



Store Environmental Cues and Repurchase Intention in Retail Supermarkets in Sri Lanka: Mediating Role of Store Image

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ABSTRACT

The objective of the study was to investigate the impact of store environment on the repurchase intention and examine the mediating role of store image created through the store environment of Sri Lankan retail supermarkets. Data were collected from 183 customers of retail supermarkets using a questionnaire. Findings indicate that the store environment of supermarkets leads to store image, which is important for the formation of repurchase intention of customers. The study further revealed that store image partially mediates the relationship between store environment and repurchase intention of customers. Retail marketers need more focus on the easiness of moving within supermarkets, pleasant lighting within supermarkets, mechanizing in stores, attractive display, and location to create a conducive store environment for customers. In forming store image, retail marketers may pay attention to external and internal decorations of stores, knowledge of sales personnel, quality and assortment of products, and fair and competitive prices.

Keywords: Repurchase Intention, Store Environment, Store Image

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INTRODUCTION

The internal environment of retailing will definitely influence the customers' response. The internal environment of stores includes ambient condition, space, functions, signs and symbols of the establishments (Bitner, 1992). The store environment is also covering store layouts, safety issues concerning the physical environment and signage for communicating information (Kent & Kirby, 2009). In order to modernize or redesign the marketing strategies for retailing supermarkets, studies on store environment, store image and repurchase intention are significant in the context of Sri Lankan consumers. While the competition among the retail supermarkets is forceful in the country, the study will help the retail supermarkets to change or covert the strategies considering the needs of repurchase intention in response to changing shopping behavior of the consumers in Sri Lanka. This will have an impact on the competitive advantage of the retail supermarket brands in the country.

Retailing now in Sri Lanka is evolving from small shops to self-selection stores with variety of products with different brands. This reflects a change in the shopping behavior of customers in the country. Store environment is one of the major factors in developing repurchase intention in the retail supermarket industries. Since the shopping behavior of the customers is rapidly changing in the country, the existing and well-established brands of supermarkets in the country are now expanding their businesses to the other regions and areas in the country enabling them to enjoy competitive advantage. Further, companies with good brand image are also investing in retail supermarkets with new brands especially after the prolonged war in the country and they succeeded in their efforts. In this context, it is noteworthy to explore the store environmental cues and how it contributes to the creation of repurchase intention among the customers of supermarkets. This may be significant to the retail industries in Sri Lanka to obtain insights into what store environmental cues are mostly influencing in forming repurchase intention in the retail supermarkets. Further, it is also vital to understand the role played by the store image cues among the customers of supermarkets in Sri Lanka. The exploration of the mediating role of store image is also important as it creates repeat purchase intention from the retail supermarkets.

There are few studies in retailing in Sri Lanka. However, studies related to cues with regard to store environment and store image, and how it

contributes to the repurchase intention are lacking in the context of Sri Lankan supermarket industry. With the consideration of limited study in the retail sectors and its phenomenal growth of the industry in Sri Lanka, it is significant to study store environment and repurchase intention of customers of retail supermarket in Sri Lanka. Accordingly, the purpose of current research was to explore the relationship of retail supermarkets' internal environment and repurchase intention and investigate the role of store image between store environment of retail supermarkets and repurchase intention of supermarket customers. Thus, this paper has been made in the following line. Firstly, the introduction consisting of the significance of the study, research problem and objectives of the study are explained. Secondly, the review of literature on store environment and store image are explained. Thirdly, the methodology adapted for the study is described. Then, the results and discussion are given in the paper and finally, the conclusion and recommendations are given in the paper.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This study attempts to explore the relationship between store environments and repurchase intention and to examine the role of store image for the retail supermarkets in Sri Lanka. Review of literature addresses about the store environment and store image and helps the hypotheses for the study.

Store environment is important for retailers that have an impact on their retail business. Store environment will provide information to the customers. This includes facilities, atmospheres, personal service, product characteristics along with promotion done in store (Lee et al., 2015).

Moreover, the environmental cues impact the purchase intention too (Lee et al., 2015). According to Bitner (1992), facilities and atmospheres include three types of environments which comprise ambient conditions, spatial layout and functionality. These, in fact, influences positively on the service evaluation by the consumers (Turley & Fugate, 1992). The marketing actions in store promotion consisting of advertisement create a differentiation (Boulding et al., 1994). Ambient condition in an organization includes temperature of the environment, quality of air, noise, music and odor. Space and function comprise organization's layout, equipment utilized to provide customer services. Signage, personal artifacts and décor style are brought under signs, symbols and artifacts. These service environmental cues are

important that creates brand equity and customer response in turn form the customer satisfaction (Ali et al., 2013). Rauch et al. (2015) point out that service quality is determined by the integration of service delivery, service product and service environment. Further, it was noted that the physical environment including color, music and layout of the organization determine the choice of the service provider by the customers (Oh et al., 2008). This is also confirmed by Hanaysha (2018) that physical evidences help customers to select the service organizations.

Store image was introduced by Martineau (1958) as a shoppers' mind picture of the store which is pictured by the customers. This may include functional quality and attributes related to psychology of atmosphere. James et al (1976) define store image as "a set of attitudes based upon evaluation of those store attributes deemed important by consumers." Store image will directly affect the purchase intention (Wu et al., 2011). Store image is derived from the store characteristics such as quality of products sold, variety and price of the products, facilities in the store physically available to the customers and services offered by the sales man in the stores (Beristain and Zorrilla, 2011). With regard to the elements of store image, Bearden (1977) brings about seven dimensions such as price, quality of merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. However, Nevin and Houston (1980) establish only three dimensions namely assortment, facilities and market posture. With their findings, Ghosh (1990) puts forward that store image comprises eight elements which are in connection with the retail marketing mix such as merchandise, location, store atmosphere, customer service, price, advertisement, personal selling and incentive programs related to sales. Moreover, recent study on the store image finds that store atmosphere, service personnel and merchandise are very vital dimension of store image (Chang and Luan, 2010). Employees' cloths in the retail stores also affect the perception of store image of consumers. When the employees are maintaining more formal dress, store image perception of customers would be upscale and it as a cue related to tangible in the stores will assist in promoting the store image (Yan et al., 2011). Consumers generally form the store image based on various characteristics of retail stores. This, in fact, influences the purchase decision and repurchases decision. It is important to study the store image aspect of retail business as it results in the patronage behaviour of the consumers (Burlison and Oe, 2018). In choosing the supermarkets, consumers explore purchase experience, visit

experience, augmented experience and repeat purchase experience. However, purchase experience is important factor for store image which comprises support services, convenience, product quality and after purchase services (Belwal and Belwal, 2017).

Review of literature explains the two factors such as store environment and store image. Store environment provides information to the consumers by way of in store promotion, personnel service, facilities and product characters. These factors contribute to the repurchase intention of the consumers at the retail stores. In the case of store image, it is a mind picture with regard to the store in the consumer mind. Store image is also formed by the quality of product and service, price and facilities available at the stores. Literature also reveals that store image directly affect the purchase intention. Discussion on the review of literature on store environment and store image indicate that these two factors are important for stores to make purchase intention. Therefore, researcher proposed the following conceptual model and hypotheses for the study.

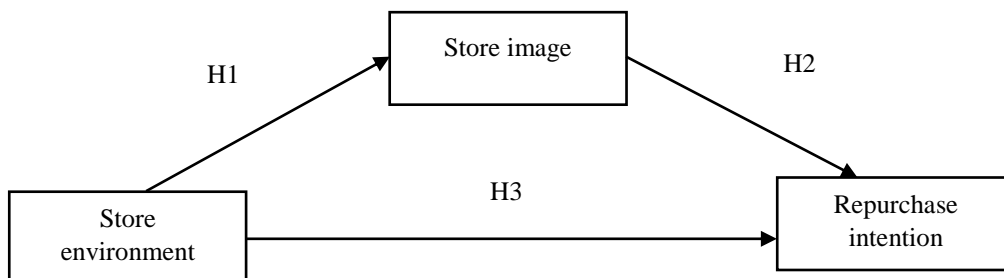


Figure 1: Conceptual Framework

H1: Store environment of retail supermarkets contributes to the store image of the retail supermarkets in Sri Lanka.

H2: Store image of the retail supermarkets positively affect the store repurchase intention at retail supermarkets in Sri Lanka

H3: Store environment of retail supermarkets positively affect the repurchase intention of supermarket customers in Sri Lanka

H4: Store image of retail supermarket is mediating between store environment and repurchase intention of Sri Lankan supermarket customers.

METHODOLOGY

The study adapted quantitative nature. Research approach for the study was deductive as hypotheses were developed. Survey methodology has been followed for the study and the time horizon was cross sectional.

Measurement Development

Scale items were adapted from previous literature to achieve the research objectives. Seven-point Likert scale was used to measure the constructs of this study. The questionnaire consisted of four parts comprising items for demographical characteristics of respondents, store environment, store image and repurchase intention of customers. The measurements for the constructs used for the study is given in Table 1.

Table 1: Scale items

Constructs	Scale items	Sources
<i>Store environment</i>		
SE1	Pleasant music	Morin and Chebat (2005)
SE2	Appropriate music	
SE3	Terrible music	Summers and Hebert (2001)
SE4	Well lit	
SE5	Correctly lit without too bright or dull	
SE6	Pleasant light	
SE7	Knowledgeable employees	Koo & Kim (2013)
SE8	Friendly employees	
SE9	Helpful employees	Dickson and Albaum (1977)
SE10	Easy to move within the store	
SE11	Easy to locate products	
SE12	Attractive displays	
SE13	Attractive physical facilities	
SE14	Organized merchandize	Koo & Kim (2013)
<i>Store image</i>		
SI1	Fair price or competitive price	Saraswat et al. (2010)
SI2	Quality of merchandise (Good or Poor)	
SI3	Sales of merchandise	
SI4	Congestion	
SI5	Number of sales people	
SI6	Distance from home	
SI7	Opening hours	
SI8	Delivery	
SI9	Convenience	
SI10	External or Internal decoration	
SI11	Quality or assortment of products	
SI12	Knowledgeable of sales persons	
<i>Repurchase intention</i>		

RPI1	I intend to purchase	Hellier et al. (2003)
RPI2	I likely to purchase	
RPI3	I probably purchase again	

Despite the fact that the scale items for the questionnaire consisting of 15 items for store environment, 12 items for store image and 3 items for repurchase intention as given in Table 1, some of the items were deleted during the iteration process in the SmartPLS 4. Figure 2 shows the items after the iteration in the analysis.

Sample Selection and Data Collection

The study was involved with customers of retail supermarkets in Sri Lanka. Hence, the data were collected from major cities such as Colombo, Trincomalee, Ampara, Horana, Batticaloa, Kalmunai and Kandy. It was very difficult to figure out the exact number of customers who visit supermarkets in Sri Lanka. Hence, researcher followed convenience sampling technique for the study. Researcher shared questionnaires via google forms and the link was shared through emails and social media platforms reaching the customers. 183 duly filled questionnaires were received by the researcher and was used for analysis in SmartPLS 4.

FINDINGS AND DISCUSSION

Demographical characteristics of the respondents are given in Table 2.

Table 2: Demographic characteristics of respondents

Characteristics		No.	%
Gender	Male	95	52
	Female	88	48
Age	>15	08	4
	16-21	22	12
	22-30	33	18
	31-45	67	37
	46-55	36	20
	>55	17	9
Education	GCE O/L	32	17
	GCE A/L	48	26
	Bachelor degree	30	16
	Postgraduate	37	21
	Others	36	20
Income	<Rs. 50,000	27	15
	Rs. 50,000-Rs. 100,000	58	32
	>Rs. 100,000	98	53

Of 183 respondents for this study, 52% of them were male and other rest 48% was female. In the case of age of the respondents, 37% of them were between the age of 31-45 and 20% of them were between the ages of 46-55. 26% of the respondents were with GCE A/L qualification and 21% were with postgraduate qualifications.

Reliability Analysis

It is important to examine the reliability and validity of the structural equation modeling before any findings for the study is established. Composite Reliability, Cronbach's Alpha values are analyzed below. Composite reliability and average variance extracted are given in Table 3.

Table 3: Composite reliability and average variance extracted

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Store environment	0.893	0.923	0.911	0.542
Store image	0.873	0.896	0.906	0.591
Repurchase intention	0.624	0.594	0.769	0.528

The variables of this study such as store environment, store image and repurchase intention are with average variance extracted (AVE) greater than 0.50 and thus, the convergent validity is confirmed. In addition, the Cronbach's Alpha (CA) values for all variables in the study are also with greater than 0.60. According to Ringle et al., (2014), the CA values should be more than 0.60 for explorative research. In the case of Composite Reliability (CR), the values are greater than 0.70 which also show that the convergent validity is confirmed.

Moreover, discriminant validity should also be tested with the support of Fornel and Larcker criterion.

Table 4: Discriminant validity – Fornel and Larcker criterion

	Repurchase intention	Store environment	Store image
Repurchase intention	0.727		
Store environment	0.859	0.736	
Store image	0.930	0.883	0.769

Table 4 shows the Fornel and Larcker criterion. These diagonal coefficients are not more than the square root of the average variance extracted and thus, it can be concluded that discriminant validity exists in the SEM model.

Path Analysis and Hypotheses Testing

Table 5 shows that Q^2 values are more than zero and thus, it can be said that the path model is accurate the store image and repurchase intention are with predictive power of exogenous variables store environment and store image.

Table 5: Hypotheses testing

Hypotheses	Path Coefficient	<i>t</i>	Q^2	R Square	f^2	<i>p</i> Values	
H ₁ : SE→SI	0.883	93.469	0.779	0.780	3.546	0.000	Supported
H ₂ :SI →RPI	0.780	12.458			1.038	0.000	Supported
H ₃ :SE → RPI	0.170	48.440	0.737	0.871	0.049	0.000	Supported
H ₄ :SE→SI→RPI		13.210				0.000	Supported

The models in the SEM should be evaluated using coefficient of determination. R^2 in Table 4 indicates that 78% of the variation in the store image of retail supermarkets is explained by store environment of the retail supermarkets. Moreover, 87.1% of the variation in the repurchase intention is explained by store environment in the retail supermarket in Sri Lanka. Further, the results of f^2 suggest that store environment has larger effect on the store image as f^2 value is greater than 0.35. Store image is also with larger effect on repurchase intention of consumers as the f^2 value is also more than 0.35. Therefore, hypotheses H1 ($t > 1.96$, $p < 0.05$), H2 ($t > 1.96$, $p < 0.05$) and H3 ($t > 1.96$, $p < 0.05$) are supported as the relationships are with *p* values less than 0.05. In this study to test the H4, mediating effect should also be analyzed. Since all paths in the model are significant, a partial mediation exists between store environment and repurchase intention. This is due to the fact that the direct relationship from store environment to repurchase intention of customers is mediated by store image in this study. Hence, the H4 is supported.

The structural model is given in Figure 2.

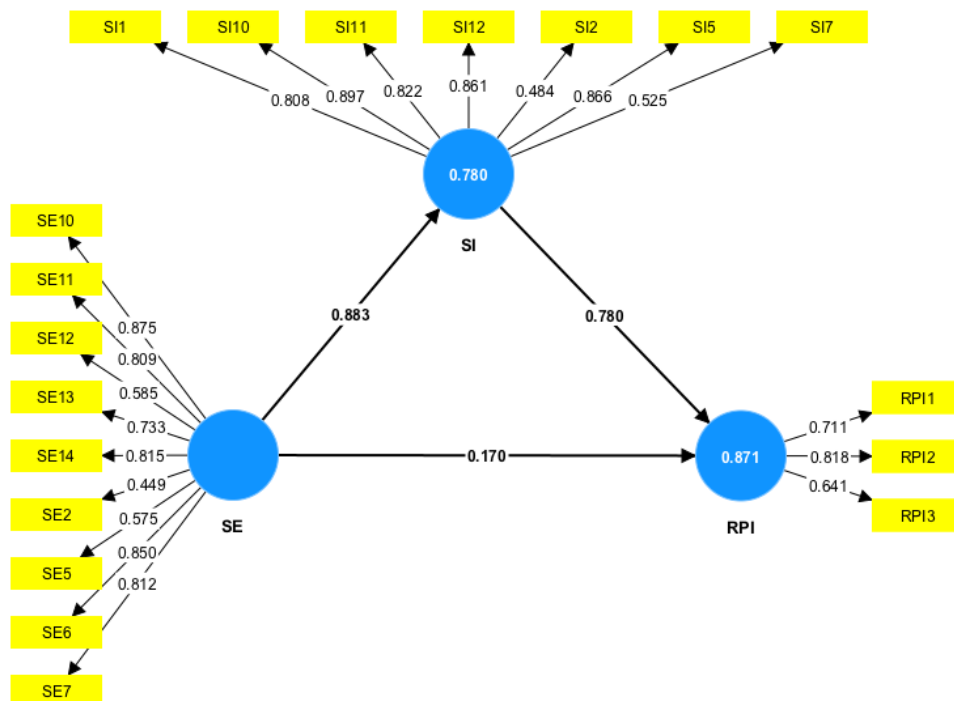


Figure 2: Structural Model

DISCUSSION OF FINDINGS

This study attempts to find the relationship between store environment of retail supermarkets and repurchase intention and to explore the role of store image in creating repurchase intention of supermarket customers in Sri Lanka. Finding suggest that store environment is positively related to repurchase intention of the supermarket customers in Sri Lanka. Store image is also mediating in the direct relationship of store image to repurchase intention of customers.

Store environment is very important factor in the case of Sri Lanka supermarket industries that creates store image for the customers. The supermarkets need to be easy for the customers to move around the products’ self-inside the supermarket spaces. Further, customers also want pleasant lighting within the supermarket to select and enjoy the supermarket. Another important attribute of the supermarket to create store environment conducive to the customers is merchandising in store. Thus, retailers focus on the merchandising aspects of the supermarkets along with attractive displays

within the store to attract the customers. Furthermore, it is vital for customers to locate supermarkets easily.

According to the findings of the study, store environment of any supermarkets paves the way for store image which is important for the formation of repurchase intention of customers of retail supermarkets in Sri Lanka. For this to be materialized, external and internal decoration of the retail supermarket is one of the vital factors enabling customers' attraction towards retail supermarkets. Another factor that forms the store image in the case of Sri Lankan supermarket is distance from home to supermarkets. Knowledge of sales personnel about products and brands in the supermarkets, quality and assortment of products varieties and fair and competitive prices are also influencing on the formation of store image. Moreover, it is worthwhile to note here that store image created for retail supermarkets in Sri Lanka is mediating the direct relationship of store environment to repurchase intention of supermarket customer and thus, these results in increased effect on the repurchase intention of customers.

CONCLUSION AND IMPLICATIONS FOR MARKETERS

The shopping behavior of retail customers in Sri Lanka is changing to leisurely shopping in Supermarkets. The objective of the study was to investigate the impact of store environmental cues on the creation of store image and to examine the mediating role of store image created from the store environment and repurchase intention of retail supermarkets in Sri Lanka. Findings reveal that store environment of retail supermarkets in Sri Lanka creates store image and that forms repurchase intention of customers. The study further reveals that store image is partially mediating the direct relationship of store environment to repurchase intention of customer of retail supermarkets in Sri Lanka. Retail marketers needs more focus on easiness of moving within supermarkets, pleasant lighting within supermarkets, mechanizing in stores, attractive display and location to create conducive store environment for customers in supermarkets in Sri Lanka. In the formation of store image, retail marketers may pay their attention to external and internal decorations of stores, knowledge of sales personnel, quality and assortment of products and fair and competitive prices for their products. Thus, the customers repurchase intention from the supermarkets need to be ensured. This can be done only through having store environment with the factors / cues found in study and that should form store image in the consumer's mind

thereby repurchase intention among customers can be created.

This study contributes to the retail industry in Sri Lanka by recognizing the relationship among store environment, store image and repurchase intention of customers. This study also contributes to the literature by identifying the cues related store environment and store image in the context of Sri Lankan retail industry.

There are few limitations for this study. Firstly, the sample size for the study. The study was carried out in few major cities of the country. This should be expanded for whole Sri Lanka and the results can be avoided to be bias. This study had only store environment as a variable. However, there is a possibility of breaking down store environment into layout, music, employees, design etc. Therefore, future studies can be directed towards individual variables of store environment among supermarket customers in Sri Lanka.

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