



Small versus large retail stores in an emerging market—Mexico

Audhesh Paswan^{a,*}, María de los Dolores Santarriaga Pineda^{b,1}, Francisco Carlos Soto Ramirez^{c,2}

^a Department of Marketing and Logistics, P.O. Box 311396, University of North Texas, Denton, Texas 76203-1396, USA

^b Universidad de Colima, Av. Universidad 333, Col. Las Viboras, Colima Col., Mexico

^c Facultad de Economía, Universidad de Colima, Av. Universidad 333, Col. Las Viboras, Colima Col., Mexico

ARTICLE INFO

Article history:

Received 21 September 2007

Accepted 26 February 2009

Keywords:

Emerging market
Mexico
Small store
Large store
Consumer motivation

ABSTRACT

As emerging markets open, they attract large domestic and international retailers, which compete with traditional local small stores. This study investigates whether this influx of large stores is inevitable, by focusing on consumers' motivation for selecting a retail store, and the association between these motivation dimensions and the shopping patronage. The results from an empirical study conducted in Mexico indicate that consumer's preference for small stores is positively motivated by functional benefits and familiarity with small stores; and negatively associated with the functional benefits offered by large stores. These motivational dimensions are also positively associated with the share of wallet spent at small stores. While gender exhibits mixed effect on preference for small stores and the share of wallet, women do feel that large stores provide better functional benefits and support for the local economy. Finally, the study details the research and managerial implications of the findings.

© 2009 Elsevier Inc. All rights reserved.

While the incursion of multinational and indigenous big businesses in unorganized retailing industry in emerging economies (Alexander and de Lira e Silva, 2002; Alexander and Myers, 1999; D'Andrea et al., 2006; Maharajh and Heitmeyer, 2005) is purported to improve the well being of shoppers, there are instances of negative effects such as conflicts between existing local small businesses and newer and often larger business entrants, and adverse influences on the social structure and values of the target communities (Bianchi and Ostale, 2006; Hernandez and Fugate, 2004; Mireles, 2005; Rapacki, 1995; Zinkhan et al., 1999). However, despite these negative sentiments, it seems that, large stores continue to grow in emerging economies (e.g., Alexander and de Lira e Silva, 2002; Alexander and Myers, 1999; Kearney, 2006; Maharajh and Heitmeyer, 2005). Further, in a recent editorial in the Journal of Business Research, Babin et al. (2006) state that "interest remains in just how a 'retailer' is represented in the mind of the consumer, and how this representation creates feelings differentiating one retail experience from another," (p. 1280) and identify international expansion as a key strategic decision in the retailing field. With these as impetus, this study investigates whether the growth of large retail stores in emerging economies is inevitable, when viewed from a consumer's perspective? In other words, do consumers in emerging economies inherently prefer larger retail stores?

While the phenomenon of why consumers select one store has been well researched in the developed market such as US (cf. Babin

et al., 1994; Carpenter and Moore, 2006; Ganesh et al., 2007; Gwinner et al., 1998; Guiry et al., 2006; Pan and Zinkhan, 2006; Sherman et al., 1997; Reynolds and Beatty, 1999) little attention has been given to investigation of retail choice and the factors that motivate such choices in the context of emerging markets. Some exceptions include retail patronage in China (Uncles and Kwok, 2009), unsuccessful international retailers in Chile (Bianchi, 2006), and case of Home Depot in Chile (Bianchi and Ostale, 2006), but none of them focus on why consumers select one store type over another. This study focus on one emerging economy—Mexico, and investigates whether Mexican consumers inherently prefer larger versus smaller stores, and why? The findings have serious managerial implications, especially for international retailing in general and cross boarder expansion of large retail stores within North America in particular (given the role of NAFTA). If the answer is more favorable towards larger retail stores then the course of action available to small retail stores owners is likely to be very different than if the answer is favorable towards smaller stores, in terms of retail positioning and strategic planning. The findings also have public policy implications for emerging markets. A review of the relevant literature and the related hypotheses is presented first, followed by the research method and results of the study, ending with the discussion, limitations, and implications of findings.

1. Literature review and hypotheses

Retail store features and attributes have been acknowledged as critical determinants of store patronage, especially within the US context (cf. Baker et al., 2002; Burke, 2002; Carpenter and Moore, 2006; Ganesh et al., 2007; Pan and Zinkhan, 2006; Sherman et al.,

* Corresponding author. Tel.: +1 940 565 3121; fax: +1 940 565 3837.

E-mail addresses: paswana@unt.edu (A. Paswan), msantarr@uclm.mx (M.D.S. Pineda), fsotoram@gmail.com (F.C.S. Ramirez).

¹ Tel./fax: +52 312 31 6 11 52.

² Tel.: +52 312 31 6 10 00.

1997). Sherman et al. (1997) focus on factors such as design, and ambient store environment, whereas Carpenter and Moore (2006) find attributes such as cleanliness, product selection, price competitiveness, and atmosphere to be key determinants of store format choice. Pan and Zinkhan (2006) in a meta-analytic study identify product quality, price, product selection and assortment, convenience, service quality, sales-personnel friendliness, store image, and store atmosphere as key determinants of patronage intention. These dimensions have also been labeled as functional or utilitarian benefits (Babin et al., 1994; Haws and Lumpkin, 1984; Pan and Zinkhan, 2006), and used by several researchers in different contexts (cf., Bellenger et al., 1977; Broadbridge and Calderwood, 2002; Burt and Carralero-Encinas, 2000; Ganesh et al., 2007; Lesser and Kamal, 1991; Zinkhan et al., 1999). This study focuses on the functional benefit (e.g., *merchandise selection and variety, convenience, prices, and time utility*) as one of the determinants of retail store type selection.

Others argue that the traditional utilitarian (i.e., pure functional benefits) explanation of shopping behavior may not be adequate and suggests that a strong motivation for consumers' shopping behavior may be hedonic in orientation (e.g., Arnold and Reynolds, 2003; Babin et al., 1994). Literature on rural and international retailing also acknowledges the intangible or psychological determinant of store choice (cf. Brennan and Lundsten, 2000; Broadbridge and Calderwood, 2002; Burt and Carralero-Encinas, 2000; Ganesh et al., 2007; Zinkhan et al., 1999). These studies identify several intangible dimensions that determine retail store selection—support for local environment, customer service, familiarity and comfort with shop owners and people working at the store, role enactment, and affiliation. This study focuses on two intangible dimensions—whether small or large stores support local economy, and familiarity with the small stores, its owners and workers.

Patronage behavior has been measured differently in the literature (cf. Carpenter and Moore, 2006; Ganesh et al., 2007; Pan and Zinkhan, 2006; Sherman et al., 1997). Examples include store choice, patronage intention, frequency of visit, time spent, number of items bought, shopping enjoyment, satisfaction, repeat purchase, money spent, and share of wallet have been suggested. Of these, *preference for store type* (affective dimension) and *share of wallet spent on small versus large stores* (effective dimension) are used as indicators of patronage behavior.

The literature on consumer assessment of retail store and store loyalty (cf. Carpenter and Moore, 2006; Chowdhury et al., 1998; Ganesh et al., 2007; Gilmore et al., 2001; Jones et al., 2006; Sherman et al., 1997) suggests a positive relation between consumer perception of retail store on various dimensions and retail store patronage. Pan and Zinkhan (2006) concluded similarly in their meta-analytic study of determinants of retail patronage. These suggest that, at the most basic level, consumers will choose a store type because it meets their functional needs, even in emerging markets. In addition, smaller retail stores may be selected by consumers, especially in emerging markets, because they feel these stores help the local community, and are familiar with the local store owners or workers. In fact, one could argue that local stores probably have an advantage over larger stores when it comes to familiarity, since the owners and employees are from the neighborhood. This is likely to be particularly true for smaller and close knit societies, and even more so when consumers are faced with a choice between old and familiar versus large national or international conglomerates with little anchoring in the locality, as is often the case in emerging economies. Large stores could also be seen as detrimental towards local economy and society (e.g., Brennan and Lundsten, 2000; Broadbridge and Calderwood, 2002; Goodno et al., 2004). Several communities, even in the US, have opposed the opening of large stores such as Wal-Mart (Editorial, 2003). On the other hand, larger stores hire locally and train their employees to provide friendly customer service such as Wal-Mart's famous greeters (Crosby et al., 1990; Berry and Gresham, 1986; Westbrook, 1981; Westbrook and Black, 1985). Large stores have also enjoyed an

advantageous position on the functional dimension such as—more extensive merchandise selection, economies of scale, competitive prices, and are often able to offer higher levels of convenience, quality, and time utility (Brennan and Lundsten, 2000; McAlister and Pessemier, 1982; Menon and Kahn, 1995). Thus, on the one hand, shopping at local stores is likely to be seen as an act of supporting one's local environment and economy, but on the other hand, larger stores may be associated with efficiency, better functional benefits, and more monies in terms of salaries to its employees. These findings are consistent with the arguments presented in the theory of reasoned action—attitude influences behavior through behavioral intention (Ajzen and Fishbein, 1980).

Finally, a significant number of studies acknowledge that consumer demographic variables may be associated with retail patronage (Pan and Zinkhan, 2006), however, little consensus exists about the exact nature of the relationship. Pan and Zinkhan (2006) found only gender as a key predictor of frequency of store visit—women visit the store more often than men. Other studies also found gender to be a major predictor of shopping behavior, with women playing a more significant role in retail shopping, especially in traditional societies (cf. Girard et al., 2003; Shoham and Brencic, 2003; Woodruffe, 1997). Gender also influenced the meaning and identity associated with shopping (cf. Guiry et al., 2006). Mexico is a traditional society and it would be reasonable to presume that women play a more active role in shopping. This study takes the stance that gender moderates the relationship between consumer's shopping motivation and retail patronage behavior—both their preference for small or large stores and their share of wallet spent on small or large stores. The proposed relationships between retail choice motivations (*functional benefits, support local economy, and familiarity*) and retail preference (*store type preference and share of wallet spent on small versus large store*) in the context of emerging market are presented as hypotheses in Table 1.

2. Method and analyses

This study focuses on Mexico, an emerging market heavily targeted by multinational firms, especially from USA (Braine, 2004; Hernandez

Table 1

Hypothesized relationships between retail choice motivations and retail type preference in emerging market.

H1: Functional motivation for shopping at small (local) retail stores will be positively associated with consumers' preference for shopping at small stores.
H2: Feeling of familiarity with small (local) retail stores (affective motivation) will be positively associated with consumers' preference for shopping at small stores.
H3: Feeling that shopping at small (local) stores helps local economy and community (affective motivation) will be positively associated with consumers' preference for shopping at small stores.
H4: Functional motivation for shopping at large stores will be negatively associated with consumers' preference for shopping at small stores.
H5: Feeling that shopping at large stores helps local economy and community (affective motivation) will be negatively associated with consumers' preference for shopping at small stores.
H6: Functional motivation for shopping at small (local) retail stores will be positively associated with consumers' share of wallet spent at small stores.
H7: Feeling of familiarity with small (local) retail stores (affective motivation) will be positively associated with consumers' share of wallet spent at small stores.
H8: Feeling that shopping at small (local) stores helps local economy and community (affective motivation) will be positively associated with consumers' share of wallet spent at small stores.
H9: Functional motivation for shopping at large stores will be negatively associated with consumers' share of wallet spent at small stores.
H10: Feeling that shopping at large stores helps local economy and community (affective motivation) will be negatively associated with consumers' share of wallet spent at small stores.
H11: Consumer's preference for shopping at small/large stores will be positively associated with Consumer's share of wallet spent at small stores.
H12: Gender will moderate the relationship between shopping motivation and preference for shopping at small stores.
H13: Gender will moderate the relationship between shopping motivations and share of wallet spent at small stores.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات