❍	❍	❍	❍
Low Price: High Price	❍	❍	❍	❍	❍	❍	❍
Low Quality: High Quality	❍	❍	❍	❍	❍	❍	❍
Low Class: High Class	❍	❍	❍	❍	❍	❍	❍
Poor Reputation: Good Reputation	❍	❍	❍	❍	❍	❍	❍
Old Fashioned: Modern	❍	❍	❍	❍	❍	❍	❍
Ordinary: Special	❍	❍	❍	❍	❍	❍	❍

Q20. Please rate the service quality of the two stores:
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

a) Store-1:

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
d. Employees in this store give prompt service to customers	❍	❍	❍	❍	❍	❍	❍
e. Employees in this store tell customers exactly when services will be performed.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are never too busy to respond to customer's requests.	❍	❍	❍	❍	❍	❍	❍
g. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
h. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍
i. Employees in this store treat customers courteously on the phone.	❍	❍	❍	❍	❍	❍	❍

b) Store-2:

	1	2	3	4	5	6	7
a. Employees in this store have the knowledge to answer customer's questions.	❍	❍	❍	❍	❍	❍	❍
b. The behavior of employees in this store instills confidence in customers.	❍	❍	❍	❍	❍	❍	❍
c. Customers feel safe in their transactions with this store.	❍	❍	❍	❍	❍	❍	❍
d. Employees in this store give prompt service to customers	❍	❍	❍	❍	❍	❍	❍
e. Employees in this store tell customers exactly when services will be performed.	❍	❍	❍	❍	❍	❍	❍
f. Employees in this store are never too busy to respond to customer's requests.	❍	❍	❍	❍	❍	❍	❍
g. This store gives customers individual attention.	❍	❍	❍	❍	❍	❍	❍
h. Employees in this store are consistently courteous with customers.	❍	❍	❍	❍	❍	❍	❍
i. Employees in this store treat customers courteously on the phone.	❍	❍	❍	❍	❍	❍	❍

Q21. Please rate on your intentions to purchase from the stores at this location.
(1- Strongly Disagree, 2 – Disagree, 3 – Slightly Disagree, 4 – Neither Agree Nor Disagree, 5 – Slightly Agree, 6 – Agree, 7 – Strongly Agree)

a) Store-1:

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍
iii. Will likely shop from this store.	❍	❍	❍	❍	❍	❍	❍

b) Store-2:

	1	2	3	4	5	6	7
i. Will consider buying from this store.	❍	❍	❍	❍	❍	❍	❍
ii. Will recommend this store to others.	❍	❍	❍	❍	❍	❍	❍
iii. Will likely shop from this store.	❍	❍	❍	❍	❍	❍	❍

Q22. What is your gender?

❍ Male
❍ Female

Q23. What age group do you belong to?

❍ Below 18
❍ 18-27
❍ 28-37
❍ 38-47
❍ 48-57
❍ 58-67
❍ 68 and above

Q24 Which ethnic group do you belong to?

❍ African American
❍ Chicano/ Latino/ Hispanic
❍ Native American
❍ Asian/ Pacific Islander
❍ White or Caucasian
❍ Others

Q25 What is your average annual household income?

- Less than $20,000
- $20,001 - $40,000
- $40,001 - $60,000
- $60,001 - $80,000
- $80,001 - $100,000
- $100,000 and above

(The same set of questions were administered for all the 16 possible combinations between the selected 4 large and 4 smaller retail stores)

APPENDIX-7

High Image Large Store + High Image Small Store Associations

- Trader Joe's + Starbucks:

- Trader Joe's + Chipotle:

High Image Large Store + High Image Small Store Associations

- Macy's + Starbucks:

- Macy's + Chipotle:

High Image Large Store + Low Image Small Store Associations

- Trader Joe's + Burger King:

- Trader Joe's + McDonald's:

High Image Large Store + Low Image Small Store Associations

- Macy's + Burger King:

- Macy's + McDonald's:

Low Image Large Store + High Image Small Store Associations

- Goodwill + Starbucks:

- Goodwill + Chipotle:

Low Image Large Store + High Image Small Store Associations

- Kmart + Starbucks:

- Kmart + Chipotle:

Low Image Large Store + Low Image Small Store Associations

- Goodwill + Burger King:

- Goodwill + McDonald's:

Low Image Large Store + Low Image Small Store Associations

- Kmart + Burger King:

- Kmart + McDonald's: