

Article

A Scale Development of Retailer Equity

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Abstract: Retailer equity is becoming a very important factor in determining discriminatory competitive advantage under rapidly changing conditions of distribution. This study conceptualizes various retailer equity aspects considered in the retail industry and proposes a measurement scale for retailer equity based on empirical research. Our study aims to reveal how retailer equity sub-dimensions influence customer perception and evaluation of retailers. The primary objective of this research was to develop a measurement scale to facilitate assessments of consumer-based retailer equity. Resulting theoretical and managerial implications of this study are also discussed in detail.

Keywords: retailer equity; retailer loyalty; retailer awareness; retailer reputation; perceived retailer quality; retailer associations; attitude; usage intention

1. Introduction

Increasing market globalization has created an economy in which companies face a wide range of intense competition. As market boundaries have widened and the types of customers have increased, the needs of customers have become more complex. Companies have found it difficult in this environment to dominate competition using traditional marketing strategies. Brand equity has become an increasingly important factor in creating differential advantage.

Today's retailers are struggling in this challenging environment, facing a wide variety of customer demands, low-growth markets, and sharp competition [1,2]. Most retailers want to attract customers and gain a competitive advantage with products, prices, and promotions. However, the effects of product, price, and promotion strategies are reduced through mutual learning and imitations, which makes it difficult to maintain customer loyalty [3]. In other words, a retailer's marketing activities are not enough to maintain customer loyalty and a competitive advantage.

It is strategically important for retail managers to gain a better understanding of retailer brand equity in this challenging environment because a retailer's branding is an important task that distinguishes it from its rivals and produces a discriminatory response from consumers [4,5]. Thus, as competition heats up in the retail industry, a greater understanding of retailer brand equity is becoming strategically important for both retail management and performance [6–11].

The rise of retailer as a brand is one of the most important trends in the market [12]. Many of the world's most valuable brands listed on the 2016 Interbrand Global Brand TOP 30 list are retailers such as Amazon, H&M, IKEA, Zara and flagship stores such as Apple, Nike, Samsung, and Toyota [11].

Academic marketing studies refer to the brand assets held by these retailers as retailer equity which is defined as values associated with consumers through the name and symbol of a particular retailer. That is, retailers with high retailer equity will give customers additional value, which will have a positive impact on consumers' choice of retailer. In other words, retailer equity is a major influence on purchasing decisions. Successful retailer branding impacts consumer perception and store

selection. Consumer-based retail brand equity creates shortcuts in consumers' minds, enabling them to recall positive aspects of past shopping experiences and satisfaction with product purchases. Thus, retailer equity may affect future usage intention and reduce the potential impact of rivals' efforts [13].

Retail academic researchers have been increasingly interested in retailer equity as a brand and recognize the importance of evaluating retailer equity. The concept of brand equity has been widely discussed in marketing studies, and more recently in retail research as well [8]. However, despite this growing interest in retail branding, current marketing studies offer only a small insight into the concept of retailer brand equity [14]. Most research that measures retailer equity in the retailing field focuses on effect and antecedents, and the limited number of studies focus only on the development of a measurement scale. Initial studies of retailer equity borrowed the concepts and measures developed and collected for brand equity by Keller [15] and Aaker [16]. It is especially important to determine if the measures developed and applied in brand equity can also be applied to retailer equity. We also need to discover the specialized retailer aspects that customers consider to evaluate retailer equity. Therefore, this study conceptualizes the various aspects of retailer equity considered in the retailing field and proposes a detailed measurement scale of retailer equity. It also aims to reveal how consumers evaluate a retailer as a brand.

The objective of our study is to determine the various aspects of retailer equity. This study proposes the measurement scale of retailer equity specialized for retailers by evaluating previous research study, and developing a more retailer specific measurement model by new dimensions that is considered to evaluate actual retailer equity with consumers. As a result, from the customer-based retailer equity scales developed in this study, retailers can understand how their customers evaluate retailers. This study also suggests effective ways to improve retailer equity to produce a differentiated competitive advantage.

In this article, the current literature regarding retailer equity and existing measurement scales is reviewed and important dimensions of these approaches are summarized. Next, the study's proposed measurement approach is outlined and the process and methodology used to develop it is described. Then the results and theoretical and managerial implications are discussed. The limitations of this research and future research directions are mentioned in the conclusion.

2. Theoretical Background

2.1. Retailer Equity

The concept of retailer equity refers to assets and values owned by retailers, similar to customer-based brand equity, which is an asset of the retail store associated by the consumer with the receiver's name and symbol [6,14]. Retailer equity studies view a retail store as a brand. For example, a Wal-Mart store can be considered a brand of the retailer, and the value added to that store by the brand of Wal-Mart becomes retailer equity.

In particular, studies involving retailer equity have defined retailer assets based on customer or marketing perspectives rather than on the concept of financial assets, similar to those of Aaker [16]. The retailer equity studies are similar in that they suggest a retail equity model that reflects the unique circumstances of each retailer based on the studies of brand equity, though there are some differences in the composition of the studies.

Arnett et al. [6] defined retailer equity as a set of brand assets and liabilities linked to a store brand, name, and symbol, which add to or subtract from the customers' perceived value of the store brand. Hartman and Spiro [17] defined consumer-based retailer equity based on Keller's [15] definition of brand equity as a differential effect of retailer knowledge on customer response to the marketing of the retailer. Pappu and Quester [14] defined retailer equity as a value associated by the consumer with the retailer's name, which reflected on retailer awareness, retailer associations, retailer perceived quality, and retailer loyalty. In other words, retail equity is defined as values associated with consumers when they encounter the name of a particular retailer.

As such, the consumer based retailer equity represents the overall assessment of the retail channel as a strong, attractive, and unique brand by the consumer [15,17]. Therefore, high retailer equity allows customers to easily identify and recall retailers, have many positive and strong associations associated with them, recognize them as high quality retailers, and have loyalty to them [18]. In addition, retailers with high brand equity levels perform many important market functions including non-elastic price sensitivity, sustained price premium, successful brand expansion, high market share, competitive cost structure, and high profitability [19]. In summary, retailer equity means the utility and value added to the retail store by the name of the retailer and is an important differentiator for the competitive advantage.

The relevant studies can be divided into two groups. The first group focuses on the antecedents and consequences of retailer equity, and the second group involves the development of a retailer equity measurement. Research on the antecedents and consequences of retailer equity are summarized below.

Jinfeng and Zhilong [18] studied hypermarket customers to discover the leading factors affecting retailer equity. The results showed that the store image, which included convenience, interactive stores, physical facilities, perceived price, and employee service, had a positive effect on the formation of retailer equity. Das et al. [8] studied department store shopping customers to reveal how the personalities of retail stores affect customer-based retailer equity. This study used the retailer equity measurement scale adapted from Pappue and Quester [14] to find that sophistication, dependability, and empathy are some of the factors that affect customer-based retailer equity. Gil-Saura et al. [20] constructed the retail store assets using variables (such as retail image, perception value, trust, and retail store) that affect the formation of retail store assets, and demonstrated how these retail assets affect the satisfaction and loyalty of consumers who use large retail stores. Das [21] studied how the attributes of the stores (store ambience, product price, product style and variety, service quality of the store, advertisement, word-of-mouth, general attitudes towards retailer, store name, carried brand name, sales people, and other customers in the store) affect each of the customer based retailer equities with department store customers, using the retailer equity measurement scale adapted from Pappue and Quester [14]. Swoboda et al. [22] considered retailer attributes to be antecedent factors in retailer brand equity and used retailer loyalty as a determinant variable in the formation of retailer equity. They revealed that all of the retailer attributes are strong variables leading to retailer equity (there are different impacts depending on the type of retailer), and the equity positively affected customer loyalty in all retailer types.

It is important to continue developing customer-based retailer equity measures. The need for research about retailer equity measurement scales specialized for retailing is growing, but the existing research is limited and carried out by only a few scholars [6,14]. Most of the studies are customer-based retail brand asset studies that look at how values are formed from customer perception through customer trust, values, and behavior [3,11].

Yoo and Donthu [23] questioned the structural validity of research by Aaker [16] and Keller [15] that measured brand equity with three dimensions in the United States and Korea. They also suggested that brand equity should be expanded and applied to organizational equity, retailer equity, and distribution channel equity. Arnett et al. [6] developed an index for retailer equity by investigating retailer environment in four dimensions: retailer loyalty, name awareness, service quality, and retailer associations. They also conducted a study to evaluate whether the scale had external validity with shopping intention, and demonstrated a positive relationship between them.

While the similarities between the two approaches have been suggested for four dimensions (awareness, association, quality, and loyalty), they differed in the way that they are defined and measured at each dimension. As a result, previous studies have not clarified whether awareness and association are unique components of retail equity [14]. Pappu and Quester [14] attempted to provide empirical clues to support the structural similarity between brand and retailer equity by comparing the two studies above. Based on these studies and the concept of brand assets, they developed

a measurement scale of retailer equity in four dimensions: retailer awareness, retail association, perceived quality, and retailer loyalty.

El Hedhli and Chebat [24] developed shopper-based mall equity (SBME) scales, which are multi-dimensional scales based on the mall awareness and mall images components of the CBBE scale from Keller [15]. They used SBME scales to characterize mall awareness as the ability of the consumer to correctly distinguish a particular mall from competing malls. They defined mall image as a consumer's perception of a mall's functional quality in terms of convenience, environment, service quality, and product quality.

Shen [3] presented a new dimension to the existing scale framework. Retail awareness was defined as the consumer's ability to identify or recall a retail store when it was exposed to the relevant retail category. Retail quality was also outlined as the consumer's assessment of the overall excellence or superiority of the retailer. Finally, retail association influences retailer brand relationship, and both are complex psychological procedures that consist of consumers' thoughts and feelings about and experiences with a retailer. This study presented retail brand relationships as a new sub-dimension of retailer equity.

Although there are some studies about the development of retail equity measurement scales, it has been mentioned that these measures are based on a universal model and therefore cannot sufficiently identify significant dimensions specific to the retail industry. Anselmsson et al. [11] argued that special dimensions of retail equity that reflect the retailer situation are needed to improve the scale. They propose using retailer image studies to extract the elements of image (customer service, product quality, price policies, physical stores, retail store trust) and including these elements in the retailer brand equity scale.

2.2. Conceptualization of Scale of Multi-Dimensional Retailer Equity

To summarize, most of the existing research follows the consumer based brand equity measurement of Aaker [16] and Keller [15] as their theoretical basis. Thus, this study aims to develop a scale that can more specifically and comprehensively evaluate retailer equity. The model in this study that explains retailer equity divides retailer equity recognized by consumers into retailer awareness, retailer associations, perceived retailer quality, retailer loyalty, and retailer reputation.

2.2.1. Retailer Awareness

Retailer awareness is defined as a consumer's ability to identify and recall a retailer when exposed to the relevant retail category [3,14]. El Hedhli and Chebat's [24] SBME scales are used to measure mall awareness and mall image as components of retailer awareness. Retailer awareness is being studied as one of the major dimensions in measuring retail equity. Arnett et al. [6] stated that communication with customers by retailer name could be a source of competitive advantage among many retailers and argued that perception of retail store names could influence customer decisions. Dodds et al. [25] revealed that consumers tend to rely more on store names and brand as extrinsic cues than on prices in their product evaluations. The name of the retailer also affects the customer's evaluation and purchase intention [26]. As an external clue, the customer's perception of the retailer, including its name, will affect the way it is valued and used.

If retail awareness is low or absent, the customer will not be able to perceive the quality and may not have the association of the retailer or loyalty to the retailer [14]. Strong retail awareness increases the likelihood of being included in the consumer consideration set [18]. Therefore, it is insufficient to use only mall image to measure the customer's view of the mall; mall awareness should also be included in the measurement [27].

2.2.2. Retailer Associations

Retailer association is a concept that is similar to that considered in the study of brand equity, and refers to anything that comes to a consumer's mind about the retailer [14]. A brand has a number

of associations that differentiate it and create reasons for consumers to purchase, which results in positive feelings for the brand [16].

Brand associations include product attributes and customer benefits that give customers specific reasons the customer to purchase the brand [16]. For example, Wal-Mart tries to deliver reasonable, practical, and economical value associations to its customers by offering a lower price than other competitors. Through these associations, customers believe they are buying quality products at reasonable prices when they shop at Wal-Mart, and this belief influences their purchasing decisions.

In a study by Thang and Tan [28], retail association was defined as a set of memories or thoughts associated with retail stores. They illustrated that consumer preference for a specific retail store and retailer image are influenced by merchandising, accessibility, reputation, services within retailers, and retail environment.

El Hedhli and Chebat [24] focused on using mall image to describe mall equity. This study measured mall image in four sub dimensions: convenience, environment, service quality, and product quality. These items are the same dimensions considered in retailer association by Pappu and Quester [14]. Pappu and Quester [14] proposed retail association as a concept that takes into account environment, convenience, product quality and service quality of the retail store.

2.2.3. Perceived Retailer Quality

Perceived quality is based on consumer perception of the quality of products and services, not the objective quality associated with the actual quality of them [29]. Thus, perceived quality refers to consumer judgement on the overall excellence and superiority of the brand [30]. Especially in the service industry, perceived quality of service has a positive influence on overall service value and overall customer satisfaction, which results in customers' intention to repurchase and the tendency to make positive recommendations to their neighbors [31]. A retail environment provides many services in addition to providing products for purchase, such as delivery of product information, pleasant shopping conditions, and delivery, refund and payment services. In such an environment, the customer perception of the quality of products and services may be an important factor that influences a customer's evaluation, attitudes, and behavior.

Aaker [16] insisted that perceived quality is the most important construct for brand equity measurement and is highly associated with other primary brand equity dimensions. Based on the above concepts, the perceived quality of the retailer is defined by consumers' perception of the retailers' overall quality in addition to the product and service quality offered by the retailer [3,14,32].

Thus, retailers that establish high perceived quality of the retailer make it easy for consumers to choose them over other competitors [18]. In addition, perceived quality is one of the core factors to impact on purchase intention of customers in retailing circumstances and is important in retaining customers [32].

2.2.4. Retailer Loyalty

One of the main goals of shopping mall managers is retaining customers [33]. Therefore, customer loyalty in an increasingly competitive market is an important factor in market share and sustainable competitive advantage [34,35]. Loyal customers are willing to repurchase products and services, spread positive word of mouth, and pay higher prices [31].

In particular, efforts to maintain retailer loyalty are considered essential retail strategies to maintain current customers, as even small changes in customer retention can greatly affect the overall profit of the retailer [36]. Therefore, it is important for both retailing researchers and shopping mall managers to understand the factors that affect shopping mall loyalty [27].

Arnett et al. [6] define retail loyalty as maintaining a strong retailer commitment to ensure that consumers continue to re-use and repurchase their preferred products and services at the retailer in the future, despite the environmental impact and marketing efforts of rivals that may potentially influence the transition behavior of consumers. Retail loyalty is also defined as the tendency to have loyalty in

a single retailer, with the intention to purchase products and services from that retailer as a priority option [14].

As the preceding definitions show, retail loyalty is an important component of retail assets. Customer loyalty could reduce the vulnerability of the retailer to the activities of the rival retailers [6,16].

2.2.5. Retailer Reputation

Various studies recognize the importance of corporate reputation to company financial performance and profitability [37–39]. Corporate reputation is a complex and dynamic concept defined as the overall valuation of a company based on the experiences of its stakeholders over a long period of time [40,41].

Several studies have evaluated corporate reputation in the retail environment. Retailers focus on the maintenance and development of their reputations, and previous research on retailer reputations have deemed it as an important factor in consumer purchasing decisions [25,26,42]. In one study, retail customers relied on favorable reputations when using retailers' products and services [43] and had greater loyalty to retailers with good reputations [9,39]. Nguyen and LeBlanc [39] argued that the better the organization's reputation, the better its customer loyalty, and that image and reputation play important roles in developing and maintaining customer purchase intention and loyalty. Similarly, Ou et al. [44] revealed that retailer reputation is an important factor influencing store patronage. In a recent Swoboda et al. [9] study, it was found that there were reciprocal effects between company reputation and retailer equity, both of which have a positive effect on retailer loyalty.

However, retail reputation is not adequately defined in existing literature because it has been studied using the concept of corporate reputation to describe retail stores like other organizations. Ou et al. [44] defined retailer reputation as the perception of customers and stakeholders about the retailer's chain over time. In other words, retail reputation can be defined in the sense that it extends the concept of corporate reputation to the retailer environment.

In addition, to describe retailer reputation as a discriminatory and important aspect of retailer equity, first we must develop a clear conceptual differentiation between retailer reputation and image. Although they have been used synonymously, the terms have been divided by a number of scholars into separate concepts and are considered to be dynamic components of mutual influence [40,45]. Balmer [37] stated that images and reputations are different because images are the most recent beliefs of the public about the organization, but reputation is based on the values that the organization has developed over time. Additionally, the image of specific stores in a retail chain or franchise may differ due to a variety of tangible attributes included in retail image measures, such as location, layout, physical installations, and atmosphere. Store image should be excluded from retailer reputation measures because retailer reputation tends to remain somewhat consistent over time, while individual stores may have different images that affect long-term retail image [44]. Therefore, on the basis of these studies, retailer reputation represents a comprehensive assessment of a retailer and is based on the differentiated, intangible assets formed over the long term by consumers.

Based on the literature review, this study suggests the following model of retailer equity in Figure 1. This model divides the dimensions of retailer equity recognized by customers into retailer awareness, retailer association, perceived quality, retailer loyalty, and retailer reputation.

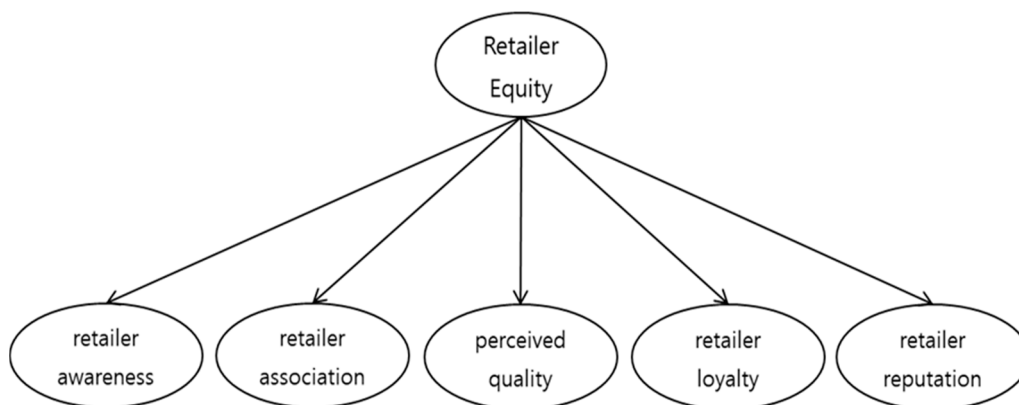


Figure 1. The conceptual model of retailer equity.

3. Materials and Methods

3.1. Measures

Measurement items for retailer equity were adapted from the retail literatures. The list of 21 original items included in the study is provided in Appendix A.

In this study, retailer awareness means the ability to recall or identify a particular retailer in the retail category. Retailer awareness was measured by three items adapted from Arnett et al. [6], Pappu and Quester [14], El Hedhli and Chebat [24], Anselmsson et al. [11], and Londoño et al. [10]. The items were as follows: (1) Some characteristics (symbol or logo) of X retail store come to my mind quickly, (2) I am aware of X retail store, and (3) I can recognize this X retail store among other competing stores.

The retailer association is defined as a set of memories or thoughts associated with a particular retailer and refer to those associated with the memory of a retailer. The retailer association was captured by five items adapted from Pappu and Quester [14] and Choi and Huddleston [46]. They items were as follows: (1) X retail store offers very good store atmosphere, (2) X retail store offers very convenient facilities, (3) X retail store offers very good customer service, (4) X retail store offers very good variety of products, and (5) Merchandise at X retail store is a very good value.

Perceived retailer quality is not an objective quality of the retail store but rather a perception of the quality of the retailer by the customer. Based on this definition, five detailed items were used in the studies adapted from Arnett et al. [6], Pappu and Quester [14], El Hedhli and Chebat [24], Choi and Huddleston [46], Anselmsson et al. [11], and Londoño et al. [10]. The items were as follows: (1) X retail store provides excellent service to its customers, (2) Overall, X retail store sells high quality merchandise, (3) X retail store offers very reliable products, (4) X retail store offers good deals relative to other offers available in the market, and (5) there is a high likelihood that items bought at X retail store will be of extremely high quality.

Retailer loyalty is defined as the degree to which customers have affection for a particular retailer. The retailer loyalty was tapped by three items adapted from Arnett et al. [6], Pappu and Quester [14], Choi and Huddleston [46], Anselmsson et al. [11], and Londoño et al. [10]. The items were: (1) I consider myself to be loyal to X retail store, (2) When buying some items, X retail store is my first choice, and (3) I would recommend X retail store to others.

Retailer reputation is defined as a comprehensive reputation for a retailer that has long been perceived by customers and stakeholders. The detailed measurement items are composed of five items based on the measurement items of Ou et al. [44] and Anselmsson et al. [11]. The items were as follows: (1) I admire and respect the X retail store, (2) I have total confidence in this X retail store, (3) I trust the X retail store, (4) X retail store has a clear vision for its future, and (5) X retail store is the most popular retailer in the category.

3.2. Scale Development Procedure

3.2.1. Literature Search and Experience Survey

To develop items for retailer equity scale, we followed the procedure proposed by Churchill [47], and Gerbing and Anderson [48]. First, an in-depth interview with 25 customers was performed regarding shopping experience as an experience survey, and the respondents were collected each five people equally by age group from 20 s to 60 s. They were instructed to answer some important factors required to evaluate retailer equity. Through in-depth interview, it could be recognized that the evaluation of retailer equity consists of retailer awareness, association, perceived quality, loyalty, and reputation. Most of the respondents mentioned many times that reputation and quality aspect are important to evaluate retailer and to add value with the retailer. We analyzed the interview scripts and compared literature reviews with the qualitative study consisting of 21 retailer equity items. We drew 21 measuring items through this procedure and found the similarity to the elements that we recognized in scales from the literature review.

We conducted expert panel tests to verify the content validity of the questionnaire. The expert panel were five academics and three experts to review the definitions of the five retailer equity dimensions and verify whether items reflect dimensions well or not. They were selected from researchers in academia, professors, and retail staff with positions above general manager who have at least 10 years of retail experience. We believe that content validity was secured through this procedure. After reviewing and commenting on each dimension of the panels, we modified several items and used the 21 items to make modified survey tools that reflect each dimension well based on their opinions.

3.2.2. Exploratory and Formal Pretests

To purify the retailer awareness, retailer associations, perceived retailer quality, retailer loyalty, and retailer reputation scale items, we conducted an exploratory pre-test. We have requested that a panel of 30 consumers respond in the retail shopping situation to a questionnaire of 21 modified items. The questionnaire assessed retailer equity with a seven-point Likert scale ranging from “strongly agree” (1) to “strongly disagree” (7). Using the pre-test responses, we performed exploratory factor analysis (EFA) with 30 collected questionnaires to verify the factor representation and to purify the items for the five retailer equity dimensions. We used the results from this analysis to modify the questionnaire expressions and format based on the results for clarity.

3.2.3. Field Study

The study was conducted in 2017 in Seoul, South Korea. Data was collected through mall-intercept surveys where consumers were asked to complete a self-administered questionnaire. Items identified from the literature review and pre-test helped in the construction of the survey instrument. Exploratory factor analysis, followed by confirmatory factor analysis, was used for establishing the dimensionality of retailer equity.

The study was conducted for six retailer categories: discount stores, online shopping malls, convenience stores, traditional markets, department stores, and factory outlets. All of the retailers used in the survey are widely available to Korean consumers and most respondents were able to evaluate them.

The survey participants were identified as people aged 20–60 who have purchased products from any six retailer categories. Of 400 questionnaires, 25 were excluded for inadequacy, leaving 375 for analysis.

4. Results

Based on such results of the pre-test, we carried out the sample survey of 375 people by refining the measuring scale and survey questionnaires and developing the final measuring scale.

Our final measuring scales to measure the retailer equity were composed of five elements such as retailer awareness, retailer associations, perceived retailer quality, retailer loyalty, and retailer reputation, and three items of retailer awareness and retailer loyalty and five items of each retailer associations; perceived retailer quality and retailer reputation were developed.

The sample population included the following respondents: men (50.7%) and women (49.3%) between the ages of 20 and 60 years and at least some college education (83.5%). The respondents were mainly using large discount stores (56.0%), followed by online shopping malls (21.1%), convenience stores (11.5%), traditional markets (4.8%) and department stores (4.0%), and factory outlets (2.7%). They were in their 20s (21.6%), 30s (23.5%), 40s (27.5%), and 50s (27.5%) and their jobs were college and graduate school students (7.2%), office workers (66.1%), businessman (7.7%), housewife (12.3%), and professionals (6.7%).

4.1. Construct Validation of Retailer Equity

We evaluated the multi-dimensional scale by measuring internal consistency, convergence validity and discriminant validity through the exploratory factor analysis and confirmatory factor analysis.

The 21 items used to develop the retailer equity measurement scale are in Table 1 with five latent constructs. By including conceptually relevant latent constructs in the measurement model, it can fully assess the uni-dimensionality of the retailer's equity dimensions [49]. We used confirmatory factor analysis (CFA) to measure the uni-dimensionality, and then checked convergent validity and discriminant validity of the latent construct with exploratory factor analysis (EFA).

According to the CFA results in Table 1, the measurement model with five latent constructs dimensions of retailer equity fitted the data well. Except for the chi-square value, the goodness-of-fit index (0.89), adjust goodness-of-fit index (0.86), normed fit index (0.94), relative fit index (0.93), comparative fit index (0.96), and root mean square error of approximation (0.03) are all suitable or better than recommended levels.

The minimum value of construct reliability (CR) of each construct was 0.76, and the minimum value of average variance extracted (AVE) of each construct was 0.61, which surpassed the recommended minimum level [50]. That is, these results suggest that each five-retailer equity dimension had reliability and internal consistency.

We evaluated the lambda loading values on each item developed to measure each retailer equity dimensions to estimate whether the measurement model has convergent validity. As shown in Table 1, all lambda loading values were above the recommended value of 0.5 and are statistically significant at confidence level of 99%, which means that this measurement scale had convergent validity.

Table 1. Results for Construct Reliability and Validity.

Construct	1	2	3	4	5	α	AVE	CR
Perceived retailer quality	1	0.788						
	2	0.783						
	3	0.809				0.919	0.614	0.888
	4	0.797						
	5	0.741						
Retailer associations	1	0.837						
	2	0.867						
	3	0.873				0.964	0.735	0.932
	4	0.873						
	5	0.838						
Retailer reputation	1		0.769					
	2		0.786					
	3		0.780			0.949	0.582	0.762
	4		0.750					
	5		0.728					
Retailer awareness	1				0.758			
	2				0.838	0.889	0.631	0.794
	3				0.786			
Retailer loyalty	1			0.757				
	2			0.816		0.898	0.636	0.797
	3			0.819				
Eigenvalue	11.410	2.173	1.647	1.110	1.035			
Variance (%)	54.332	10.347	7.845	5.285	4.928			
Fit statistics								
Chi-square with 179 degrees of freedom						437.916 ($p < 0.001$)		
Goodness-of fit index						0.898		
Adjusted goodness-of-fit index						0.868		
Comparative fit index						0.967		
Normed fit index						0.945		
Relative fit index						0.936		
Incremental fit index						0.967		
Tucker-Lewis index						0.961		
Root mean square residual						0.038		

4.2. Discriminant Validity of Retailer Equity

We evaluated whether the measurement model has discriminant validity: the correlation between each pair of constructs should be less than the squared average variance extracted for each construct for discriminant validity. This test supports that our scales consist of distinct dimensions of retailer equity. The correlations of all constructs in Table 2 of this study were smaller than the square roots of all constructs' AVEs. Therefore, the discriminant validity of the measurement in this study was acceptable. We provided the correlation and squared average variance extracted for each construct in Table 2.

Table 2. Results for Discriminant Validity.

	1	2	3	4	5
Retailer awareness	0.794 **				
Retailer associations	0.421 *	0.857 **			
Perceived retailer quality	0.515 *	0.567 *	0.783 **		
Retailer loyalty	0.598 *	0.469 *	0.524 *	0.797 **	
Retailer reputation	0.639 *	0.618 *	0.615 *	0.639 *	0.762 **

Note. * Correlations, ** $\sqrt{\text{AVE}}$.

4.3. Nomological Validation of Retailer Equity

Nomological validity test to confirm hypothesized relationships within a theoretical framework is important to establish the external validity of formative constructs. We verified the nomological validity of the retailer equity scale by examining relationships between each dimension and its hypothesized consequence variable.

The nomological validity means how well the developed scale explains and forecasts actually. In order to verify that, the regression analysis was performed by taking five dimensions (retailer awareness, retailer associations, perceived retailer quality, retailer loyalty, and retailer reputation) of retailer equity developed in this study as the independent variables and taking usage intention used in Atnett et al. [6] and Londoño et al. [10] as the dependent variables. The relation between the dimensions of retailer equity and usage intention of the retailer was investigated through multiple regression analysis. The details of results of regression analysis are as follows in Table 3.

Like such results, the dimensions of retailer equity that influence on usage intention was shown in the sequential order such as retailer loyalty, retailer awareness, retailer reputation, perceived retailer quality, and retailer associations, and all of them were analyzed as significant statistically. As its results, nomological validity was verified as the evaluation scale developed in this study showed the high level of significance in general.

Table 3. Standardized regression results examining consequences of retailer equity.

Independent Variables	Dependent Variables	
	Usage Intention	
	Standardized Beta	t-Value
Retailer awareness	0.258	5.940 ($p < 0.001$)
Retailer associations	0.089	2.130 ($p = 0.034$)
Perceived retailer quality	0.140	3.276 ($p = 0.01$)
Retailer loyalty	0.278	6.389 ($p < 0.001$)
Retailer reputation	0.211	4.154 ($p < 0.001$)
R-square	0.640	

5. Discussion

Retailers are increasingly interested in the influence of brand and they recognize the importance of evaluating retailer equity. However, the research about brand equity specialized for the retail industry is insufficient. Therefore, researchers need to investigate how consumers who purchase products and services from retailers evaluate the retailer equity by developing a scale to measure retailer equity. The primary goals of the study were testing the multi-dimensional nature of retailer equity and improving the measurement scale to facilitate assessments of consumer based retailer equity.

In this study, it was demonstrated that retail assets are composed of five sub-dimensions including retailer awareness, retailer associations, perceived retailer quality, retailer loyalty, and retailer reputation. We found that retailer reputation was a new dimension influencing retailer equity. This development of the additional dimension and the resulting scale improvement will help retailers understand and explain how retailer equity is valued by their customers.

In addition, the results of the nomological validity test provided causal relationship between individual dimensions of consumer based retailer equity and usage intention of consumers. Retailer loyalty played a crucial role in leading customers to use the retailer, followed by retailer awareness, retailer reputation, perceived retailer quality, and retailer associations. Consequently, this study showed that all five sub-dimensions of retailer equity have a positive impact on retail usage intention, highlighted the importance of strategic brand management for retailer competitiveness, and suggested the need for retailer equity management.

5.1. Theoretical Implications

Until recently, there has been debate over whether to view retailer awareness and associations as a single dimension or separate dimensions. A study by Londoño et al. [10] treated awareness and associations as a combined dimension. However in commentary of the study, Pappu and Quester [51] argued that awareness and associations are conceptually and empirically distinct dimensions. Based on the results of this study, we confirmed that the retailer awareness and retailer associations are two separate dimensions.

Another theoretical implication of this study is that it has proposed a new framework to measure retail equity that includes retailer reputation as a new sub-dimension. That is, retailer reputation may be considered another important influence on customers' perception and evaluation of retail equity. In summary, this study contributed to improving and expanding the measurement scale of retailer equity.

Finally, we experimented with various types of retailers in this study such as department stores, large discount stores, convenience stores, traditional markets, factory outlets, and online shopping malls. Therefore, this study was able to derive generalized results in improving and expanding the scale.

5.2. Managerial Implications and Significance

This study has the following practical implications. First, the findings of this study provide a conceptual framework that may be useful for retailers to assess the performance of their marketing activities. If companies are currently trying to improve retailer equity with customers, then enhancing service quality could be helpful. This study showed that superior retailer equity brings usage intention of customers. The retailer equity measurement scale proposed in this study could help retailers specifically identify their customers' needs and manage retailer equity because the sub-dimensions reflect customers' shopping experience and provide clues into their shopping decisions. Retailers need to improve retailer equity to maximize relationship performance; adopting effective retailer equity management is an important factor in maintaining a good relationship with customers.

Second, this study provides retailers with tools for measuring their own retailer equity using their current customers' views. Moreover, this retailer equity measurement scale provides useful guidelines for retailers to review their existing attractiveness and to improve their retailer equity using the sub-dimensions. Initially, activities that raise retailer awareness among competitors are necessary because it is the most basic dimension of retailer equity formation. For example, if consumers are not aware of a retail store, they are unable to evaluate dimensions such as positive association, perceived quality, loyalty, and retailer reputation. Therefore, retailers need to use various promotions to increase consumer awareness. El Hedhli and Chebat [24] suggest that retailers could increase revenue through investing in their communication programs like advertising and sponsorship events in addition to in-store promotions.

This study has shown that retailer reputation is an important subcomponent of retailer equity. Retailers should use marketing activities to enhance their reputation. Managers need to pay attention to the application of Corporate Social Responsibility (CSR), especially in reputation management, because CSR has positive effects on corporate reputation [52].

To improve perceived quality, retailers need to manage the long-term experience of customers who purchase products and services at their retail stores. This will enable retailers to differentiate and recognize superior quality over rival retailers. For example, retailers are fundamental in managing the objective quality of their products and services. They can maintain customers' perceive quality by providing customers with high-quality guarantee systems and quick exchange and refund policies.

Activities to enhance positive association could improve images retail image. Keller [15] considers an image as a set of associations organized in a meaningful way. It is necessary to examine and enhance positive customer experience to create positive associations and images of the retailer to the customer. Retailers should also use promotional activities to create new positive associations and images.

The most influential variable in this study was retailer loyalty. Therefore, using loyalty programs such as membership and mileage programs would be a positive way to maintain high retailer equity.

Finally, retail managers can use retail equity as performance indicators for their marketing activities. By using this scale, retail managers can measure the effectiveness of their marketing programs, strategies, and tactics. Multi-dimensional scales, in particular, can help retail managers understand what aspects contribute to retailer equity. For example, they could answer the question of whether they should spend more on advertising to raise consumer awareness or improve the perceived retailer quality [24]. It is also possible to determine which marketing activities could help manage and improve retailer equity.

5.3. Limitations and Future Research Directions

Despite the contributions of this study, it has some limitations. The first suggestion for future research is that future research need more various multidimensional approaches in the retailer equity scale. Although our five-dimensional scale offers various test results of validity and new dimensions, additional research for new dimensions could enhance generalization of the scale when using the consumer based retailer equity scale. Pappu and Quester [14] proposed to consider developing retailer equity with store personality. In addition, in online retailer studies, Zhu and Kuo [53] considered trust association and emotional connection, and Fan and Su [54] applied web trust and online experience as a new source for retailer equity.

Second, in this study, 375 consumers were surveyed in the process of developing the scale. But the target is hardly representative of the demographic characteristics of the country in which the survey was conducted. For more general findings and scale development, future studies will require sample designs to represent the entire consumer population.

Third, we used various types of retailers in our study, but each type of sample size was not balanced. In particular, the use frequency of large discount stores was relatively high, which make it difficult to produce generalized results reflecting the overall type of retailer. Thus, future studies may require the experiment using wide but sufficient sample sizes of individual retailers to produce more general results that could confirm results also presented in other relevant studies (e.g., El Hedhli and Chebat [24]; Shen [3]).

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Appendix

Table A1. Measurement items of retailer equity.

Construct	Items	Reference
Retailer awareness	Some characteristics (symbol or logo) of X retail store come to my mind quickly. I am aware of X retail store. I can recognize this X retail store among other competing stores.	Arnett et al. (2003) Pappu and Quester (2006) Anselmsson et al. (2017) Londoño et al. (2017) El Hedhli and Chebat (2009)
Retailer associations	X retail store offers very good store atmosphere. X retail store offer very convenient facilities. X retail store offer very good customer service. X retail store offer very good variety of products. Merchandise at X retail store is a very good value.	Pappu and Quester (2006) Choi and Huddleston (2014)
Perceived retailer quality	X retail store provides excellent service to its customers. Overall, X retail store sells high quality merchandise. X retail store offers very reliable products. X retail store offers good deals relative to other offers available in the market There is a high likelihood that items bought at X retail store will be of extremely high quality.	Arnett et al. (2003) Pappu and Quester (2006) Anselmsson et al. (2017) Londoño et al. (2017) El Hedhli and Chebat (2009) Choi and Huddleston (2014)
Retailer loyalty	I consider myself to be loyal to X retail store. When buying some items, X retail store is my first choice. I would recommend X retail store to others	Arnett et al. (2003) Pappu and Quester (2006) Anselmsson et al. (2017) Londoño et al. (2017) Choi and Huddleston (2014)
Retailer reputation	I admire and respect the X retail store. I have total confidence in this X retail store. I trust the X retail store. X retail store has a clear vision for its future. X retail store is the most popular retailer in the category	Anselmsson et al. (2017) Ou et al. (2006)

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