

The Impact of Customer Perception about Traditional Department Store and Factory Outlet in fashion industry.

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Abstract

The current research study has focus on the customer preferences about the outlet of the factory stores versus traditional departmental stores in Karachi region to select the fashion brand or adopt the fashion to looking good. A survey was conducted through questionnaire among 100 respondents to find out relationship research study independent and dependent variables. In this research study the size of the sample was targets only those respondents or customers who visits or shopping coming for the purpose of selection or purchasing fashion relate brands through departmental stores and outlets of the factory. In this research study the differences in image quality of brand and also economic value in the supermarket customer experience can be observed due to different consumer buying patterns to explain in such a way. Statistically, study reveals that the overall satisfaction level of customers is positive for departmental store as compared to factory outlet due to economically and choices or fashion brands but based on fashion price not considered during purchasing. During research study the availability of the brands large as compare to factory outlet and factory out store have limited brand selection. When customer visit traditional store found brand available in low price and have more choice selection of the brand. In the research it was also discovered that consumers are more inclined towards the traditional departmental stores as far as quality is concerned and a lot of brands selection but when it comes to discount in price then they prefer factory outlets and also availability but customer bounded in term of choice options. Additional services such as home delivery or free parking in front of the store to increase their attractiveness and positive atmosphere could ultimately lead to a more satisfying shopping experience.

Keyword: fashion, brand, factory outlet, traditional department store, customer perception, price, quality

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Introduction

Research Overview

In the fashion industry the delivering of good quality customer service has emerged as a strategic imperative for retaining profitable customers in retailing business. Today, there is intense competition in consumer markets of fashion stores there are many options available to consumers; such as choosing to continue shopping from same store, or changing shopping location, choosing a traditional departmental store or a factory outlet store also online shopping also have facility in e-commerce era. It is an important marketing research to find consumer perception regarding purchase from factory outlet and departmental stores in the markets of Karachi. Generally, consumers find it very different when it comes to shopping from their favorite place and have different customer perceptions. Customer loyalty is the main factor for purchase from any of these shopping points. In this case, it has been found that there are different competitions between the retail channels and in many attribute it is very intense.

The researchers have done several researches on store selection, factors for selection and on various attributes. In a research, it was identified that the environmental also impact on customer perception about any shopping point is one of the most important factors for customer selection and acts as a main touch points. The basic functions of retail super store are to sell as well as to guide and provide customer purchase information such as environmental image, product availability, customer service and location. Especially in shops, there is emphasis on price, quality, storage and design, and community facilities. The environment and the important role of customer service are the main customer touching points or close to shopping experiences. While, other factors such as dining or food court, shopping plaza, economic, psychological, behavioral and physiological

characteristics, such as the use the same staff in a friendly recognition, also plays an important role in good positive customer preference for retail super stores.

Other customers are saving the brand image, according to their different views on a variety of storage options. For example, in the shop everyday low price shops, small shopping basket, the price is low of the high price of a large shopping basket.

In other words, its own brand of products based on customer perception of color more easily stored printing. Pricing and promotional items affected the customers directly from the recognition of different types of images stored on factory outlet and retail stores. Existence of wide product range facilitates the most convenient shopping practice, shop at the store offers a variety of products and services to display various types of clients, customers tend to shop within a common limitation. Factory outlets have democratized shopping for the general public. People of wide-ranging incomes can now enjoy the most prestigious designer labels at affordable prices if they shop outlets. With factory outlets, manufacturers have found another channel to sell their products directly to consumers. Creating an additional profit center and a channel to control their own destiny where they can sell a full assortment of merchandise.

Problem Statement

To examine the perception of consumer about the factory outlet stores contrasted with traditional departmental stores towards fashion industry.

Hypotheses

The research hypotheses of the current study as explained.

H₁: There is a positive relationship between product bought from factory outlet store and customer perception in fashion

H₂: There is a positive relationship between product bought from traditional departmental store and customer perception in fashion

Outline of the Study

The five chapters consisted in the research thesis, first chapters i.e. introduction that deeply explains the basic concept of the research, study background and research objectives. The chapter comprises literature of the review. The third chapter is research methods; it defines the type of methodology. After the methodology, next chapter is of results and findings. In chapter 4, the results are interpreted and analyzed according to the requirement of research. Fifth chapter encloses the conclusion and discussion part, it further explains the overall theme of the study, conclusion, and discussion on the topic and future recommendations.

Literature Review

Factory outlets are highly specialized in terms of the availability products and their variants as well as the price of products are less in comparison with retail stores. Factory outlets are very popular in some areas of Pakistan and they also provide discounted price and clearance sales offers for their target market. In some areas they are also known as cut price shop. They need a broad range of market information, but most need to receive it distilled and translated to manufacturer's language (Jones, 1995). This is a requirement since the national manufacturers are inundated with information from prospective projects. A good presentation was always being essential for the success as it makes a strong positive perception in the mind of consumers (Clodfelter & Fowler, 2003). Through research study the fashion brands the companies' different items have to be regularly distributed to thousands of outlets in the market based on consumer preferences. Therefore, a strong and quick

distribution network is also connected with all departmental stores as well as factory distribution channel.

If compared to manufacturing companies, the retailers typically have a higher share of distribution costs in the emerging markets (Fernie, 1996). In the business of grocery retailing, the importance elements attached to the distribution network is also driven by the comparatively low product values.

Customers must feel comfortable with the product information provided at factory outlet as well as departmental store in order to make purchase decision (Jones, 1995). Communities must properly think through their project and know how to present it verbally and in writing to potential manufacturers in order to arrange site visits. The rapid fire change in retailing offers some highly positive results for communities (Clodfelter & Fowler, 2003).

In the localization environment pursuing this retailing option for a community, local officials can show initiative and proactively shape their community's future. Officials are recognized for their leadership role. Thirty years ago, the retail trend toward standard malls, regional malls, and super regional malls negatively affected many downtowns (Jones, Whitehead & Hillier, 1997).

To some degree, factory outlets are a way to bring retailing back to downtowns. Of course, no economic development option, no matter how great, is right for every community. For those towns and cities where expert analysis does not indicate promising results, other opportunities should be pursued (Agrawal & Smith, 2009). Perhaps the best news brought by factory outlets to communities is that sales tax revenue and employment increases which has been seen around the world (Jones et.al, 1997).

In some instances, factory outlet centers are operating successfully directly across the highway from traditional malls (Burns & Warren, 1995). Factory outlet centers must be located on an interstate, recent trends would seem to indicate that the preferred location continues to be adjacent to an interstate highway. However, a thorough analysis shows that the majority of factory outlet centers are not on interstates (Jones et.al, 1997).

The public expects to expend some effort to reach factory outlet centers and will spend more time finding them than they will a traditional shopping center (Clodfelter & Fowler, 2003). Factory outlet centers must be in a tourist area this is one retailer preference (Bush & Grant, 1995). However, factory outlet centers are located on routes to tourist areas, centered between two major cities and located on the outskirts of major cities, market areas, and tourist attractions (Bush & Grant, 1995).

Factory outlets cannot be situated next to a metropolitan area. Once again, in some instances; factory outlet shopping centers are located across the street from regional malls (Jones et.al, 1997; Bush & Grant, 1995). Factory outlet centers cannot be located next to a departmental store. In some cases, factory outlet centers are next to departmental stores. In others, they are within several miles (Burns & Warren, 1995).

A factory outlet center won't succeed in a market where there is "customer leakage," and one where people leave town to shop the reverse is true (Boling, 1995; Burns & Warren, 1995). The product fashion brands that offered or availability specific retail stores so observed that these brands not available the others outlet stores (Burns & Warren, 1995).

Therefore, any customer has perception about the fashion relate brands and retail outlet stores that offered then customer self-concept developed, the shopping perception about (Bloch, Ridgway & Dawson, 1994).

Birkett (2000) has done his research about customer perception of retail store and found positive results. He included fashion brand relate store advertising of a special price and the point-of-purchase label as additional objective price cuts in Jacoby and Olson's model. The categorization and preferences of an item's price as either a special (temporary) reduction or regular is highlighted in our price information processing model. Such perceptual categorization will precede the categorization of the acceptability of the price (Bloch et.al, 1994).

The categorization of price will influence customer shopping behavior, the initial perception of the price as special or regular is likely to have a vital role in determining individual behavior in retail sector and aggregate demand (Birkett, 2000; Bloch et.al, 1994).

In the retail business item in an advertisement or flier, a special supermarket aisle displays of the item, or a special shelf position and price tag all may enable a shopper during shopping to conclude that the item is selling at a "special" price without attending to or evaluating its actual price (Bellenger, Robertson & Greenberg, 1977). About the customer feedback loop from encoding and categorization to attention to the objective price occurs because point-of-purchase signals of a special price may lead to greater checking of the item's price against the prices of alternatives (Bellenger et.al, 1977). However, the different sources of objective description about the price status and price of an item may be information substitutes (Sproles & Kendall, 1986). For example, if noting an item's special price status in an advertisement leads to a purchase intention, it may reduce later in-store price findings. Loss of exclusivity is the reverse of the bandwagon effect (Sproles & Kendall, 1986).

In this case, consumers feel worse about the product and perhaps even themselves (through loss of image) when the brand they are using is popular (Sinha & Banerjee, 2004). Widespread

popularity, as reflected by high market share, can have a negative effect on product quality by reducing the product's image of exclusivity. For this reason, low market share may be a desirable attribute in and of itself if purchase by a limited number of consumers connotes prestige or status.

As popularity rises, exclusivity necessarily falls, and with it, the status appeal of the product (Reynolds, Howard, Cuthbertson & Hristov, 2007). For example, when General Mills expanded distribution of its line of Izod (LaCoste) clothing from country club pro shops and exclusive sportswear boutiques to departmental stores and even discount malls, the perceived quality of the alligator as a symbol of the upscale sportsman was diluted. Izod curtailed its distribution in an attempt to recover. Similarly, observers have attributed the decline in perceived quality of the Gucci name to the firm's undisciplined expansion to more than 14,000 licensed products. As Gucci merchandise became more prevalent in the marketplace, the Gucci name lost its appeal as a status symbol.

Factory outlet retailing is an innovative tool in a new or seasoned economic development program (Messinger & Narasimhan, 1997).

Many communities consider factory outlet stores, but because of their market and real estate complexity and industry culture, they do not fully explore their potential (Goldman, 2001). Rural, suburban and urban communities throughout the world have launched factory outlet shopping in downtown storefronts, converted traditional malls, abandoned factories and mills, row houses, historic buildings and new construction (Fox, Montgomery & Lodish, 2004). The choice depends on available sites within a community, the customer market to be served, the level of pass by traffic, proximity to interstate highways, and a host of other factors that make each area unique (Fox et.al,

2004). There are key elements that will make or break a project. Crucial is the marketing package of information and its presentation to national manufacturers (Aastrup & Kotzab, 2009).

Experienced consultants may be useful in this phase. Knowing how to position a community as a destination location, accentuating the positive aspects of the area and countering any local retail skeptics with educated responses are important aspects to a successful outlet mall solicitation strategy (Aastrup & Kotzab, 2009; Fox et.al, 2004).

In the case of global brands of multinational companies offered in the retail stores, retail sector the marketing managers must understand the consequences of the fact that consumers are likely to identify two distinct brand images of these retailers: store brand image either product brand image (Sinha & Banerjee, 2004). While these brand images are likely to be similar in the outlets and have particular characteristics of qualities, in the fact that consumers always are able to perceive values them as somewhat separate and distinct of each other provides additional challenges to marketing managers of these retail store types (Goldman, 2001). Specifically, store brand image emerges in the mind of customer as a paramount element in creating retail store loyalty (Birkett, 2000).

Research Methodology

Explains the methodology used for the research study. This research paper aimed findings the customer perceptions of factory outlet stores versus traditional departmental stores regarding selection or purchasing brand in term of fashion. Based on the detailed literature survey, a theoretical framework and a closed-ended structured questionnaire have been developed. They were filled by 100 respondents, the instrument contained 20 questions.

Method of the Data Collection:

In the research paper the with customer find the perception about the factory outlets and traditional stores have been conducted personal structured interview via use of a questionnaire will be the method of data collections from the above specified respondents' i.e. primary data collection during the research study, for the purpose of to examine the factors about the customer perception about the factory outlet and traditional stores in Karachi.

Sample Size & Sampling Technique:

The size of the sample current research comprises of 100 respondents. Convenience sampling will be done during research study to find the customer perception regarding purchasing product from or value to factory outlet stores or traditional super store in Karachi. Sample will be collected from university and different shopping malls in the popular super stores in terms of traditional super stores and selected factory outlet.

Statistical Technique:

In the research study the linear regression statistical technique was used to find out the significant relationship between the independent and dependent variables and the perception of purchasing experience their products from different stores in form of factory outlet or traditional stores in the city of Karachi.

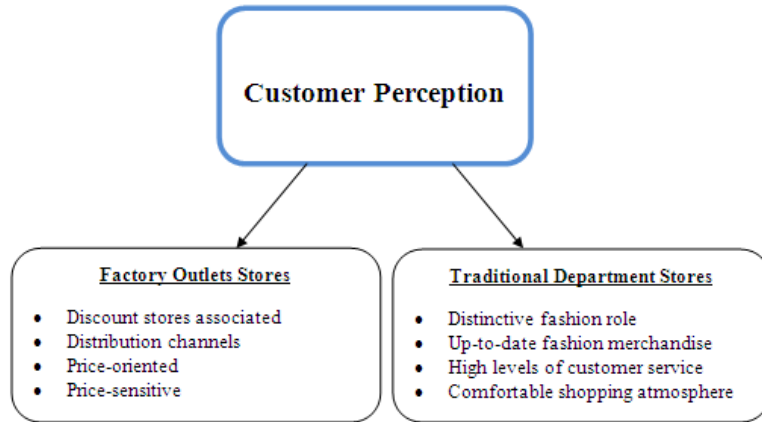
Variables of Study:

Dependent Variable: Customer Perception regarding fashion brands

Independent Variables: Factory Outlets Stores & Traditional Departmental Stores

Theoretical Framework:

Figure 3.1



Consumer Perception = $\alpha + \beta_1$ (Factory Outlets Purchase Experiences)

Consumer Perception = $\alpha + \beta_1$ (Departmental Stores Purchase Experiences)

Results

In this chapter, the statistical results and their interpretation has been analyzed according to the research hypotheses. There are two research hypotheses in the current study their empirical conclusion is explained in this chapter.

Findings and Interpretation of the results:

Table 4.1: Model Summary:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.179 ^a	.032	.012	1.396

a. Predictors: (Constant), How likely is it that you will purchase from factory Outlet stores again?, How likely is it that you would recommend buying from factory outlet stores to a friend or colleague?

In the above table of model summary, the value of R (Multiple correlation coefficients) identifies the relationship between dependent variable and regression model. In the results the larger value represents the stronger relationship which is favorable for regression model significance in the study. In the above table it is showing only 17.9% i.e. less control of dependent variable on regression model not favorable for regression model.

Table 4.2: ANOVA:

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.235	2	3.117	1.599	.207 ^a
	Residual	189.075	97	1.949		
	Total	195.310	99			

a. Predictors: (Constant), How likely is it that you will purchase from factory Outlet stores again?, How likely is it that you would recommend buying from factory outlet stores to a friend or colleague?

b. Dependent Variable: Which of the following items you considered while purchasing from factory outlet stores?

ANOVA table, the significance of regression test has been tested i.e. the sig-value of regression test should be less than 95% confidence level for significance of regression test. In the last column of ANOVA table, the sig-value is 0.207 which is greater than 5% (0.05) significant level. Therefore, the regression model is insignificant.

Table 4.3: Coefficient:

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.800	.434		4.144	.000
	How likely is it that you would recommend buying from factory outlet stores to a friend or colleague?	.039	.143	.027	.273	.785
	How likely is it that you will purchase from factory Outlet stores again?	.234	.132	.177	1.772	.080

a. Dependent Variable: Which of the following items you considered while purchasing from factory outlet stores?

The table of coefficient, individual significance values of independent variables are shown through which we can identify their relationship with dependent variable; while, the beta values help in making the linear equation of regression as explained in last chapter. Both sig-values of independent variables are insignificant i.e. greater than 5% significance level. Therefore, it is concluded that there is no positive consumer perception for product or items purchased from factory outlet.

The following regression model represents the test results for departmental stores.

Table 4.4: Model Summary:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.210 ^a	.044	.014	.636

a. Predictors: (Constant), How likely is it that you will purchase from traditional departmental stores again?, How likely is it that you would recommend buying from traditional departmental stores to a friend or colleague?, Overall, how satisfied were you with your last shopping experience in traditional departmental stores?

As explained in the previous table of model summary results are similar as value of R shows only 21% extent of relationship between dependent variable and regression model.

Table 4.5: ANOVA:

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.781	3	.594	1.470	.228 ^a
	Residual	38.779	96	.404		
	Total	40.560	99			

a. Predictors: (Constant), How likely is it that you will purchase from traditional departmental stores again?, How likely is it that you would recommend buying from traditional departmental stores to a friend or colleague?, Overall, how satisfied were you with your last shopping experience in traditional departmental stores?

b. Dependent Variable: The last time you visited, why did you visit traditional departmental store?

The ANOVA table is insignificant on the basis of sig-value. Our main focus is on the sig-value of the independent variable in order to analyze its linear relationship with the dependent variable.

Table 4.6: Coefficient:

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.918	.233		8.240	.000
	Overall, how satisfied were you with your last shopping experience in traditional departmental stores?	.102	.049	.211	2.068	.041
	How likely is it that you would recommend buying from traditional departmental stores to a friend or colleague?	-.020	.058	-.034	-.340	.735
	How likely is it that you will purchase from traditional departmental stores again?	-.008	.064	-.013	-.127	.899

a. Dependent Variable: The last time you visited, why did you visit traditional departmental store?

In the above table, the sig-value of the independent variable of overall customer satisfaction level regarding departmental stores is significant at 0.000 and has a positive beta value. Therefore, among the other independent variables present in the above table the overall satisfaction level of consumers has a positive impact on purchases?

Hypotheses Assessment Summary:

	Hypothesis	t-value	p-value	Empirical Conclusion
	There is a positive relationship between purchase from factory outlet store and customer perception in fashion.	2.068	0.041	Accepted
	There is a positive relationship between purchase from traditional departmental store and customer perception in fashion.	8.240	0.000	Accepted

Conclusion, Discussions, Implications and Future Research

Conclusion

The current research was based on analyzing the consumer perception regarding factory outlet and traditional departmental store adaptation fashion brands in form of quality, brand image, product availability, and prices of the items. A survey was conducted through questionnaire among 100 respondents to find out relationship between study variables. Statistically, it has been found that the overall satisfaction level of customers is positive for departmental store as compared to factory outlet. In the research it has also discovered out that consumers are more tending towards the traditional departmental stores as far as quality, product availability, prices choices and freedom was considered or s concerned but when it comes to discount in price then they prefer factory outlets and in the factory outlet have choice limited. So that consumers who are committed to a particular retail store have formed a close consumer to retail store strong relationship and that this build up relationship will lead to perceived similarities between the store brand image and their own self-concepts.

Discussion

In the global or localization now the important element of competitive business environment faced every business and to new customers' attraction or maintain long term relationship new customers as well as also existing customers so important. It is the fundamental to business success to keeping satisfaction level of customers maintain so important. For these gain competitive advantages the successful the management of outlets working to build long term strong relationship with their royal customer with the loyalty marketing loyalty programs membership. So the loyalty programs endow.

During research, in the retail super stores a lot of products available for customers the same category products or fashion brands from different manufacturers, and with almost the same properties. For fashion brands selection or purchasing under umbrella of super stores too many products and also too much information in a limited cognitive ability to combine for customers in this business (Agrawal & Smith, 2009). So this environment will become lead to consumer confusion and less satisfied (Fernie, 1996). This difference too much and too little stimulation between brain size makes it necessary to focus on capturing consumer attention in the store.

Implication

The Departmental store buyers, the traditional point of sale for manufacturer's merchandise, have changed their purchasing habits, and stock their stores more selectively. In their need to compensate for this change, manufacturers have found that factory retailing meets their sales and manufacturing objectives. Indeed, as industry experts concur, retailing in the 1990's is undergoing the greatest innovation the industry has ever experienced. At no time in the past 100 years has there been so much continual change. Industry analysts estimate that 45 percent of regional and national chains in business today won't be in business by the year 2000.

Future Research

This research study has focused on some factors of departmental and factory outlet in relation of consumer perception to aware the new fashion brands or a lot of products selection. In future a lot more research can be done on this topic with widen scope and horizons. Many other aspects of shopping centers and customer touch points can be studied in future and more exploratory studies can be done.

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