CHINESE CONSUMER'S EVALUATION OF MULTINATIONAL AND DOMESTIC DISCOUNT STORE IMAGE AND STORE SATISFACTION

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CHAPTER I

INTRODUCTION

The Chinese Economy and its Consumers

China transformed its centrally planned economy into a market-oriented one following the 1978 opening of China to the world trade arena. This transformation led to a remarkable growth in Gross Domestic Product (GDP). The GDP has grown an average of 9% annually over the past two decades (China Statistical Yearbook, 2006). Economists refer to China with its financial and manufacturing power as “Greater China” and it is reported that the “Great China” economy is currently the third largest marketplace for products and services behind the United States and Germany (World Development Report, 2007). China also accounts for the largest share of global growth in GDP in 2004 (Dauderstadt & Stetten, 2005). From 2000 to 2003, the growth of China’s global GDP and global imports was more than 30% and its share in worldwide growth in fixed investment amounted to 60% (Dauderstadt & Stetten, 2005). Fifty-three percent of the Chinese population is between 15 and 24 years old (World Development Report, 2007). As the world’s most populous country with a 1.29 billion population, four times that of the U.S. (China Statistic Yellow book, 2003), China is a marketing manager’s dream—a vast market, virtually untouched by consumer marketers, with an enormous number of young people. The growth of the consumer market in China has attracted multinational retailers, such as Wal-Mart and Carrefour to compete in the Chinese Market.

China with the largest population in the world, has seen its demographic in China change rapidly. Two generations are classified by Egri and Ralston (2004): the Social Reform generation (the young Chinese people born after 1967) and the Republican generation born before 1957 (the older Chinese people who lived and experienced the Cultural Revolution during 1967-1976). According to the Chinese Statistic Yearbook 2004, the total population of the Social Reform generation whose ages are from 20 to 39 is over 400 million or 33.4% of the total population in 2003. The Republican population whose ages are from 50 to 95 is more than 390 million or 29.9% of the total Chinese population. Together these two groups account for more than half of the total Chinese population.

While Chinese consumers' incomes are rising, most citizens remain too poor to purchase what they want. Despite the overall increase in household income, the average annual income rose 30% from 1997 to 2004, China's average yearly household income in 2004 was still less than $1,800 (Chinese Statistic Yearbook, 2004). The purchasing power of Chinese consumers is still very low compared to the consumers' purchasing power in developed countries. Discount retailers thus have a potentially lucrative market in China. The two largest multinational discount retailers-Wal-Mart and Carrefour are operating in China today.

Understanding Chinese consumers' cultural values is a big challenge for multinational retailers in China. The Social Reform generation and the Republican generation have been reported to have distinct value systems and behaviors based on their life experience (Egri & Ralston, 2004; Zhang & Shavitt, 2003). The Social Reform generation was exposed to the Western culture and became more westernized than any previous generation in the Chinese history (Zhang & Shavitt, 2003). In contrast, the Republican generation tends to be more oriented toward Chinese traditional culture. The cultural orientation of an individual impacts behavior decisions, particularly consumption behaviors (Egri & Ralston, 2004; Hofstede, 1991; Berry, Segall & Kagitcibasi, 1997). Consumer's cultural identification plays a role in influencing personal values, which in turn, may affect their attitudes and behavior in the context of discount store shopping.

Discount Stores in China

Globalization has become one of the most important trends within the retail industry. Many multinational discount retailers have succeeded in gaining market share in international markets with their well established retailing know-how and financial power. Carrefour, the second largest retailer in the world, launched in China in 1995 and Wal-Mart, the biggest retailer in the world, entered China in 1996. National Chinese discount stores are competing with these multinational discount retailers. In order to attract more Chinese consumers and increase market share, retailers try to develop a store image that caters to prospective Chinese consumers. An examination of Chinese consumers' perception of store image is a critical component of developing and formulating strategic growth plans.

Multinational and Domestic Discount Store Image in China

Store image is defined as the “personality” of the store by Martineau (1958). Additionally store image can be viewed as the overall attitude of the consumer toward the store (Steenkamp & Wedel, 1991). This suggests that consumer’s perception of store image can determine consumer attitudes and behaviors towards the retailers. Thus it is important for retailers to examine consumers’ perception of their store image. Researchers have found store image composed of merchandise, service, convenience, congestion and store atmosphere (Bearden, 1977; Doyle & Fenwick, 1974; Ghosh, 1990; Lindquist, 1974; Kim & Jin, 2001).

There have been store image research studies conducted in the United States (Kasulis & Lusch, 1981; Martineau, 1958; Oxenfeldt, 1974; Samli, 1998; Steenkamp & Wedel, 1991); and some have explored store image in China (Ettenson & Wagner, 1991; Hu, 2002). There is little research to investigate the relationship between consumer’s perception of store image and their cultural group in China (Ettenson & Wagner, 1991). Thus, investigating Chinese consumer’s perception of multinational and Chinese discount store image based on Chinese consumer’s cultural orientation contributes to the store image literature. Such understanding is significant to the discount store. It is important for the multinational retailers in China to strategically decide if they can continue to use the standardized store image which they have developed successfully in their home country to target Chinese consumers or how they need to adapt their store image for Chinese consumers.

Objectives of the Study

This project has three objectives.

1. To examine the Chinese consumers' evaluation of store image on five selected attributes for both multinational and domestic discount stores.

2. To examine Chinese consumers' perception of store satisfaction.

3. To examine the relationship between store image and store satisfaction.

Significance of the Study

This study's contribution is to provide both theoretical and practical information on Chinese consumer perceptions of discount retailers. Results can provide insights on whether multinational retailers should use store the image which they use successfully in their home country to target Chinese consumers or whether they need to adapt their store image to Chinese consumers.

The results of this study will also suggest practical managerial implications for developing successful store image strategies in the Chinese discount market. Understanding Chinese consumer's perceptions of store image will increase discount store's management knowledge of the discount retail market in China.

In addition, the relationship between store image and store satisfaction of Chinese consumers will be examined in this study. Consequently, the study will indicate the store image attributes which would be the most critical to the Chinese consumers' satisfaction.

Hypotheses

Egri and Ralston (2004) classified the Chinese people as members of the Social Reform generation (the young Chinese people) and the Republican generation (the older Chinese people who lived and experienced the 1967-1976 Cultural Revolution). An "open-door" policy after 1976 led to Western individualism cultural values having an increasing influence in Chinese business and education (Vohra, 2000). With more than half of the Chinese population represented in these two demographic groups, this research was initiated to examine differences in evaluation of store image and satisfaction for each group. China's emerging values represent a unique blend of individualism and collectivism (Boisot & Child, 1996). The rapid industrialization and modernization in China resulted in the Social Reform generation portraying more individualistic values than any previous Chinese age group. Store image which is described as consumers' overall attitudes could be impacted by consumers' individualistic or collectivistic cultural values (Tung, 1996). The Social Reform generation is the Chinese generation most exposed to western culture, and thus it was thought that this group would rate store image higher for the multinational discounter retailer than for the domestic retailer. The Republican generation, as older and possibly more traditional shoppers, was expected to be familiar and comfortable with the store image of the domestic discount stores. Thus we hypothesize the following:

H1a. There will be significantly higher store image scores for multinational than domestic discount stores among the Social Reform generation.

H1b. There will be significantly higher store image scores for domestic than multinational discount stores among the Republican generation.

Consumer's satisfaction with a store is viewed as the consumer's evaluation of whether the store meets his or her expectations. Store satisfaction in this study includes positive consumer shopping decision, experiences, service received, expectations and feelings about shopping at the store. The Social Reform generation, as the most exposed to western culture generation in China, was expected to be more satisfied with the multinational discount stores than the Chinese domestic discount stores. The Republican generation is older and potentially more conservative consumers with fewer years of their lives exposed to the western culture. Therefore it was expected that the Republican generation would be more satisfied with the Chinese domestic discount stores than the multinational discount stores. For these two groups, we hypothesized the following relative to store satisfaction:

H2a. There will be significantly higher store satisfaction scores for multinational than domestic discount stores among the Social Reform generation.

H2b. There will be significantly higher store satisfaction scores for domestic than multinational discount stores among the Republican generation.

Moreover, store image may be an antecedent of store satisfaction (Bloemer & Odekerken-Schroder, 2002). Chang and Tu (2005) found that store image was an antecedent of satisfaction for Taiwanese consumers. Thus, the final hypothesis addresses the anticipated relationship between store image and store satisfaction:

H3a: There will be a positive relationship between store image and store satisfaction for the Social Reform generation.

H3b: There will be a positive relationship between store image and store satisfaction for the Republican generation.

Limitations

1. The sample was from one city in China. The results may vary in different provinces and cities.
2. This study was limited to five store image attributes.
3. The store image scale developed for this research was not without limitations.

Assumption

Respondents are able to respond to the questions about a particular retailer accurately.

Definition of Terms

The following terms are used in this study.

1. Social Reform generation: The young Chinese people were born after 1967 and did not live and experience the Cultural Revolution during 1967-1976.
2. Republican generation: The older Chinese people born before 1957who lived and experienced the Cultural Revolution during 1967-1976.
3. Store image: The personality of the store as perceived by different consumers.
4. Store Satisfaction: Consumers' cumulative positive attitudes towards a retailer based on their overall evaluations.
5. Multinational Discount Store: a discount store operating in China owned by foreign company.
6. Chinese Domestic Discount Store: a discount store operating in China owned by a Chinese company.

CHAPTER II

REVIEW OF LITERATURE

Chinese Cultural Values of the Social Reform and Republican Generations

Chinese Traditional Cultural Values

Chinese values are known to embody a clear and consistent system throughout generations (Hsu, 1970; Kindle, 1983). It is very important for the majority of Chinese people to learn traditional Chinese cultural values in order to achieve status among intellectuals in Chinese society (Lin, 1935). However, it is the family and kinship relations, not the educational institutions, which are regarded as the original roots of strong teachings of Chinese heritage (Hsu, 1946; 1963; 1972). La Barre stated (1946, p. 375): "most or all of the emotional and cultural values of the individual person are derived from those of his family exclusively, and conditioned largely within the solidarity of one family setting only." Based on the family and a collectivist culture, the Chinese individual forms and continues Chinese traditional values from interpersonal relationships and social orientations (Oliver, 1995).

Traditional Chinese cultural values have begun to change. The change became more pronounced when the Chinese government opened the country to the outside world in 1979. At that time Western culture and thought poured into China. Chinese, especially the young Chinese generation, were exposed to the Western culture and became more westernized than any previous generation in Chinese history.

The Social Reform and Republican Generations in China

Although China's culture is based in collectivism, the entry of the Western culture in 1979 began a change in the cultural values in China. The Chinese have simultaneously the oldest and the youngest cultural values in the World: oldest because it has about 5000 years of history and youngest because of a history that made radical changes in the cultural values possible. The country's recent history has hastened change in cultural values.

China underwent a civil war from 1945-1949 resulting in the takeover of the government by the Communist party. The Communist party followed a Marxist-Lenin ideology which places the state and the Communist party above family and individual concerns (Landany, 1988). No connections to Western culture were permitted and private industry was changed into state-owned industry. The search for ideological purity was intensified during the Cultural Revolution of the Communist party (Bailey, 2001; Vohra, 2000). Efforts were directed to creating a class-less society valuing equality, conformity and self-sacrifice for the collective interest of the society (Landany, 1988). Following the death of Ma Zedong in 1976, the Cultural Revolution came to an end and Deng Hiao Peng took over leadership of the Communist party. He promoted an open door policy resulting in Western capitalistic thought influencing Chinese business and education (Tian, 1998).

Egri and Ralston in 2004 classified the Chinese people as either members of the Social Reform generation (born after 1976 that had not grown up in the midst of the Cultural Revolution) and the Republican generation (born before 1957 who had lived and experienced the Cultural Revolution of 1967-1976). In a study of cultural trends Lu and Alon (2004) found the educated Social Reform generation had more close contact with the Western culture than the Republican generation. Zhang and Shavitt (2003) examined the cultural values portrayed in the media targeted toward the Social Reform generation. They found the ads were more individualistic and oriented toward modernity than other advertising for the Chinese mass market.

An "open-door" policy led to Western individualism cultural values having increasing influence in Chinese business and education (Vohra, 2000). China's emerging values represent a unique blend of individualism and collectivism (Boisot & Child, 1996). It is important for a retailer operating in the Chinese market to not simply target a product or service niche but to understand the differences in store perception that may exist in the minds of the Social Reform generation and the Republican generation.

Multinational and Domestic Discount Store's Retail Strategy

Today, more than 70% of retailers on the fifty best retailers in the world list have already entered the Chinese market (Foreign commercial giants favor China's retail market, 2004). As the largest and second largest discount retailers in the world in terms of sales, Wal-Mart and Carrefour have strong brand recognition among Chinese consumers. Both names mean value, customer service and high ethics (Moon, 2005). Carrefour ranks as the number one discount retailer in the extremely competitive and mature European market and leads in nine of the twenty-nine countries in which it competes (Carrefour Annual Report 2006). Carrefour was created in 1959 and has been operating internationally since 1969. It has more than 12,574 stores including hypermarkets, supermarkets and hard discount formats (Carrefour Annual Report 2006). Moreover Carrefour innovated with the hypermarket format in France in 1963 where it introduced the idea of one stop shopping for food, clothing, electronics, appliances, etc. Wal-Mart, $344 billion in sales in 2006, is not only the world's largest retailer, but also the world's largest company in terms of total sales (Wal-Mart Annual Report 2006). In December 2006, Wal-Mart's international segment was comprised of wholly-owned operations in Argentina, Brazil, Canada, Puerto Rico and the United Kingdom. Wal-Mart has joint ventures in China and operates majority-owned subsidiaries in Central America, Japan and Mexico. It has over 4,400 stores, three quarters of which are in the USA (Wal-Mart Annual Report 2006). Wal-Mart entered the international retail market in 1991 with a store in Mexico (Wal-Mart Annual Report 2006).

Carrefour and Wal-Mart compete on a global scale, but their competitive advantages are completely different. Wal-Mart makes use of efficient logistics networks as well as global procurement to have low-price products. Carrefour has its own global logistic network; however, the core value of Carrefour is its highly internationalized management. French operated Carrefour has succeeded in exporting the hypermarket concept, which is well suited to the start-up and development phase in developing countries. Carrefour's use of an adaptable strategy on the store level has provided success in expanding into southern Europe, South America, Asia and increasingly in central and Eastern Europe (Colla & Dupuis, 2002).Carrefour's strategy is not centralized in contrast with Wal-Mart whose strategy has been to Americanize retailing around the world. In the same markets, Wal-Mart has displayed little adaptability in terms of its low-price strategy and logistics networking in different market conditions.

Carrefour began its Chinese operations by forming joint ventures in 1995. By the early 2000's, Carrefour had emerged as the largest foreign retailer in China. The store formats, location, and products were customized according to the local preferences, and the store managers were empowered to run the store according to the local requirements. As of September 2006, Carrefour operated in China through its 80 hypermarkets. Carrefour gained a head start by arriving in China early and by rapid expansion in its early years. As a result, China was Carrefour's sixth largest market with sales of over $1.5 billion in 2005. According to official statistics from the Ministry of Commerce, Carrefour is the most efficient and profitable hypermarket operator in China, with a nearly 12 billion yuan ($1.5 billion), compared with Wal-Mart's 6.2 billion yuan ($784.2 million) (Carrefour Annual Report 2006; Wal-Mart Annual Report 2006).

Although Carrefour entered China early and successfully, Wal-Mart came to China in 1996. The first Supercenter was opened in Shenzhen, Guangdong Province. Today, there are 78 units in 46 cities, with a total investment of over 1.7 billion yuan ($123 million).

In response to the entry of multinational discount retailers, Chinese discount retailers started to fight back. Chinese discount retailers have trimmed staff numbers to boost profitability, and have sought to improve management through observing the multinational retailer's management style. As the number one domestic discount retail store in sales volume in China, Lianhua hypermarket operates more than 2,259 supermarkets and hypermarkets with 12 billion yuan ($1.5 billion) in sales. As a partner of Carrefour in Shanghai, Lianhua has learned a lot from Carrefour in marketing, operating and human resources. Similar to Carrefour's store setting, the store design of Lianhua is a low flat building only a few stories tall, with wide and spacious floors.

In 1998, another fast-growing discount retail store chain, Hualian Gi Mai Seng, opened the first store at Peng Pu a shopping area located in Shanghai. Moreover Hualian Gi Mai Seng has grown rapidly into a strong force in the Shanghai discount retail business. Hualian Gi Mai Seng connotes "reliable" and "gratified" to all customers (Brief introduction to Hualian GMS shopping center co., Ltd, 2007). Currently, Hualian Gi Mai Seng has over 23 hypermarkets all over Shanghai, Jiangsu, Zhejiang, Anhui as well as the North-East part of China, with a nearly 35 billion yuan ($4.73 billion) in sale in 2003 (Brief introduction to Hualian GMS shopping center co., Ltd, 2007). Hualian Gi Mai Seng hypermarkets are located in the dense populated mid-class communities. Chinese discount retailers employ 'cross-merchandising' strategy and sell a great variety of traditional food and non-food merchandise and special events to increase customer appeal. They also exhibit particular sensitivity to seasonal changes in food items, awareness of gift giving seasons.

Compared to Wal-Mart and Carrefour, however, Lianhua's and Hualian Gi Mai Seng merchandise mix is narrow and consists of more Chinese traditional products. Carrefour and Wal-Mart's store layout and merchandise displays are generally viewed as more visually appealing and have a more western look, as they carry more imported products.

Multinational and domestic discount stores, such as Carrefour, Wal-Mart and Lianhua and Hualian Gi Mai Seng carry similar merchandise categories including apparel, electronics and food but each store differs in merchandise mix, service offerings, merchandise presentation and strategy. Thus, this study will investigate the difference which two demographic groups of Chinese consumers perceive between the specific elements of the multinational and domestic discount stores' image including merchandising, service, convenience, congestion and store atmosphere and positive consumer shopping decision, experiences, service received, expectations and feelings about shopping at the store.

Store Image

Definition of Store Image

Retail store research has focused on the study of store image as an academic area in recent decades (Kasulis & Lusch, 1981). Pierre Martineau was the first man to explore and explain store image. In the Harvard Business Review (1958), he described store image as a store's "personality" and "the way the store is defined in the shopper's mind". Martineau also suggested that the image or personality is conveyed "partly by its functional qualities and partly by an aura of psychological attributes" (1958, p.54). Oxenfeldt (1974), similar to Martineau (1958), suggested image as "a combination of factual and emotional material". This point of view reinforces the belief that many customers will hold opinions about the store based on functional features. These functional features include store characteristics such as product assortment, store layout, store location, price-value relationship, and other elements that consumers compare to competitors (Samli, 1998). The emotional features include customers' feeling about the store based on psychological attributes including consumer perceptions of store salespeople, store atmosphere, or decoration (Samli, 1998). The store's environment, display and ambience will tell its customer about the store as they enter the store. These cues must be up-to-par in terms of customer expectations. Store image is also composed of the different elements of the retail marketing mix as introduced by Ghosh (1990). Ghosh identifies eight elements based on the retail marketing mix location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs. A retailer has to make sure that they offer each of these elements to their customers' expectations. Nevertheless, other non-functional elements also have to be in line with the expectations of the customer in order for a customer to have a favorable store image and become store loyal.

In the special issue of the Journal of Retailing focusing on store image studies in 1974-1975, May said that "When a retailer embarks on image research, he usually discovers not only the dominant image of his own store but also that of his competitors. An image, he learns, is made up of many different things; some tangible some intangible, some measurable, some not measurable; some significant, some insignificant, some changeable, some unchangeable . . . the dimensions which shoppers consider important in one store may be less important to them in a competing store" (p.19).

It is clear that store image is a complex and extremely important concept to store owners. No store can be all things to all people. Therefore, it is impossible to expect that the store will project the same image across a variety of different market segments. A unique store image can complement an integrated marketing strategy and build a competitive advantage that is not easily followed by other retailers (Rosenbloom, 1983). A store's image is directly related to store patronage (Korgaonkar, Lunds, & Price, 1985; Stanley & Sewall, 1976), store loyalty (Bloemer & Ruyter, 1998; Lesig, 1973; Sirgy & Samli, 1989;) and store satisfaction (Bloemer & Ruyter, 1998). Consumers shop and purchase more from a retailer with a favorable store image.

Most of the research on store image has been done in the United States. There are some researchers exploring store image across the globe. Bloemer and Ruyter (1998) found that there are significant positive relationships between store image, store loyalty and satisfaction among German consumers. They found store image was the connection between the store and the shoppers. If the retailer wants to enhance the relationship between itself and the consumer, store image must be positive. Ettenson and Wagner (1991) also suggested, in their cross culture research on Chinese and American consumer behavior, that "the relationship between a retail store and the Chinese consumer is critical" (p.67). Cultural values, such as "face", were found to be related to the perception of store image in China (Ettenson & Wagner, 1991).

In summary, consumers form store image perceptions based on the store's functional and psychological attributes and their cultural values. It therefore becomes important to examine what dimensions of store image are most important to consumers.

The Key Dimensions of Store Image

Shoppers are found to have a primary affiliation to a "main store" that captures the majority of their purchases (Rhee & Bell, 2002). Research conducted by Woodside and Trappey (1992) identify an automatic cognitive processing of store attributes by consumers decision which will be their primary store. The study found that customers could quickly name a store when asked what store comes to mind for specific attributes such as “lowest overall prices”, “most convenient”, and so forth. Sirohi, McLaughlin, and Wittink (1998) emphasize that it is therefore important for retailers to systematically seek information on the retail patronage experience in order to build customer store loyalty. Multi-attribute models include the idea that the individual assigns important weights to each of several attributes and arrives at an overall evaluation on the basis of these weighted attributes. The process of being satisfied with a specific store is a combination of the store's image characteristics and the consumer's shopping patterns.

Lindquist (1974) identified nine attributes of store image in his investigation of nineteen store studies. These nine attributes include (1) merchandise, (2) service, (3) clientele, (4) physical facilities, (5) convenience, (6) promotion, (7) store atmosphere, (8) institutional factors, and (9) post transactions satisfaction. The nine categories and their descriptions are provided in the following chart.

Dimension	Description
Merchandise	There are five identifiable sub dimensions: quality, selection or assortment, styling or fashion, guarantees, and pricing. Merchandise itself means the goods and services offered by the retailer
Service	The areas included are general service, sales clerk service, presence of self-service, ease of merchandise return, delivery service, and credit policies.
Clientele	Social class appeal, self-image congruency, and store personnel are included as dimensions of this factor.
Physical facilities	Including in this dimension are elevators, lighting, air conditioning, and washrooms. It may also include store layout, aisle placement, identification of sections, carpeting, and architecture.
Convenience	Three key sub dimensions are identified: general convenience, location convenience, and parking.
Promotion	In this group are sale promotion, advertising, displays, coupons, symbols, and colors.
Store atmosphere	This is an intangible category. Included are congeniality, customers' feelings, and ambience.
Institutional factors	This is also an intangible category. It deals with reliability, reputation, and modernism.
Post-transaction satisfaction	Merchandise in use, returns and adjustments and respectability to complaints are all included in this category.

Source: Lindquist (1974), p. 37

Doyle and Fenwick (1974) outlined five attributes of store image: product, price, assortment, styling, and location. Bearden (1977) suggested the following seven store attributes: price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel.

Over the years, scholars have continued to explore components of store image. Westbrook and Black (1985) and Jarratt (1996) integrated the attributes of store image into a more structured framework. They argued that store image attributes are encompassed in three broad aspects of shopping: merchandise offered, shopping environment and service. Store image was refined into merchandise, atmosphere, appearance, convenience and service by Hartman and Spiro (2005) through a review of store attributes associated with the measurement of store image. The major underlying dimensions of store image in previous research are provided in the following chart.

Authors	Dimensions of store image
Lindquist (1974)	Merchandise, Service, Clientele, Physical Facilities, Convenience, Promotion, Store atmosphere, Institutional factors, and Post Transactions Satisfaction.
Doyle & Fenwick (1974)	Product, Price, Assortment, Styling, and Location
Bearden (1977)	Merchandise, Assortment, Atmosphere, Location, Parking Facilities and Friendly Personnel
Kim & Jin (2001)	Facility Convenience, Service Convenience, Congestion, Clean and Spacious Atmosphere and Price Competitiveness
Hartman & Spiro (2005)	Merchandise, Atmosphere, Appearance, Convenience and Service

Only a few investigative research projects about store image attributes have been done in the international retail market. Consumers with different cultural values might value different store image attributes. Shim and Eastlick (1998) investigated the role personal values play in Hispanic consumers' patronage of regional shopping malls and found that ethnic identification influences attitude and shopping behavior toward the retailer. In research on consumer and retailer perceptions of UK fashion stores, Birtwistle, Clarke and Freathy (1998) found that consumers regarded price as the most important attribute and store layout was the least important store attribute in deciding where to shop. Korean consumers evaluated customer service as being more important than other store attributes when they evaluated discount stores (Kim & Jin, 2001).

Etteson and Wagner (1991) reported that merchandise quality was the most important aspect of store image for Chinese consumers.

The literature review of the common attributes of store image found merchandise, convenience, service, congestion and store atmosphere frequently used as measures of store image. These five attributes are the focus of this present study.

The Measurement of Store Image

Traditionally, two research methodologies have been used in store image studies. The first method employs direct questioning of shoppers regarding the relative evaluation of pre-specified store image attributes by asking shoppers to evaluate a set of stores in terms of given functional properties (e.g., store layout, price, product variety), and emotional (e.g., store social status and atmosphere) characteristics using some form of semantic differential scales (Kelley & Stephenson, 1967; Mindak, 1961). The second method solicits store descriptions using unstructured instruments by collecting information from shoppers on a free response basis concerning what they like or dislike about particular stores. Such descriptions are later subjected to content analysis, and frequently a matrix is developed of their associations with stores (Jain & Etgar, 1976-1977; Reardon, Miller, & Coe, 1995).

The method of collecting data using a free response measurement from respondents may lead to bias in judging store image (Zimmer & Golden, 1988). Direct questions are used in most research on store image with anchor words describing store attributes (Donovan & Rossiter, 1982; Marcus, 1972; Pathak, Crissy, & Sweitzer, 1974), although it is suggested by other researchers that store image should be measured by using open-ended elicitation techniques and not impose structure on the respondent through language or dimensions (Jain & Etgar, 1976; Singson, 1975). This may reduce errors of omission on the part of the researcher and capture a more robust picture of the image of a store. Open-ended measurement is hard to use because the results may be difficult to code and interpret, and statistically analyze (Reardon, Miller, & Coe, 1995). Above all, it is easier to code and interpret, and statistically analyze by using direct questioning than open-end questions in the survey was one reason to choose this method. Moreover, using open-ended elicitation techniques might leads to bias in the study. To reduce the bias and capture a more robust picture of the image of a discount store, the method of direct questioning of shoppers regarding specific store image attributes and personal information was used in this study.

The majority of store image studies measure consumer's overall perception of the store image rather than specific attributes when they explore image. Store image is frequently measured in conjunction with specific purchase behavior contexts or specific store and service attributes. Marcus (1972) examined image variation across stores within a chain, and Oppewal and Timmermans (1997) explored management perceptions of store image. Other research has compared management or corporate views of image with customer views, highlighting the "gap" in perceptions which often exists (Birtwistle, Clarke, & Freathy, 1999; Keaveney & Hunt, 1992; McClure & Ryan, 1968; Pathak, Crissy, & Sweitzer, 1974; Samli & Lincoln, 1989). Given the potential for misinterpretation of image arising from cultural and behavioral differences in international markets, one might expect these potential problems of differentiation to be amplified when entering a foreign market.

Consumer Satisfaction

Definition of Consumer Satisfaction

Consumer's satisfaction is defined by Engel (1990, p. 481) as: "The outcome of the subjective evaluation that the chosen alternative meets or exceeds expectations." Tse and Wilton (1988) explained satisfaction as the consumer's response to the evaluation of the perception of the differences between prior expectation and actual performance. Caruana (2002) defines consumer satisfaction as "a post purchase, global affective summary response, occurring when customers are questioned and undertaken relative to the retail services offered by competitors" (p. 816).

Satisfaction is labeled as the consequence of the confirmation or exceeding of expectations, which means that the perceived performance is equal to or better than the expected outcome (Churchill & Surprenant, 1982; Olshavsky & Miller, 1972). Oliver (1980) explained consumer satisfaction as a two-stage process. In the first stage, the consumers evaluate the store with their personal expectation. In the second stage, the consumers compare store experiences among the stores they have shopping experience with.

Key Determinants of Consumer Satisfaction

Expectation is one important element of consumer satisfaction (Parasuraman, Zeithaml, & Berry, 1988). Therefore the consumer's expectation of a store is extremely critical to the retailer. Churchill and Surprenant (1982) found that consumer satisfaction resulted from purchasing and using a certain product, which was to compare the expected reward and the actual cost of the purchase by a consumer. Parasuraman, Zeithaml, and Berry (1994) suggested that, service quality, product quality, and price all influence satisfaction. Voss, Parasuraman, and Grewal (1998) indicated satisfaction results from the function of price, expectation, and performance. Perception of positive consumer shopping decision, experiences, service received, and expectations about shopping at the store are critical components of consumer satisfaction (Churchill & Surprenant, 1982; Parasuraman, Zeithaml, & Berry, 1988; Voss, Parasuraman, & Grewal, 1998).

Store Image and Consumer Satisfaction

Bloemer and Ruyter (1998) found empirical evidence for the positive relationship between store image and satisfaction. Based on the relationship between consumers and retailers, Chang and Tu (2005) found store image as a situation antecedent of satisfaction. In research of the relationships among store image, store satisfaction and store loyalty among Korean discount retail customers, Koo (2003) found that there is a positive direct relationship between store image and store satisfaction. Na Marshall, and Keller (1999) found that satisfaction is also related to and influenced by images that indicate consumer attitudes can be one of the determinants of the relationship between store image and satisfaction.

Other considerable conceptual and empirical evidence supports that consumers shop at the stores where they can maximize their satisfaction considering both retail attributes and shopping costs. Consumers' perceptions of retail store attributes during the customer’s shopping experience were found to influence shopping satisfaction (Ingene, 1984; May, 1989). A pleasant shopping atmosphere positively affects the shopping time and the money that customers spend in a store, as well as the emotion of shopping (Ingene, 1984). May (1989) found that prestige of appealing displays can lead shoppers to expend the time and effort required to travel to more distant stores.

With previous research supporting a positive relationship between store image and store satisfaction, the current study moves forward to study this relationship in two distinct cultural generations in the Chinese market.

CHAPTER III

METHODOLOGY

This chapter describes in detail the methods and procedures used to conduct this study. First the sample is described. The instrument development is outlined later.

Sample

As one of the biggest and fastest developing cities in China, Shanghai was the research site. Two demographically distinct consumer samples from Shanghai, China were used in this study. Respondents born before 1957 represented the Republican generation and those born after 1967 represented the Social Reform generation (Egri & Ralston, 2004). The Social Reform generation sample was taken from students enrolled at College of Food Science and Technology in Shanghai Fisheries University. The Republican generation sample consisted of adults living in the Linyi Residential Area in Shanghai. The Linyi Residential Area is a typical middle class community in Shanghai, representing a consumer market discount stores would like to target.

Survey Instrument Design

The review of literature guided the theoretical framework of this study of consumer perceptions of store image. Data were collected using a questionnaire developed from previous research and adjusted to fit the needs of the study. The questionnaire has seven sections. The first section provided names of two national discount retailers and two multinational discount retailers operating in Shanghai. Wal-Mart and Carrefour are the largest and second largest discount retailers in the world, while Century Lian Hua and Hualian Ji Mai Seng are the oldest and highest sales volume Chinese discount stores in China (Dyer & Guerrera, 2006). All of the four discount retail stores carry similar merchandise categories including apparel, electronics and food. Thus Wal-Mart and Carrefour represented multinational discount stores in Shanghai and Century Lian Hua and Hualian Ji Mai Seng represented Chinese domestic discount stores in this research.

The respondent was asked to select the one retailer at which they shopped most frequently. In the following six sections, the respondent was asked to respond to the questionnaire keeping that discount retailer's name in mind. Respondents indicated frequency of shopping, average amount spent in a shopping trip and an open ended question about why they shopped at the selected store in the second, third and fourth sections. Beginning with the fourth section, respondents were asked about five components of store image attributes: merchandise, service, convenience, congestion and store atmosphere.

The first construct, merchandise is a component of store image representing "goods and service offered by the retailer" (Lindquist, 1974). Five items were used to measure this construct.

Service was defined as the general service offered by the retailer. Three items were used to assess the perception of service aspects of store image. Convenience in this study was measured using previously tested items of payment method, location, bus service schedule, transportation and opening hours offered by the retailer. Five items were used for this construct. Congestion was measured using two items.

Store atmosphere included cleanness of the store, store display, customers' feelings, and ambience aspects of store image in this study (Lindquist, 1974-1975). Four items from previous studies were used to assess this construct. Five questions measured the construct of store satisfaction. All items were measured on a five-point Likert scale (1=strongly disagree, 5=strongly agree).

Lastly, demographic information on age, gender, marital status, education earned, and household monthly income were collected. Table 1 provides items used to measure store attributes and consumer satisfaction and the previous research used to develop the questionnaire.

Table 1. Items Retained for the Survey Instrument

Attributes	Item wording	Source
Merchandise	• The apparel products in this store are of good quality.	Dodds, Monroe & Greweal (1991)
	• There is a wide choice of apparel products.	Ettenson & Wagner (1991)
	• The price is reasonable for the value. • The apparel products in this store are of fashionable.	Kim & Jin (2001)
	• There is a wide choice of Chinese traditional food. • Many merchandise items carried in this store are imported.	Developed by researchers
Service	• The salespeople are pleasant.	Ettenson & Wagner (1991)
	• This store has an easy return policy.	Kim & Jin (2001)
	• The salespeople are helpful.	Joyce & Lambert (1996)
Convenience	• Transportation is convenient to get to the store from home.	Bloemer & Odekerken-Schroder (2002)
	• The location of the store is convenient for you.	Ettenson & Wagner (1991)
	• It offers convenient time schedules for shuttle bus service. • It is convenient because it accepts credit cards for payment.	Kim & Jin (2001)
	• The store offers convenient hours for my shopping.	Marks (1976)
Congestion	• It is too crowded with people. • It takes too much time to be checked out.	Kim & Jin (2001)
Store Atmosphere	• Merchandise is spaciously and well arranged. • The store is neat. • It is a pleasant place to shop in.	Kim & Jin (2001)
	• Merchandise is displayed in a pleasing manner.	Hu (2002)
Consumer Satisfaction	• I am satisfied with my decision to purchase products at this store.	Koo (2003)
	• I am satisfied with my shopping experiences in this store.	Seiders, Voss, Grewal & Godfrey (2005)
	• I am satisfied with the personalized service I receive from this store.	Hu (2002)
	• This store meets my expectations. • After shopping at this store, I feel like I did the right thing in shopping at this store.	Bloemer & Odekerken-Schroder (2002)

Back Translation of the Chinese Version of the Questionnaire

The questionnaire was first developed in English. The questionnaire was then translated into Chinese by a bilingual student. A bilingual faculty member in the U.S.A. was consulted to check for discrepancies and to assess the equivalence of the meanings between the Chinese translation and English version of the questionnaire. Revisions were made based upon this assessment. Both the bilingual student and faculty who participated in this stage of translation were Chinese who have lived and worked in the U.S. for at least three years.

Data Collection

This data was collected with the assistance of collaborators in China who were informed about the purpose of the study and the content of the survey. One collaborator was associated with the university; one resided in the residential area. All completed questionnaires were returned to the researchers in the U.S.A for analysis. The participants in the residential area were pre-notified about the survey before data collection.

The Chinese collaborators distributed questionnaires in China in a one week time frame. The university collaborator obtained the professor's permission to visit a class on food safety and the students were asked to fill out the survey during the class period. The Chinese students finished the survey within 15 minutes and then they return the questionnaires to the university collaborator. The sample from the Linyi Residential Area in Shanghai received their questionnaire from the collaborator in door to door distribution. Questionnaires were collected after one week.

Initially 326 questionnaires were distributed and 155 questionnaires were returned. This is a 47.5 percent return rate. Ten questionnaires were discarded because the respondents were not born before 1957 or after 1967 and thus did not fit our definition of the Social Reform or Republican generation. Two questionnaires in the University student sample were deleted because they did not fit in the definition of Social Reform generation in this research. Four questionnaires in the Linyi residential area sample were deleted because they did not fit in the definition of Republican generation in this research. Five questionnaires were deleted as there were up to ten unanswered questions. 134 usable questionnaires were used in data analysis representing 41.1% of those initially distributed. Eighty-seven questionnaires were obtained from the university and forty-seven from the residential area in Shanghai.

CHAPTER IV

FINDINGS

This section describes the sample and the data analysis procedures that were used to test the hypotheses. Responses were analyzed separately for the Social Reform and Republican generation.

Characteristics of the Sample

Table 2 presents the demographic characteristics, shopping reasons, frequencies and average amount spent at the four retailers in the study. Eighty-seven respondents were classified as members of the Social Reform generation and forty-seven respondents were classified as members of the Republican generation. Overall fifty-eight respondents from the sample shopped at a domestic discount retailer and seventy-six respondents reported shopping most often at a multinational discount retailer. Forty-seven percent of the Social Reform generation shopped at a domestic discount retailer and fifty-three percent shopped at a multinational discount retailer. Sixty-four percent of the Republican generation shopped at a multinational retailer and only thirty-six percent shopped at a domestic discount retailer. Fifty-eight percent of the respondents stated that close to home was the reason why they shopped at a specific store. Sixty-one percent of the respondents were females. Sixty-five percent of the respondents in the total sample were classified as members of the Social Reform generation with thirty-five percent classified as Republican generation

Table 2. Sample Characteristics

n=134

		Frequency	%
Most Frequently visited Retailer	Century Lianhua Hypermarket	39	29.1
	Hualian Ji Mai Sheng Hypermarket	19	14.2
	Carrefour Hypermarket	37	27.6
	Wal-Mart Supercenter	39	29.1
Shopping Frequency	Everyday	6	4.5
	Once a week	68	50.7
	Twice a week	18	13.4
	Once a month	42	31.3
Average Amount Spent in a Shopping Trip	0-$7	14	10.4
	$ 8-13	30	22.4
	$ 14-27	68	50.7
	$ 28-54	18	13.4
	$ 55 and above	4	3.0
Reasons for Shopping at a Specific Store	Convenient	21	15.7
	Close to home	78	58.2
	Having wide choice of merchandise	5	3.7
	The price is reasonable for the value	11	8.2
	Having a good shopping atmosphere	4	3.0
	The store is neat	4	3.0
	The store is spacious	3	2.2
	Enjoy shopping in this store	3	2.2
	The store is reliable	3	2.2
	The store offers shuttle bus service	1	0.7
Gender	Male	52	38.8
	Female	82	61.2
Generation	The Social Reform Generation	87	64.9
	The Republican Generation	57	35.1
Marital Status	Married	48	35.8
	Single	82	61.2
Education	High school or less	33	24.6
	I am currently in college	43	32.1
	Assoc. or 3-yr. college degree	10	7.5
	Bachelor's degree	39	29.1
	Professional degree (e.g. MD, DDS, JD)	5	3.7
	Doctoral degree (e.g. PhD, EdD)	3	2.2
Household's Monthly Income	Less than $268.00	13	9.7
	$268.00 to $533.86	64	47.8
	$534 to $ 803.86	38	28.4
	$ 804 to $ 1,399.86	16	11.9
	$ 1,340.00 to $ 2,679.86	3	2.2

Table 3 presents store choice for the two demographic groups. Century Lianhua Hypermarket was the most frequently shopped retailer among the Social Reform generation and the least frequently shopped retailer for the Republican generation (see the Table 3). The Republican generation shopped at Wal-Mart most frequently. The Social Reform generation reported Hualian Ji Mai Seng was the least frequently shopped retailer.

Table 3. Number of Respondents by Generation and Store Most Frequently Shopped

	Social Reform Generation	Republican Generation
Century Lianhua Hypermarket	35	4
Huanlian Ji Mai Seng Hypermarket	6	13
Carrefour Hypermarket	28	9
Wal-Mart Supercenter	18	21
TOTAL	87	47

Evaluation of Store Image Measures

This study focused on five store image constructs: merchandise, service, convenience, congestion, and store atmosphere. The five store image constructs and the store satisfaction constructs are provided on Table 4 with the Cronbach's alpha for each of the constructs. In Table 4, congestion had the lowest Cronbach's α value (α=0.63) and consumer satisfaction was found with the highest Cronbach's α value (α=0.83).

Table 4. Reliability Coefficients for Store Image Attributes and Consumer Satisfaction.

Item description	Cronbach's α
Store Image	
Merchandise	0.79
There is a wide choice of apparel products.	
There is a wide choice of Chinese traditional food.	
Many merchandise items carried in this store are imported.	
The price is reasonable for the value.	
The apparel products in this store are of good quality.	
The apparel products in this store are fashionable.	
Service	0.67
The salespeople are pleasant.	
The salespeople are helpful.	
This store has an easy return policy.	
Convenience	0.77
It is convenient because it accepts credit cards for payment.	
The location of the store is convenient for me.	
It offers convenient time schedules for shuttle bus service.	
Transportation is convenient to get to the store from my home.	
The store offers convenient hours for my shopping.	
Congestion	0.63
It is too crowded with people.	
It takes too much time to be checked out.	
Store Atmosphere	0.72
The store is neat.	
It is a pleasant place to shop in.	
Merchandise is displayed in a pleasing manner.	
Merchandise is spaciously and well arranged.	
Consumer Satisfaction	0.83
I am satisfied with my decision to purchase products at this store.	
I am satisfied with my shopping experiences in this store.	
I am satisfied with the personalized service I receive from this store.	
This store meets my expectations.	
After shopping at this store, I feel like I did the right thing in shopping at this store.	

Hypotheses Testing

Independent Samples *t*-tests using SPSS 14.0 were conducted to test hypotheses 1a and b. Hypothesis 1a examined the differences in the Social Reform generation's perceptions of store image between the Chinese domestic and multinational discount retail stores. The store image mean scores were calculated by summing up all the store image attributes items and then divided by the total numbers of items. The *t*-test results indicate no significant difference in overall store image perceptions between Chinese domestic discount retail stores and the multinational discount stores for the Social Reform generation (*t*-value=1.10, *p*=0.30) (see Table 5). The mean score of store image for the Social Reform generation is 3.30. Hypothesis 1a was not supported.

Hypothesis 1b examined the differences in the Republican generation's perceptions of store image between the Chinese domestic and multinational discount stores. T-tests were employed for store image attributes factors (see Table 5). There are no significant differences in overall perceived store image between Chinese domestic discount stores and the multinational stores for the Republican generation (*t*-value=0.03, *p*=0.88), thus hypothesis 1b was rejected. The mean score of store image for the Republican generation is 3.25.

Table 5. *t*-values for Store Image (n=134)

	The Social Reform Generation	The Republican Generation
Chinese Domestic Discount Stores	3.27	3.27
Multinational Discount Stores	3.32	3.24
Overall	3.30	3.25
t-value	1.10	0.03

Store image score for complete sample =3.28

Independent Samples *t*-tests using SPSS 14.0 was conducted to test hypotheses 2a and b. The store satisfaction mean scores were calculated by summing up all the store image attributes items and then divided by the total numbers of items. Hypothesis 2a examined differences regarding the Social Reform generation's shopping satisfaction between multinational and Chinese domestic discount stores. Results indicate no significant difference in store satisfaction between Chinese domestic discount stores and the multinational discount stores among the Social Reform generation (t-value=2.07, p=0.15) (see Table 6) was indicated. Hypothesis 2a was therefore not supported.

Hypothesis 2b examined differences regarding the Republican generation's shopping satisfaction between multinational and Chinese domestic discount stores. The *t*-tests shows that there is no significant difference in store satisfaction factors between Chinese domestic discount stores and the multinational discount stores among the Republican generation (t-value=0.46, p=0.50) (see Table 6). Thus hypothesis 2b was not supported.

Table 6. *t*-values for Store Satisfaction (n=134)

	The Social Reform Generation	The Republican Generation
Chinese Domestic Discount Stores	3.17	3.44
Multinational Discount Stores	3.35	3.49
Overall	3.26	3.47
t-value	2.07	0.46

Store satisfaction score for complete sample=3.34

Mean scores on the five components of store image for both generations and by store type were computed and the results are presented in Table 7.

Table 7. Social Reform and Republican generations Mean Store Image Attribute Scores for Chinese Domestic and Multinational Discount Stores for the (n=134)

	Total Sample	The Social Reform Generation	The Republican Generation	Chinese Domestic Discount Stores	Multinational Discount Stores
Merchandise	3.02	3.04	2.99	3.06	2.99
Service	3.27	3.24	3.33	3.26	3.29
Convenience	3.59	3.65	3.48	3.61	3.57
Congestion	3.03	3.16	2.79	3.02	3.04
Store Atmosphere	3.44	3.42	3.48	3.46	3.42
Composite Store Image	3.28	3.30	3.25	3.28	3.29

Table 8 provides mean scores of satisfaction and overall store image for both generations and all four discount stores.

Table 8. Mean Scores for Store Image and Store Satisfaction (n=134)

	Mean Store Image			Mean Store Satisfaction		
	Total	Republican Generation	Social Reform Generation	Total	Republican Generation	Social Reform Generation
Domestic Discount Stores						
Century Lianhua Hypermarket	39	3.56	3.31	39	3.80	3.21
Hualian Ji Mai Seng Hypermarket	19	3.14	3.09	19	3.32	2.97
Combined means for Domestic Discount Stores	58	3.28	3.20	58	3.44	3.18
Multinational Discount Stores						
Carrefour Hypermarket	37	3.27	3.40	37	3.71	3.51
Wal-Mart Supercenter	39	3.22	3.15	39	3.39	3.11
Combined means for Multinational Discount Stores	76	3.24	3.32	76	3.49	3.35

Linear regression analysis was used to test hypotheses 3a and b. Hypotheses 3a examined the relationship between store image and store satisfaction among the Social Reform generation. Results of this analysis are provided on Table 9. The statistically significant linear regression analysis $F(1, 78)=80.93$, $p<.001$ show that there is a positive relationship between store image and store satisfaction for the Social Reform generation. Therefore hypothesis 3a was supported.

Hypothesis 3b examined the relationship between store image and store satisfaction among the Republican generation. The linear regression analysis $F(1, 39)=9.70$, $p<.005$ show that there is a statistically significant positive relationship between store image and store satisfaction for the Republican generation. Table 9 provides results of the linear regression analysis. Therefore hypothesis 3b is supported.

Table 9. Regression Analysis for Store Image on Store Satisfaction (n=134)

Independent Variable	The Social Reform Generation			The Republican Generation		
	B	SEB	β	B	SEB	β
	0.98	0.11	0.71	0.51	0.16	0.45

R^2=0.51; $F(1, 78)$=80.93, the Social Reform Generation
R^2=0.20; $F(1, 39)$=9.70, the Republican Generation
*P<0.05

CHAPTER V

CONCLUSION

This chapter discusses the findings, academic and managerial implications of the study. The limitations and implications of these issues for future research are also discussed.

The current study examined Chinese consumers' evaluation of multinational and domestic discount stores on selected store attributes of store image and consumer satisfaction with the store. Analysis of 134 responses found that store image is positively related to store satisfaction for both the Social Reform and Republican generations. These two demographic groups, however, do not perceive store image or reported shopping satisfaction to be significantly different between the Chinese domestic discount retailer and the multinational discount retailer.

Discussion of Findings

A positive store image has been identified as one of the important determinants of economic success in retailing (Jacoby & Mazursky, 1984). Store image is the link to consumer store choice (Doyle & Fenwick, 1974). Noting the importance of the store image, this study attempts to examine the differences between Chinese Social Reform and Republican generations' evaluation of multinational and domestic discount stores on five selected store image attributes and investigates store image as a possible predictor of store satisfaction among the Social Reform and Republican generation. Through examining the two generation's evaluation of multinational and domestic discount stores on selected store image attributes, it was found that both demographic groups evaluated multinational and domestic discount stores image similarly. The mean score of store image for the Social Reform generation was 3.30 and for the Republican generation it was 3.25 (see Table 5). When examined by store type the Social Reform generation evaluated the store image of domestic discount retailers 3.27 and the multinational discount retailers 3.32. It had been anticipated that the mean for store image would be higher for the multinational discount retailers among the Social Reform generation as they are the generation more exposed to western culture that any previous Chinese generation. While the mean store image score was higher for the multinational discount store than for the domestic discount stores the scores were not statistically different. The Republican generation evaluated the store image of domestic discount retailers 3.27 and the multinational retailers 3.24. The Republican generation, as older and possibly more traditional shoppers, did evaluate the store image higher for domestic discount retailers as anticipated. Although the scores were in the direction anticipated they were not statistically different. One explanation for both generations not viewing the multinational discount stores and Chinese domestic discount stores differently is perhaps due to the joint venture nature of the multinational retailer's entry into the Chinese market. The multinational retailers entering China as a joint venture gave the Chinese domestic retailers the chance to learn from the multinational organizations. Therefore, Chinese domestic retailers' store image was developed to be similar to the multinational discount retailers. Chinese domestic discounter retailers appear to have been successful in their efforts to compete with the multinational domestic discounter retailers. Consequently, the multinational domestic retailers should recognize that the competitive advantage in store image they used to initially have may be diminishing.

Next, we examined the mean scores to specific store image attributes for each of the two generations. Among the five selected store image attributes, convenience had the highest mean score response for The Social Reform generation and was rated 3.48, the highest rating for the Republican generation, the same rating given to store atmosphere. With the tremendous growth Shanghai is experiencing this is not surprising. Street congestion and public transportation find the Chinese consumers seeking to shop close to where they live. Research conducted 16 years ago by Etteson and Wagner (1991) reported that merchandise quality was the most important aspect of store image for Chinese consumers, however, in 1991 there were few discount stores in China so Etteson and Wagner's research was not conducted in discount stores. In the present research, fifty-seven percent of respondents stated that "close to home" was the reason that they chose the specific store helping to explain why convenience was rated highest among five store image attributes constructs in this study. With the development of the Chinese economy, there is more competition in the workforce for job and work day is lengthening. This increase in the length of the work day might account for the change in importance of store image attributes from merchandise to convenience in recent years. The lowest mean score to a store image attribute among the Social Reform generation was for the merchandise (mean=3.04) (see Table 7). This low mean score may reflect discernment for merchandise characteristics by the Social Reform generation and their exposure to the

Western culture. For the Republican generation, the lowest mean score measured congestion (mean=2.79) (see Table 7). The congestion variables were related to crowded space in the stores and time taken to complete the check out process. The fact that congestion received the lowest evaluation among this older generation might be related to the consumer's age. As the Republican generation gets older, they might need more space and a feeling of relaxation when they shop. The stores might need to widen aisles and provide more check out facilities attract more Republican generation consumers.

Contrary to this study's prediction, our results indicted that the Chinese consumers' satisfaction does not differ between multinational and domestic discount stores for either the Social Reform or the Republican generation. Satisfaction as evaluated in this research included consumer shopping decisions, experiences, service received, expectations and feelings about shopping in the store. These processes and evaluations may not differentiate the multinational discount stores from Chinese domestic discount stores or vary by respondents generation. The important role of store image relevant to store satisfaction suggested in our study supports the previous studies on the relationship between store image and store satisfaction (Bloemer & Ruyter, 1998; Koo, 2003). For both the Social Reform and Republican generation, a high score on store image correlates with their satisfaction of a discount store whether it is a multinational or domestic discount store. Bloemer and Ruyter (1998) found that consumers' expectations were confirmed when store perceptions met expectations, consequently consumers' confirmed expectation would be likely to result in consumer satisfaction. Thus when Chinese consumers' perceptions of discount store image meet their expectation, they would be satisfied by the store. Through examining mean score to store image attributes, the

Republican generation reported a lower store image mean score (mean=3.25) (see Table 5) than the Social Reform generation did (mean=3.30). The Republican generation's background might explain this result. From their experiences during the Cultural Revolution and centrally-planned economy, the Republican generation was accustomed to take care of their children, parents, sisters and brothers under a bad economic environment. This makes them have more life experiences and knowledge than the Social Reform generation do. Thus the Republican generation might have higher expectations for the retail store than the Social Reform generation.

Store image was examined as a possible predictor of store satisfaction for both the Social Reform and the Republican generation. Previous work found that store image was an antecedent of satisfaction for both demographic generations (Chang & Tu, 2005). Our study supports these findings. A discount store which has a positive store image can make both Social Reform and Republican generation consumers more satisfied with a store.

Academic Implications

This study responds to one fundamental question in Chinese retailing: Do consumers from different generations perceive multinational and Chinese domestic discount stores differently? The answer to this question will expand our knowledge of store image formation, given most existing studies on store image have been conducted in the U.S. and Europe, with little reference to store image in China. If such international research is not performed, then both researchers and practitioners will work under the assumption that store image is perceived in the same way everywhere in the world. This study sheds some light on these issues by comparing two different Chinese consumer demographic groups, the Social Reform generation and Republican generation.

This study suggests that respondents in both generations perceive multinational and Chinese domestic overall store image similarly. In addition, this study not only examines Chinese consumer's perception of store image but also provides empirical evidence of the relationship of store image on consumer's store satisfaction. While a number of existing studies suggested store image as an antecedents of store satisfaction in the U.S.A. (Bloemer & Ruyter, 1998; Koo, 2003), there was limited empirical support for the argument across the globe. Therefore, this research contributed to the existing literature through investigating if the positive relationship between store image and store satisfaction may also be true for different countries and cultures.

Managerial Implications

The Social Reform and Republican generation's perception of multinational and domestic discount store image provides valuable insights for discount retailers. With these results, retailers can better understand Chinese consumers' needs and wants which may lead to increased discount retailing success in China markets today.

The findings from this study present a picture of the Republican generation consumers rating service and store atmosphere constructs of store image more highly than did the Social Reform generation consumers. The Republican generation felt less positive about store image attributes of merchandise, convenience and congestion than did the Social Reform generation. Thus, retailers employing store image research in China should be mindful of generation-related perception of varying consumers which could affect the findings of their research. Consumers should be studied in an appropriate generational context if effective interpretation of their perceptions of store image is to be accomplished. In addition, retailers need to consider the managerial importance of these findings. The Republican generation consumers, and the mature market, are likely to spend more money in a shopping trip on average, go more frequently to the specific discount stores than the Social Reform generation. In the present research, fifty-seven percent of respondents stated that “close to home” was the reason that they chose the specific store, so convenient store location should be considered a key determinant for the both generations to choose the discount retailers they shop in. A location close to the consumers might increase both Social Reform and Republican generation’s store choice and shopping frequency. The Social Reform generation might evaluate the store's image more positively if the discount store has a wide choice of merchandise.

Ignoring these differences in life stages might lead consumers to more negative evaluations of stores. Thus, it is critical for both multinational and domestic retailers to strategically plan to enhance their store image and understand differences in preferences among these two generations in China.

An important implication of this study for retailers is that they should seriously consider the impact of store image and its positive affect on store satisfaction. Retailers have to make sure that store image is as perceived favorable by the consumers. This means that the expectations of consumers towards the store’s image have to be met. In the current rapidly changing and competitive retail environment, a constant monitoring of the store’s image and adapting it to the consumers in the target market is required. This will result in a successful establishment of store loyalty.

Limitations and Further Studies

The research had the following limitations due to the research methods design and resources.

First, as stated in the research methods section, the sample was collected in one particular city in China. The results may vary in different provinces and cities. Further research is suggested toward expanding the study to more cities in China.

The second limitation of the study is that this study was limited to five store attributes. It is always good to include as many store attributes as possible to capture a full response to all facets of store image. Future research may include more store attributes to examine if the conclusions revealed for this study still stand true.

Future research should be conducted on different store formats in China. For example, the two generations may evaluate department stores located in malls differently than they did the discount stores in the present study.

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APPENDICES

APPENDIX

QUESTIONNAIRE

Dear Participants,
Your opinions are needed as part of a graduate student's research study of discount store shoppers in China among Chinese consumers. This will take no more than 10 minutes and your participation is voluntary. During the survey you may choose to stop participating at any time. Your responses will be anonymous; data will be combined and analyzed as a whole unit. Your individual responses will be totally unidentifiable in this combined format. If you have any questions, please contact Yuqing Li (405-332-2129, yuqing.li@okstate.edu). If you have questions regarding your rights as a participant, you may contact Dr. Sue Jacobs, the Institutional Review Board (IRB) Chair at Oklahoma State University at 405-744-1676. Your participation in the study will be greatly appreciated.

Oklahoma State Univ. Dept. Design, Housing & Merchandising
Yuqing Li, Master student

Part A. Which retailer do you shop most frequently? Please select one.
(If you have never been to any of those retailers listed below, please return the survey to the researcher.)

☐Century Lianhua Hypermarket
☐Hualian Ji Mai Sheng Hypermarket
☐Carrefour Hypermarket
☐Wal-Mart Supercenter

Part B. How often do you shop at the store you chose above? Please select one.

☐Everyday
☐Once a week
☐ Twice a week
☐Once a month

Part C. How much do you spend in a shopping trip on average? ________________

Part D. Why do you shop at this store?____

Part E. Please keep the store in mind and answer the following questions about this store.

	Strongly Disagree				Strongly Agree
1. There is a wide choice of apparel products.	❍	❍	❍	❍	❍
2. There is a wide choice of Chinese traditional food.	❍	❍	❍	❍	❍
3. Many merchandise items carried in this store are imported.	❍	❍	❍	❍	❍
4. The price is reasonable for the value.	❍	❍	❍	❍	❍
5. The apparel products in this store are of good quality.	❍	❍	❍	❍	❍
6. The apparel products in this store are fashionable.	❍	❍	❍	❍	❍
7. The salespeople are pleasant.	❍	❍	❍	❍	❍
8. The salespeople are helpful.	❍	❍	❍	❍	❍
9. This store has an easy return policy.	❍	❍	❍	❍	❍
10. It is convenient because it accepts credit cards for payment.	❍	❍	❍	❍	❍
11. The location of the store is convenient for me.	❍	❍	❍	❍	❍
12. It offers convenient time schedules for shuttle bus service.	❍	❍	❍	❍	❍

	Strongly Disagree				Strongly Agree
13. Transportation is convenient to get to the store from my home.	❍	❍	❍	❍	❍
14. The store offers convenient hours for my shopping.	❍	❍	❍	❍	❍
15. Merchandise is spaciously and well arranged.	❍	❍	❍	❍	❍
16. It is too crowded with people.	❍	❍	❍	❍	❍
17. It takes too much time to be checked out.	❍	❍	❍	❍	❍
18. The store is neat.	❍	❍	❍	❍	❍
19. It is a pleasant place to shop in.	❍	❍	❍	❍	❍
20. Merchandise is displayed in a pleasing manner.	❍	❍	❍	❍	❍

Part F. Please indicate **your satisfaction level** with the discount retailer you chose above by marking your response on the circle most reflective of your disagreement or agreement.

	Strongly Disagree				Strongly Agree
1. I am satisfied with my decision to purchase products at this store.	❍	❍	❍	❍	❍
2. I am satisfied with my shopping experiences in this store.	❍	❍	❍	❍	❍
3. I am satisfied with the personalized service I receive from this store.	❍	❍	❍	❍	❍
4. This store meets my expectations.	❍	❍	❍	❍	❍
5. After shopping at this store, I feel like I did the right thing in shopping at this store.	❍	❍	❍	❍	❍

Part G. We request general demographic information to help with our analysis.
It will not be used to identify the source of responses.

What is your gender?
- ○ Female
- ○ Male

What year were you born? __________

Current marital status:
__________married __________single

Highest level of education or highest degree received:
__________High school or less
__________I am currently in college
__________Assoc. or 3-yr. college degree
__________Bachelor's degree
__________Master's degree
__________Professional degree (e.g. MD, DDS, JD)
__________Doctoral degree (e.g. PhD, EdD)

What is your household's monthly income range? (Please add all income sources in your household)
- ○ Less than RMB2,000
- ○ RMB 2,000 to RMB 3,999
- ○ RMB 4,000 to RMB 5,999
- ○ RMB 6,000 to RMB 9,999
- ○ RMB 10,000 to RMB 19,999
- ○ RMB 20,000 or above

Thank you for participating in this survey

APPENDIX B

OKLAHOMA STATE UNIVERSITY INSTITUTIONAL REVIEW BOARD APPROVAL

Oklahoma State University Institutional Review Board

Date:	Monday, April 23, 2007
IRB Application No	HE0710
Proposal Title:	Chinese Consumers' Evaluation of Discount Stores: Domestic vs. Multinational Discount Store According to Their Personal and Culture Values
Reviewed and Processed as:	Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 4/22/2008

Principal
Investigator(s

Yuqing Li 23 N. Univ. Place Apt. 2 Stillwater, OK 74075	Jane Swinney 431 HES Stillwater, OK 74078

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

☑ The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Beth McTernan in 219 Cordell North (phone: 405-744-5700, beth.mcternan@okstate.edu).

Sincerely,

Sue C Jacobs

Sue C. Jacobs, Chair
Institutional Review Board

VITA

Yuqing Li

Candidate for the Degree of

Master of Science

Thesis: CHINESE CONSUMER'S PERCEPTION OF MULTINATIONAL AND DOMESTIC DISCOUNT STORE IMAGE ATTRIBUTES AND REPORTED STORE SATISFACTION

Major Field: Design, Housing & Merchandising

Biographical:

Education:

Oklahoma State University (OSU), Stillwater, OK. (May, 2008)
Master of Science in Design, Housing & Merchandising, Major: Apparel Merchandising
Dong Hua University, Shanghai, China
Bachelor of Arts major in Art Design (Graphic Design) (July 2002)
Dong Hua University, Shanghai, China
Undergraduate and Associate of Arts major in: Fashion Design (July 2000)

Experience:

Graduate research assistant, Aug. 2004-May. 2006,
Design, Housing & Merchandising department, OUS, Stillwater, OK
Home Textile and Fashion Designer, July. 2002- July. 2004,
Huashen Imp. & Exp. Trading Co., Ltd., Shanghai, China

Professional Memberships:

Student member of International Textile and Apparel Association

Presentation

- Jin, B., Yu, H., Muske, G., Farr, C., Branson, D., Kang, J. H., & Li, Y. (2006) Innovative Instructions for Enhancing College Students' Understanding in Doing Business with China. *Hawaii International Conference on Social Sciences.*
- Li, Y. & Swinney, J. (2006). Using the hourglass economy as a foundation for analysis of retailer financial information. International Textile and Apparel Association Conference, in San, Antonio, Texas.

Name: Yuqing Li Date of Degree: May, 2008

Institution: Oklahoma State University Location: Stillwater, Oklahoma

Title of Study: CHINESE CONSUMER'S EVALUATION OF MULTINATIONAL AND DOMESTIC DISCOUNT STORE IMAGE AND STORE SATISFACTION

Pages in Study: 65 Candidate for the Degree of Master of Science

Major Field: Design, Housing & Merchandising

Scope and Method of Study:

This study examined Chinese consumers' evaluation of multinational and domestic discount retail stores on selected store attributes of store image and consumer satisfaction with the store. Data was collected in a university and a residential area in China and paper questionnaires were distributed to the participant. 134 usable questionnaires were obtained and used in data analysis. Independent Samples *t*-tests, Bivariate Correlation and Regression analysis using SPSS 14.0 was conducted to test hypotheses.

Findings and Conclusions:

The results indicate that store image is positively related to store satisfaction for both Social Reform and Republican generations. These two consumer groups do not perceive store image or reported shopping satisfaction to be significantly different for the Chinese domestic discount retailer and the multinational discount retailer. Store image was found as a predictor of store satisfaction among both the Social Reform and the Republican generation. Mean scores to store image were higher for the Social Reform generation and mean store satisfaction scores were higher for the Republican generation.

ADVISER'S APPROVAL: Dr. Jane Swinney