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Evolution of Retail Institution Types and Consumers' Store Patronage Behavior: A Cross-Cultural Comparison among Consumers in China, India, and the United States

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With growing populations, rising personal wealth, and increased availability of products, the markets in China and India are becoming viable and attractive markets for consumer products. Appropriate market analyses of the retail industry and consumers in these two countries are essential for retailers and other marketers to establish successful multinational market expansion strategies. However, limited retail market research has been conducted for these two countries, and no research studying the differences among consumers in China, India and the United States has been done. The two-fold purpose of this study is to: (a) provide information about retail institution types in China and India, and (b) compare store patronage behavior in China, India and the United States. The study is based on the Combined Retail Evolution Model (CREM) (Kim and Kincade, 2006). A literature review and qualitative observations are used to collect information about retail institution types, and survey data is used to measure consumer store patronage. The survey data shows that previous ideas about retail and consumer patronage behaviors are not supported across the three countries. Potential retail strategies for U.S., Chinese, and Indian retail companies are then discussed based on the findings of this study.

Introduction

China and India are expected to be among the fastest growing consumer markets in the world (Smith, 2006). In 2006, the Economist Intelligent Unit surveyed 1006 CEOs of international corporations (Kim, 2007), and among those surveyed, 89% of the CEOs expected that China and India would be connected to future growth for their businesses, as compared to the 6% five years ago. Most of these CEOs had plans to invest in China and India, and 34% of them believed that the increasing consumption in these two countries would be one of the most important factors influencing the world economy in the coming years.

China – A Growing Market

China's entry into the World Trade Organization (WTO) in 2001 was highlighted by reports of significant growth in exports. At the same time with limited publicity, China's entry into the WTO is providing opportunities within China for many international corporations. In 2004, China, as a WTO member, fully opened its retail sector to foreign investors: previous joint venture requirements were removed to allow 100% foreign investment. This change has allowed mergers and acquisitions (M&As) between foreign and domestic companies with expansions into second- and third-tier cities. By 2005, 302 foreign retailers with 3,903 stores were approved to operate businesses in China (Liu and Tao, 2005).

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Many foreign retailers operating in China carry imported textile and apparel products, and Chinese consumers view these imported apparel brands as superior to Chinese brands in quality and associated image of social status (Li, Wang, and Cassill, 2004; Shen, 2003). The demand by Chinese consumers for imported textile and apparel products has increased significantly in the 2000s (Divita, 2003; Li, Wang, and Cassill, 2004; Shen, 2003). According to the National Bureau of Statistics of China (2005), the total retail sales of all consumer goods reached $652 billion (US) in 2004, a 13% increase over the previous year. The market for apparel products including footwear in China was $93 billion in 2005, a 52.6% growth from the previous year (Mayers, 2006).

India – A Growing Market

In India, a similar liberalization of trade policies that began in 1991 has encouraged foreign investors to do more business within the country (Edmonds, Pavcnik, and Topalova, 2005). Tariff levels were reduced from 83% in 1991 to 30% in 1997, which led to dramatic increases in imports into India, including imports of textile products and apparel (Huhmann, 2004; Luce, 2002). In January 2006, the Indian government also allowed foreign companies to have at least 51% of ownership for single-brand Foreign Direct Investment (FDI) in the retail sector. These changes have led to significant increases in the number of foreign-owned retail stores in India.

As with China, India's growing economy has become one of the most attractive markets in the world (Malik, 2004). The current market size of India is $286 billion (Foreign Direct, 2006), and it is expected to grow to over $500 billion by 2010 (Bhatnagar, 2004). The demand for imported goods in India is also increasing (Castleman, 2005; Malik, 2004; Sinha and Banerjee, 2004). Along with general market growth, a significant increase is occurring in the middle class in India (currently at 300 million); incomes in this group increased by more than 250% from the 1990s (Chugh, 2006; "Coming to Market", 2006). The Indian consumption rate as a percentage of GDP (64%), is higher than that of China (42%), and even higher than that found in some developed areas, such as Europe (58%) and Japan (55%) ("Coming to Market", 2006). The newly emerging middle-class in India, often referred to as "Zippies," are turning more towards Western brands and are purchasing a majority of imported products, including textiles and apparel ("Coming to Market", 2006; Malik, 2004).

In spite of the growth in these economies and their increasing demands for foreign goods, many international corporations have not yet taken advantage of potential markets in China and India. To sell textile and apparel products to China and India, appropriate market analyses of both their retail industries and the patronage behavior of their consumers are needed.

Conceptual Model

Retail stores are not static entities but are active, cycling organizations that evolve through time and are influenced by and in turn influence a variety of other variables. The study of retailing is complex with many interconnecting variables and influences. Although retail evolution has been extensively studied in Western retailing, little is known about retail and its evolution in Asian countries. To direct the study of both retail evolution in China and India and the patronage behavior of the consumers in these markets, the two-part Combined Retail Evolution Model (CREM), as described by Kim and Kincade (2006), is used, as shown in Figure 1. The CREM is pertinent to this study because the model, while originally formed based on the studies of Western retailing, has been refined through a study of retailing in South Korea. This two-part model includes: (1) *Retail Evolution*, which incorporates cyclic changes, spiral endings and conflict evolution; and (2) *Influences*, which include multiple environmental influences and consumer influences such as demographics, shopping orientations, and the importance of store and product attributes.

Retail Evolution

The retail evolution portion of the CREM includes several processes of retail change, including the competitive conflicts among retail format types. One cycle for a retail type in the CREM contains three main phases of evolution: entry (or introduction), trading up (or maturation), and vulnerability. In the first phase of a cycle (entry), a new type of retail institution (R_3 in Figure 1) enters a market with low operating costs and low retail prices. This retail institution is now in conflict with other retail institutions that are currently in existence (R_1 and R_2). Over time, the retail format matures or trades up, as indicated by the dashed and dotted circles with arrow heads around the R_i. In this maturity phase, the institution makes many changes within its operating structures. For example, they may begin to offer a wider assortment of products and brands, which leads to increased operating costs and product prices. In the final vulnerability phase, the retail institution type begins to lose its competitiveness in the market, and sales and profits drop. The format of the retail institution type finally reaches a "spiral ending," denoted by the cross symbol in Figure 1, where the retail store format and its product attributes have changed. Under the CREM, four distinct spiral endings are proposed for a retail institution type: (1) upgrade with improvements in services and products, (2) remain the same and eventually go out of business, (3) downgrade by dropping prices and lowering product quality, or (4) change into a different type of retail institution. Additionally, competition between retail institution types in the CREM (R_1, R_2, R_3) can ultimately allow for the creation of even more retail types (R_4).

The dynamics of the CREM can be demonstrated with the following example. Department stores and small specialty shops have existed in several countries for a number of years. Discount stores started in the market with low prices and limited services, and with their introduction, department stores and small shops faced intensive competition. Each retail type had the opportunity to change or evolve in the face of the competition, including the discount stores. In response, discount stores have added more services and product assortments, but a number of small specialty stores have gone out of business, while department stores have dropped product lines and increased the number of branded products. Therefore, each store type has reacted to the competition and even now continues to spiral or evolve with changes. Ultimately,

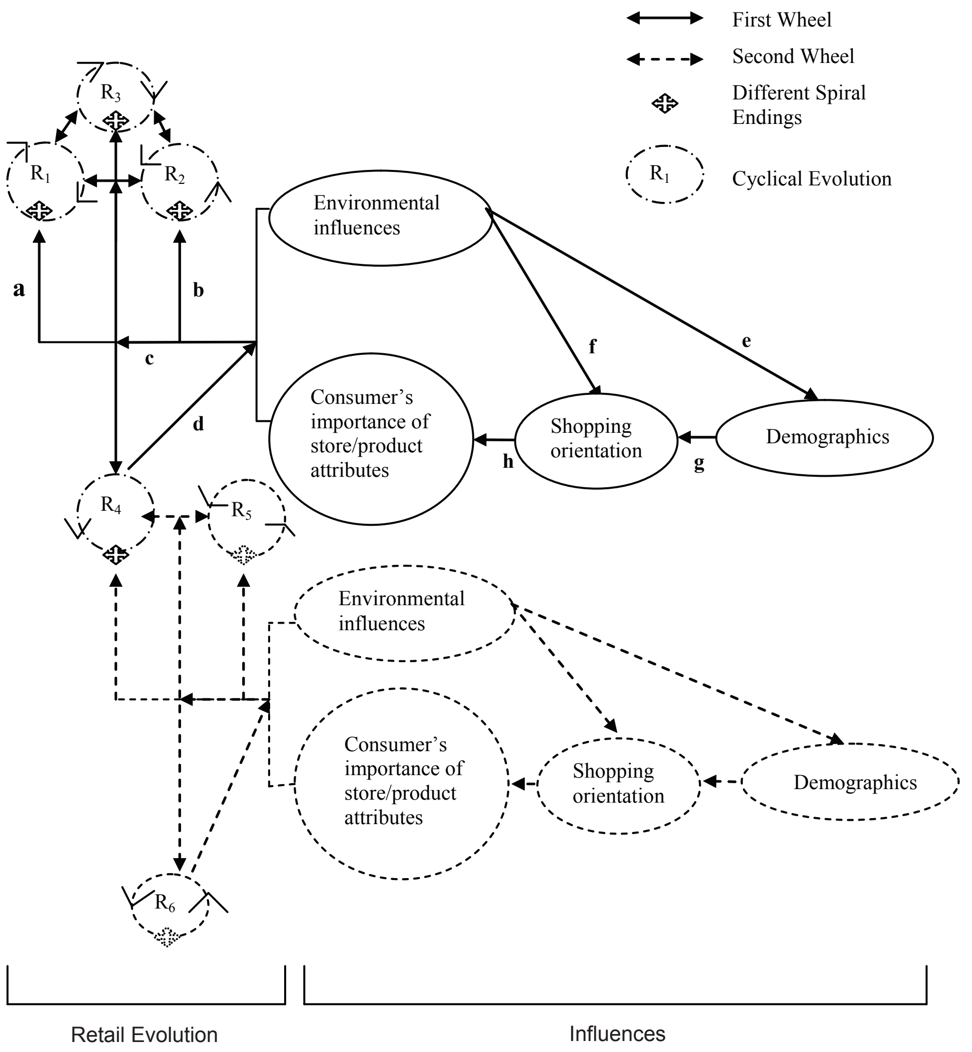

Figure 1.
The Combined Retail Evolution Model (Adopted from Kim and Kincade, 2006).

the changes in the format of each retail type permit the emergence of a new format type: in the United States, Internet retailing has developed as a new type, while in South Korea, the Private Branded Hive (PBH) has emerged in the market (Kim and Kincade, 2006).

Influences

The second portion of the CREM consists of the influences in the system. Both environmental influences (e.g., social, technological, legal, economical, cultural and geographical conditions) and consumer influences have potential to impact retail evolution. For example, advanced technology such as a point-of-sale (POS) system can be installed in stores to improve the efficiency of store operations, but adoption of this technology increases operating costs. At the same time, with automatic checkout systems, stores can reduce the number of workers, which in turn reduce operating costs and increase the self-service features in stores such as discount stores. The technological environment alters the evolution of retail, as shown by the c arrows in Figure 1.

Environmental influences also affect consumers' demographics and shopping orientations, as denoted by arrows e and f in Figure 1. Consumer demographics affect shopping orientations (arrow g), and shopping orientations influence the importance of store/product attributes (arrow h). The importance of store and product attributes affect store patronage behaviors as well as the environmental influences, both of which ultimately affect the evolution process of retail institutions (arrow c).

For example, any economic crisis or downturn will reduce consumers' household income and may cause consumer unemployment. As household income decreases as a result of the economic crisis, consumers become more price-sensitive, and re-prioritize price to be more important among the range of store and product attributes. This change in the importance of attributes to consumers is exhibited by the change in their patronage from a specialty store (R_2) with highly-recognized brand products to a store (R_3) that provides lower prices regardless of brand names. As time passes, both the environmental influences and the consumers' influences are affected, in turn, by the presence of new retail institution types (arrow d). Continuing this example, if consumers who shopped in the discount stores are disappointed at the quality and variety of products, this situation would provide an opportunity for a new retail type to enter the market (R_4). These types of interactive influences between retail evolution and environmental and consumer influences is evidenced by the success of the PBH in South Korea following the Korean economic crisis of the 1990s (Kim and Kincade, 2006). The retail evolution process of the CREM will continue through time, with future competition evolving among emerging retail types as shown in the second tier in Figure 1 with R_4, R_5, and R_6.

Purpose

The two-fold purpose of this study is to (a) provide information about retail institution types in China and India and (b) compare store patronage behavior in China, India and the United States. To this end, the objectives of the study are to:

1. examine retail institution types and their changes in China and India;
2. examine consumers' store patronage behavior in China, India, and the United States;
3. explore the differences among China, India, and the United States in terms of retail evolutions and consumers' store patronage behavior; and
4. develop guidelines for companies in the United States and other nonAsian countries for adjusting their organization's retail strategies for successful marketing in China and India.

To achieve these four objectives, the study is divided into two parts, which parallel the two parts of the CREM. Part I is an extensive review of the literature on the evolution of retail in China and India (Objective 1), and Part II is a survey of consumer influences (Objectives 2, 3, and 4). Survey data is used for Part II because of the lack of information about consumers in China and India and the lack of substantive literature comparing these consumers to U.S. consumers.

Part I: An Examination of the Retail Evolution in China and India

Department stores, specialty stores, and discount stores are all examined in this study, as they are the representative modern retail store types in China and India. These store types were imported into China and India in their mature phase rather than evolving or emerging as predicted in the CREM. Shopping malls are also included in the study as they contain multiple retail store types and are rapidly becoming popular as retail locations in China and India.

Retail Industry in China

Among retail stores in China, department stores, specialty stores, and discount stores are rapidly increasing in numbers. These retail store types were imported from developed countries, and have benefited from the lack of modern retail stores in the Chinese market, as these Western-style stores provide a more satisfying shopping environment than traditional state-owned retail stores (Wang, Zhang, and Wang, 2006). Shopping at these modern retail stores and wearing imported foreign brands have also become an expression of social status for Chinese consumers as the prices for imported goods are typically high (Wang, Zhang, and Wang, 2006).

Department Stores

Before economic reform, Chinese retail sales were mostly generated from state-owned department stores, and apparel products were the major merchandise category, accounting for 40% of total sales (Goll, 1995). The modern department store format was imported into China in the early 1990s with the involvement of foreign investors. As in the United States, these department stores offer mid-range to high-end products, targeting middle- and high-income consumers who mostly reside in urban areas. Given this target population, most department stores are located in major urban cities (Mayers, 2006; Sternquist and Qiao, 1995). Since the 1990s, state-owned and privately-owned (domestic and foreign) department stores, including joint ventures, have coexisted and competed with each other. In 2005, 53% of total retail sales of clothing and 40% of footwear sales in China were generated from department stores. Prior to 1994, state-owned department stores were not allowed to import foreign products. To address this competitive issue, the Chinese government now allows state-owned stores to carry up to 30% of their inventory in foreign products. In addition, the government has privatized state-owned department stores to attempt to improve their competitiveness (Sternquist and Qiao, 1995).

Specialty Stores

Specialty stores were imported into China in the 2000s. In China as well as in the United States, specialty stores have similar attributes to department stores, including a range of high quality and highly fashionable products, good ambience, a wide range of services, contemporary décor, special events, and cleanliness (Li, Wang, and Cassill, 2004; Sternquist, 1998). In China, specialty stores offer both domestic and foreign brands, including more luxury brands (Sternquist, 1998). In 2005, specialty stores accounted for 14% of clothing sales and 18% of footwear sales (Mayers, 2006). More specialty retailers with foreign brands are entering China and catering to young white-collar professionals. For example, some specialty stores import mid-priced international brands, such as H&M, Zara, and Mango, differentiating themselves from local specialty stores and serving consumers who look for foreign brands at affordable prices (Warner, 2006). A few specialty stores target the new wealthy fashion-conscious consumer submarket and carry prestigious name-brands and elegant products with a prestige pricing strategy (Li, Wang, and Cassill, 2004).

Discount Stores

Discount stores in China, as in the United States, offer a moderately broad and deep assortment of merchandise at low prices, with convenient one-stop shopping and free parking. In China, discount stores tend to carry mostly local, non-branded products (Li, Wang, and Cassill, 2004). The targeted consumers for this type have low- to mid-level incomes and are fashion followers. The discount hypermarket was introduced in 1990s. This variation of the discount store has a broader assortment of products and better services than regular discount stores, and targets middle-income consumers (Goll, 1995; Mayers, 2006). They are located not only in urban centers but also in second- and third-tier cities.

With a growth rate of 64%, discount stores are predicted to increase in numbers by approximately 30% by 2010, compared to a 7% growth rate for department stores. According to Mayers (2006), hypermarket discount stores accounted for 15% of clothing sales and 10% of footwear sales in 2005, while conventional discount stores accounted for only 8% of clothing sales and 8% of footwear sales. As with other retail types, an increasing number of hypermarkets has led to higher competition (Mayers, 2006). The profit margin of hypermarkets in the early 1990s was 10%, but by the mid 2000s, it was 2%. To respond to the competition, discount stores (including hypermarkets) are upgrading customer services, providing free exchange of products within 2 weeks, and offering more fashionable, quality products.

Silk-Street Stores: A New Retail Format

Along with these more traditional store formats, a new retail store format can be identified in the Beijing, China market. Traditional, government-organized "Silk Street" stores in Beijing historically sold silk-related products in a small store format at street level. Recently, however, these traditional silk stores are being placed into large, newly-constructed buildings. Thousands of booth-sized stores inside these new buildings offer silk-related apparel items, accessories, traditional crafts, and silk fabrics with customized tailoring services. In addition, souvenirs and consumer electronics are also offered. These businesses have been called "commodity trading stores" by Chinese businessmen. The building and its offerings are quite similar to the Private-Branded Hive (PBH) stores in South Korea (Kim and Kincade, 2006); however, the Korean PBH stores typically offer only apparel, accessories, and interior decor items.

Shopping Malls

China recently imported modern style shopping malls to its retail landscape. Most shopping malls in China are located in large cities, and target young, high income, fashion-conscious consumers (Li, Wang, and Cassill, 2004). These malls offer high-end international brands in a large space. For example, the South China Mall located in Dongguan contains 7.1 million square feet with 1,500 stores. In the United States and other countries, department stores have been the traditional anchor stores for shopping malls, but hypermarkets in China tend to fill these anchor spaces in malls. Hypermarkets offer the same modern shopping environment as department stores but offer a wider range of lower-priced products and food products (Mayers, 2006). Limited additional information is available about the profitability and success of shopping malls in China due to their short history.

Consumer Trends

The Chinese government implemented a "One-Child Policy" in 1979, which has had dramatic impacts on the demographics of younger age cohorts in China.

The teenagers and young adults born under this policy are often referred to as "little emperors," as they have been raised with no siblings and their parents often have invested all of their resources into their only child. For marketers, this situation means that many Chinese children have excessive spending habits. These "little emperors" spend, on average, 66% of the combined incomes of their parents (Cheng, 1993). Along with spending power, these young people are very fashion-conscious and brand-oriented. With this generation's increasing levels of consumption, these young consumers have become a major target for both local and international business.

Retail Industry in India

India is one of the least saturated yet most competitive markets for retailing in the world (Foreign Direct, 2006). It has the highest density of retail outlets in the world with more than 15 million retail stores, compared to 900,000 stores in the United States (Bhatnagar, 2004; "Coming to Market", 2006; Sinha and Banerjee, 2004). In the early 2000s, small, traditional retail stores called *Kiranas*, which are similar to mom-and-pop stores in Western countries, accounted for 98% of the retail stores in India (Sinha and Banerjee, 2004). Indian consumers have typically patronized Kiranas because of the high level of personalized service and the low-priced apparel products with low-cost tailoring (Sinha and Banerjee, 2004). Since the liberalization of trade policy in India, however, the retailing environment has dramatically changed due to importation of Western retail formats. These Western department, specialty and discounts stores are called "organized stores" in India (Tewari, 2005). In 1999, consumer spending in these organized retail stores accounted for only 1% of total retail consumption; however, it increased to 9% (USD $23billion) in 2006 and is expected to continue to rise (Chugh, 2006; "Coming to Market," 2006). Although growing in numbers, the number of organized retail stores in India in 2005 represented only 2% of retail stores, which is very small compared to the United States (80%), Europe (70%), and China (15%). With the sales growth rate in these organized retail stores at 30% (Foreign Direct, 2006), the number of organized stores has been increasing by 18-20% annually. With the majority of economic growth in urban areas, 96% of the organized retail stores are located in the ten biggest cities in India (e.g., Delhi, Mumbai, Bangalore) (Dyson, 2006).

Modern Indian consumers are now seeking a pleasant shopping environment that satisfies their changing tastes. They are demanding more entertainment, vacation- and lifestyle-related goods, quality and brand-name merchandise at all price points, and friendly customer services including convenient return, exchange policies, and financing options (Chugh, 2006; Tewari, 2005). Indian consumers are satisfying their increased expectations by shopping in modern organized stores and are currently departing the Kiranas (Bhatnagar, 2004; Sinha and Banerjee 2004).

<u>Department Stores</u>

Shopper's Stop, one of the first organized department stores in India, opened its doors to customers in Mumbai in 1991. Department stores in India, in contrast to these stores in the United States, provide a variety of products including household goods, furniture, electronics, books, personal care, groceries, music CDs, and apparel, including ethnic wear. They also offer both national brands and private brands including high-end designer brands and private-branded products or "in-house" brands (Munshi, 2003). A majority of department store customers are between the ages of 16-32 and located in urban areas. They are part of either a small nuclear family or a young couple with a monthly income above 40,000 Indian Rupees (approximately USD $980) (Bhatnagar, 2003). Firms in emerging technology and service sectors are providing job opportunities to young Indians, especially women, and providing more disposable income for young couples. These young Indian consumers are mostly fashion-conscious consumers.

Specialty Stores

Both domestic and foreign franchise stores are entering the Indian specialty store market. In the early 2000s, menswear accounted for almost 60% of the branded ready-to-wear apparel market because, unlike women, men in India usually do not wear traditional ethnic clothes at work and in the home (Munshi, 2003). Although lower in volume, the growth rate of the women's wear market is almost 9%; it is much higher than that for the men's wear market, and it is expected to continue to rise. Specialty stores in India are targeting working women in urban areas, who are young and brand-conscious and have higher incomes and greater buying power. As they have been exposed to images of fashion in the media and have upgraded their lifestyle due to the booming economy, Indian women are beginning to prefer Western-style outfits and Western brands to traditional ethnic wear. In the late 1990s and early 2000s, the sales of women's trousers and skirts increased by 27% annually. These working women, as in the United States, have less time, so they are convenience-conscious and prefer one-stop shopping, but they also want a wide selection of goods (Chatterjee, 2002). As a result, "lifestyle branding," which has been popular in U.S. stores for about a decade, is rapidly being adopted by specialty stores in India. This type of marketing offers "complete wardrobe solutions" for every occasion (e.g., sports, business, parties).

Discount Stores

Big Bazaar, operated by Pantaloon Retail Ltd, is the first discount store in India; it opened in 2001. As with specialty stores, both domestic and foreign franchisee discount stores are operated in India as "organized stores." Many modern discount stores opened in 2002 and 2003 in major cities in India. Due to economies of scale and low prices, discount stores became very popular with both Indian consumers and foreign investors. Discount stores in India, just as in the United States and China, offer a variety of products, including apparel, home furnishings, electronics, furniture, and groceries. Indian discount stores are targeting a rapidly growing middle class, which indicates that the discounted price level is still high for the low income class in India ("Coming to Market", 2006). As in the United States, a majority of Indian consumers are convenience-conscious, but at the same time they are looking for value for money. The rapid growth in the popularity of discount stores has resulted in intense competition with traditional retail stores, and has led to the closing of millions of small local shops ("Coming to Market", 2006).

New Retail Format

Even though more consumers are currently accepting Western-style wear, a substantial number of Indian women still wear ethnic clothing such as the sari, which is offered primarily by the traditional street stores. With the popularity of Western clothing and brands, few manufacturers are catering to the market for ready-to-wear ethnic wear. Although many women still want ethnic clothing, they also want to shop in organized stores, and ethnic apparel is not available in these stores; therefore, there is a substantial demand for recognized brands in Indian ethnic wear to be offered in a more modern format. The success of the Be brand (Raymond) and Westside's ethnic wear collection (Tata group) clearly demonstrates the potential of this market. Therefore, there is the market share present for an ethnic wear specialty chain store to be a prosperous new retail store type in India, arising as a synthesis of traditional street stores and specialty chain stores, and promoted by consumers' demand for ethnic clothing.

Shopping Malls

The first modern shopping mall in India, Crossroads in Mumbai, opened in 1999 ("Coming to Market", 2006). Since the opening of the Crossroads, over 450 modern shopping malls are under development or have recently opened in several large cities such as Delhi, Mumbai, Bangalore, and Chennai. Many Indian shopping malls are very large, with more than 25 million square feet of retail space (Bist, 2004). These shopping malls target the emerging new middle class in India, including young adults with an increasing disposable incomes and similar shopping behavior to American teenagers (e.g., socializing with friends at the mall).

Consumer Trends

In India, 50% of population is below 25 years old, and the urban population within this young cohort is predicted to increase from 107 million in 2001 to 138 million in 2011 (Chugh, 2006). This growth is in stark contrast to the limit on children in China. Post-liberalization children, who are between 17 and 21, are more educated and spend more freely than previous generations. This cohort group totals more than 100 million consumers (Ismail, 2006; Foreign Direct, 2006). This young generation, raised in households with a smaller number of siblings and higher saving rates than previous generations, has become a center of India's consumerism ("Coming to Market", 2006).

Part II: The Study of Consumer Influences

Part II of this study is an *ex post facto* study designed to examine the patronage behavior of consumers in China and India with comparisons to U.S. consumers. The lack of previous research found in previous literature on Chinese and Indian consumers supports the need for this study. Young, college-educated, female consumers were selected as participants because the retailing literature has noted that in both India and China young women are becoming a major consumer group in the market, with their rising disposable incomes and increasing demands for branded products.

Based on the literature about the store patronage behavior of Western consumers, and the limited available information about this topic for China and India, a survey instrument was designed. This questionnaire assessed the following variables: (a) consumer demographics, such as annual household income and monthly discretionary income; (b) shopping orientations; (c) the importance of store and product attributes to respondents; and (d) store choice. The questions for shopping orientations and the importance of store and product attributes ask for a response on a 5-point Likert-style scale, while other questions are multiple choice. The questionnaire was distributed to female students at colleges in Beijing, China; Bangalore, India; and Providence, Rhode Island, USA. Discounting invalid questionnaires, there are 236 usable responses from China, 227 from India, and 195 from the United States, for a total of 658 valid questionnaires that can be used for analysis.

"Shopping orientation" is the impression that a consumer has toward the task of shopping (Shim, 1992). For this variable, a principal component analysis using Promax rotation with Kaiser normalization was used to group and reduce the 17 questions. Components with eigenvalues greater than 1 and factor loadings over 0.50 were used to group the questions. These methods are commonly used with this type of data in apparel product and retail studies (Kim and Chen-Yu, 2005; Shim, 1992) A "shopping orientation" factor score was calculated by averaging the values of a respondent's questions for each factor. Each respondent was then classified according to their orientation factor with the highest score.

The 23 questions for the importance of store and product attributes were also factored using the Promax procedure. The average score for each store and product attribute factor was calculated, and were then grouped into three levels (1 to 2: Low level, 3: Medium level, 4 to 5: High level) to further reduce the data.

Chi-tests were then used to examine the relationships among the variables as structured in the Consumer Influence portion of the CREM. In addition, the frequencies of respondents' responses for each country are provided with a comparison across countries for retailers.

Understanding the Chinese Consumer

<u>Respondents' Profile - China</u>

As seen in Table 1, the most common annual household income levels among the Chinese respondents are (a) over $6,600 (30.9%) and (b) $1,320-$3,959 (29.7%).

Table 1.
Respondents' Profiles: China, India and the United States.

Variables	**China** (n=236)			**India** (n=227)			**United States** (n=195)		
	Levels	%	n	Levels	%	n	Levels	%	n
Annual household income	below $1,319	17.8	42	below $740	20.3	46	below $69,999	29.2	57
	$1,320-$3,959	29.7	70	$741-$1,480	34.5	78	$70,000-$89,999	27.2	53
	$3,960-$6,599	21.6	51	$1,481-$5,180	18.6	42	over $90,000	43.6	85
	over $6,600	30.9	73	over $5, 181	26.7	61			
Discretionary income	below $52	25.8	61	below $3.9	16.6	38	below $199	31.8	62
	$53-$79	29.2	69	$4-$9.9	29.4	67	$200-$399	30.8	60
	$80-$105	17.4	41	$10-$29.9	24.3	55	over $400	37.4	73
	over $106	27.5	65	over $30	29.4	67			
Shopping orientation	Brand/Fashion	15.3	36	Brand	45.4	103	Brand	9.7	19
				Fashion	11.5	26	Fashion	16.4	32
	Shopping Int.	50.0	118	Shopping Int.	13.2	30	Shopping Int.	55.4	108
	Price	14.8	35	Price	5.3	12	Price	9.7	19
	Convenience	19.9	47	Convenience	24.7	56	Convenience	8.7	17
Importance of store/product attributes (high level)	Product-Value	89.8	212	Product-Value	92.2	209	Product-Value	87.8	171
	Store Environ.	75.0	177	Store Environ.	85.1	193	Store Environ.	91.1	178
	Prod.Sel./Price	84.3	199	Product	92.9	211	Product	95.9	187
	Service	56.4	133	Service	79.1	180	Service	77.2	151
	Reputation	77.5	183	Community	69.3	157	Reputation/Seat.	45.9	90
				Advertising	51.0	116	(low level)		
				Credit	65.2	148			
Store types	Department	30.0	71	Department	7.3	17	Department	27.4	53
	Discount	14.2	34	Discount	11.0	25	Discount	4.6	9
	Specialty	36.0	85	Specialty	20.5	47	Specialty	36.7	72
	Shopping malls	19.8	47	Shopping malls	61.2	139	Shopping malls	31.2	61

In comparison, the average annual household income for middle class in 2004 in China was between $3,331 to $3,998 and per capita income in Beijing was $2,281 (China statistics, 2005; Chinese middle-class, 2004). Compared to average incomes in China, at least one-third of the respondents have higher than average incomes for the country. For discretionary income, respondents are almost equally distributed across the four categories, with $53 - $79 (29.2%) and over $106 (27.5%) as the most common responses.

Four shopping orientation factors were found among the Chinese consumers surveyed. According to the questions loading on each factor, they can be labeled *Shopping Interest*, *Brand/Fashion-Conscious*, *Convenience-Conscious*, and *Price-Conscious*. Chinese respondents have similarly perceptions about brand and fashion; this might be because well-known brand names introduce fashion trends, while non-brand products are mostly basic items. For the shopping orientation variables, a majority of respondents score highest on the *Shopping Interest* orientation (50%), followed by the *Convenience-Conscious* shopping orientation (19.9%). This supports findings in the literature that young Chinese women enjoy shopping in modern retail environments (Cheng, 1993). This finding can be important to retailers and mall owners because consumers who are interested in shopping become relevant consumers for retailers.

Five store/product attribute factors were found, and are shown in Table 2: *Product Value*, *Store Environment*, *Reputation*, *Services*, and *Product Selection and Price*. Although five factors can be calculated from the data, a majority of respondents rated all store/product attributes at a high level of importance on the Likert scale, indicating that each store/product attribute is important to them when selecting a store. As shown in Table 1, the attributes with the highest respondent percentages are *Product Value* (89.8%), *Product Selection and Price* (84.3%), *Reputation* (77.5%), and *Store Environment* (75.0%). The findings indicate that these young Chinese consumers are very practical as they are concerned about prices, but at the same time, they are looking for a variety of product, quality, and style as well. Therefore, retailers need to navigate the complex marketing task of satisfying consumers' demands for all of these attributes.

As shown in Table 1, a majority of respondents chose specialty stores (36.0%) when asked for primary store choice when shopping for clothing. Since the opening of Chinese markets to foreign retailing after its entrance into the WTO, specialty stores have become available to Chinese consumers and are providing a variety of products including foreign and domestic brands with various price ranges (Warner, 2006). The prices of products in department stores in China are high due to a targeting of the upper-middle class, but specialty stores could be a more prosperous store format by providing more affordable options for young consumers.

Relationship among Consumer Variables - China

In the CREM, consumer variables are shown to be related to each other and to be related to the store choice, which influences retail evolution. These relationships were tested for the Chinese respondents, and no significant differences exist between

Table 2.
Factor Analysis for Store/Product Attributes: China

Store/Product Attributes	Loading	Eigenvalue	% of variables
Factor 1 Product-Value-related attributes		6.88	29.92
Value for money	0.93		
Product quality	0.84		
Style and garment shape	0.59		
Factor 2 Store-Environment attributes		2.36	10.25
Lighting in a store	0.82		
Seating for resting	0.76		
Rest room (number, cleanness)	0.74		
Ease of returning items	0.69		
Number of fitting rooms	0.58		
Community involvement	0.56		
Factor 3 Reputation attributes		1.49	6.49
Advertising in mass media (informative, impressive, frequency)	0.75		
Store reputation	0.66		
Sales personnel & cashiers (friendliness, expertise, availability)	0.61		
Latest fashion	0.55		
Factor 4 Services attributes		1.14	4.96
Well-known brand availability	0.80		
Acceptance of credit cards	0.67		
Factor 5 Product Selection/Price attributes		1.02	4.42
Product assortment in each category	0.80		
Prices	0.58		

respondent's household income levels and their shopping orientations (χ^2 = 6.789, p = 0.659). In addition, no significant difference is present between respondents' discretionary income levels and shopping orientations (χ^2 = 4.103, p = 0.904). The similarity of incomes among respondents may be responsible for this lack of significance.

In the relationship between shopping orientations and the importance of store and product attributes, no significant result is present (*Product Value* χ^2 =1.828, p = 0.935; *Store Environment* χ^2 = 7.062, p = 0.315; *Product Selection and Price* χ^2 = 9.012, p = 0.173; *Service* χ^2 = 7.016, p = 0.319; *Reputation* χ^2 = 10.987, p = 0.089). Again, the surveyed consumers are very similar in their orientation profiles and their attribute ratings, as they ranked all attributes as having high importance. When consumers want everything (e.g., quality products, affordable prices, knowledgeable sales people),

Table 3.
Chi Test for the Relationship Between the Importance of Store/Product Attributes and Store Type Choice in China.

Store Types		Department Stores		Discount Stores		Specialty Stores		Shopping Malls	
		n	%	*n*	%	*n*	%	*n*	%
Product-Value	Low	3	23.1	3	23.1	6	46.2	1	7.7
	Med.	3	30.3	2	20.0	1	10.0	4	40.0
	High	70	30.4	31	13.5	84	36.5	45	19.6
Store Environment	Low	18	39.1	5	10.9	15	32.6	8	17.4
	Med.	7	53.8	2	15.4	1	7.7	3	23.1
	High	51	26.3	29	14.9	75	38.7	39	20.1
Reputation*	Low	11	33.3	7	21.2	10	30.3	5	15.2
	Med.	14	60.9	1	4.3	3	13.0	5	21.7
	High	51	25.9	28	14.2	78	39.6	40	20.3
Service	Low	12	26.7	9	37.8	17	37.8	7	15.6
	Med.	15	24.2	9	45.2	28	45.2	10	16.1
	High	49	33.6	18	31.5	46	31.5	33	22.6
Product Selection/ Price	Low	0	0	1	11.1	4	44.4	4	44.4
	Med.	10	31.3	3	9.4	14	43.8	5	15.6
	High	66	31.1	32	15.1	73	34.4	41	19.3

* *df.*= 6, $\chi^2 = 16.04$ ($p < 0.05$).

retailers will have difficulty meeting their needs; however, retailers should try to meet the minimum requirement for all attributes and exceed consumers' expectation in their specialties.

Regarding the relationship between the importance of store/product attributes and store type choice, there is a significant difference ($\chi^2 = 16.04$, $p < 0.05$); however, more than 20% of cells have an expected count of less than 5, so the value of this finding may be limited (see Table 3). Respondents who ranked *Reputation* attributes relatively highly tend to choose specialty stores when shopping for their clothes. A majority of respondents who put a low importance on the *Reputation* attribute chose department stores. From this finding, specialty stores should continue to provide consumers with such product and store features as knowledgeable sales staff and fashion forward clothing. These are the features that are noted as missing in the previously state-owned stores in China and are offered in the new specialty stores created through foreign investment.

Understanding the Indian Consumer

Respondents' Profile - India

Among the Indian consumers surveyed, the largest proportion of respondents have annual household incomes of $741-$1,480 (34.5%) or over $5,181 (26.7%), as shown in Table 1. The per capita income in 2005 for all of India was $720 with a higher per capita income ($1,160) in Bangalore (Sunil, 2006; India, 2005). Compared to these values, the respondents' incomes are higher than the average incomes for the country. Regarding discretionary income, respondents are almost equally distributed in all levels.

For these respondents, five shopping orientation factors are used, labeled as *Shopping Interest*, *Brand-Conscious*, *Convenience-Conscious*, *Fashion-Conscious*, and *Price-Conscious*. Note that the *Brand-Conscious* and *Fashion-Conscious* factors are combined with the Chinese consumers but are separated for the Indian consumers. A majority of respondents have the *Brand-Conscious* shopping orientation (45.4%) as their highest factor score, followed by the *Convenience-Conscious* shopping orientation (24.7%). This profile is different from the Chinese respondents in that the most frequent orientation is *Brand-Conscious* and not *Shopping-Interest*. This finding fits with the profile of young Indian consumers who are looking for brand-name merchandise at all price points (Chatterjee, 2002; Chugh, 2006). About one-fourth of the respondents in both countries can be labeled as convenience shoppers. This is a significant finding for Indian retailers, because it supports the idea that young Indian women are entering the workforce and have less time for shopping (Chatterjee, 2002).

Seven store/product attribute groups are used, and labeled as *Product*, *Store Environment*, *Product-Value*, *Service*, *Community*, *Advertising*, and *Credit* attributes. Again, a majority of the respondents rate all store and product attributes with a high level of importance in this study. When comparing attribute groups, the Product and *Product-Value* factors have the highest percentage of high ratings (92.9% and 92.2% respectively). Finally, a majority of respondents chose shopping mall (61.2%) as the location where they went to shop for clothes, as seen in Table 1.

Relationship among Consumer Variables - India

No significant difference can be found between respondents' household income levels and shopping orientations (χ^2 = 6.496, p = 0.889). In addition, with regards to discretionary income, no significant difference exists between respondents' discretionary income levels and their shopping orientations (χ^2 = 20.589, p = 0.195). However, the relatively similar income levels across the sample may not be able to characterize this relationship over a longer range. Regarding the relationships between shopping orientations and the importance of store and product attributes, no significant results can be found (*Product-Value* χ^2 =8.199, p = 0.414; *Store Environment* χ^2 = 7.265, p = 0.840; *Product* χ^2 = 6.780, p = 0.561; *Service* χ^2 = 4.425, p = 0.817; *Community* χ^2 = 10.216, p = 0.250; *Advertising* χ^2 = 3.875, p = 0.868; *Credit* χ^2 = 13.521, p = 0.095).

Table 4.
Chi Test for the Relationship Between the Importance of Store/Product Attributes and Store Type Choice in India.

Store Types		Department Stores		Discount Stores		Specialty Stores		Shopping Malls	
		n	%	n	%	n	%	n	%
Product	Low	1	7.7	0	0	2	15.4	10	76.9
	Med.	0	14.3	1	14.3	1	14.3	4	57.1
	High	18	7.1	29	11.5	53	20.9	153	60.5
Store Environment**	Low	2	8.3	8	33.3	6	25.0	8	33.3
	Med.	3	16.7	2	11.1	5	27.8	8	44.4
	High	15	6.5	20	8.7	45	19.5	151	65.4
Product-Value	Low	0	0	0	0	2	40.0	3	60
	Med.	0	0	2	11.1	4	22.2	12	66.7
	High	20	8.0	28	11.2	50	20.0	152	60.8
Service	Low	0	0	4	16.0	3	12.0	18	72.0
	Med.	2	6.1	4	12.1	6	18.2	21	63.6
	High	18	8.4	22	10.2	47	21.9	128	59.5
Community	Low	2	5.3	4	10.5	8	21.1	24	63.2
	Med.	2	4.2	6	12.5	11	22.9	29	60.4
	High	16	8.6	20	10.7	37	19.8	114	61.0
Advertising*	Low	7	21.1	3	9.1	4	12.1	19	57.6
	Med.	5	4.9	11	10.7	16	15.5	71	68.9
	High	8	5.8	16	11.7	36	26.3	77	56.2
Credit	Low	4	14.8	3	11.1	6	22.2	14	51.9
	Med.	7	10.3	8	11.8	10	14.7	43	63.2
	High	9	5.1	19	10.7	40	22.5	110	61.8

* $df = 6, \chi^2 = 16.37$ ($p < 0.05$)
** $df = 6, \chi^2 = 19.79$ ($p < 0.01$).

In the relationship between the importance of store/product attributes and store type choice, there are significant differences between respondents' selections. This relationship is also significant among Chinese respondents, but the significant attributes and store choices vary with country. In India, the respondents who rate *Store-Environment* attributes as highly important tend to choose shopping malls for their clothes shopping ($\chi^2 = 0.003$, $p < 0.01$, as seen in Table 4; however, more than 20% of cells have an expected count of less than five, so the value of these findings may be limited. At the same time, respondents who put a low importance on store environment attributes tend to choose either shopping malls or discount stores (both at 33.3%). Recognizing this, shopping malls should provide consumers with a high-quality environment to please the consumers that value these attributes, although other consumers may ignore the environment. With the recent introduction of malls into India, Indian consumers seek more pleasant environments that have entertainment options in addition to a wide selection of products (Chugh, 2006, Tewai, 2005).

Regarding advertising-related attributes, a majority of respondents rate advertising attributes as highly important when choosing shopping malls for their clothes shopping ($\chi^2 = 0.012$, $p < 0.05$), as shown in Table 4. Indian shopping malls should use high quality of advertising as a draw for consumers.

In summary, a majority of Indian respondents put a high level of importance on all attributes when choosing shopping malls for their clothes shop. So far, shopping malls are a very prosperous store type in India; however, as the competition among malls increase with the predicted increase in mall building (Bist, 2004), mall owners and their retailers will have a difficult time deciding where to place their priorities for improvements. On one hand, they must please the consumers who generally value all store and product attributes. On the other hand, other consumers may not value advertising, skilled sales staffs, and other features of higher-quality stores. As malls enter the maturity phase, increased competition will drive many shopping malls to try to provide high quality in many attributes, but this is undoubtedly cost-prohibitive. Additional research is needed so that retailers and marketers can better target consumers who will value specific attributes.

Understanding the U.S. Consumer

<u>Respondents' Profile – United States</u>

Almost one-half of the U.S. respondents have an annual household income of over \$90,000 (43.6%). This value is higher than the average annual median household income in the United States (\$48,200) in 2006 and in Rhode Island (\$47,037) in 2004 (Household income, 2007; State & Country, 2007). For discretionary income, respondents are almost equally distributed in all income levels with below \$199 at 31.8%, and over \$400 with the highest number of respondents (37.4%) (see Table 1).

Five shopping orientation groups are used for the U.S. respondents, which can be labeled as *Shopping-Interest*, *Brand-Conscious*, *Convenience-Conscious*, *Fashion-Conscious*, and *Price-Conscious* orientations. These are the same shopping orientations that are found among the Indian respondents, with brand and fashion identified as separate orientations. A majority of respondents have the *Shopping-Interest* orientation (55.4%) as their highest score, followed by the *Fashion-Conscious* orientation (16.4%). This is similar to a majority of the Chinese respondents, but unlike the majority of Indian respondents who have the *Brand-Conscious* shopping orientation.

For the U.S. data, five store/product attribute groups can be found: Product, *Store-Environment*, *Product-Value*, *Reputation/Seating*, and *Service*. The major change in the attribute factors is in the loading of the price question. Price is included under the *Product-Value* factor for the U.S. respondents, instead of in the Product factor, as with the Chinese respondents. The U.S. respondents have fewer factors than for India; the analysis of the Indian data separates *Community*, *Advertising*, and *Credit* attributes from the others. Reasons for this difference should be explored by mall owners as they put together a retail environment for the mall. As with Chinese and Indian respondents, a majority of U.S. respondents place a high level of importance on all store and product attributes in this study except for the *Reputation/Seating* attribute. When comparing attribute groups, the highest percentage of respondents put a high level of importance on the *Product* and the *Store-Environment* attributes (95.9% and 91.1%, respectively). When asked for their store choice, approximately one-third of the respondents selected specialty stores (36.7%) as the place where they shop for clothes.

Relationship among Consumer Variables – United States

As with the responses from consumers in China and India, the relationship among the consumer variables and store choice were investigated for the U.S. consumer. No significant difference can be found between respondent's annual household income levels and their shopping orientations ($\chi^2 = 4.634$, $p = 0.796$). For discretionary income, no significant difference can be found between respondent's discretionary income levels and their shopping orientations ($\chi^2 = 13.918$, $p = 0.084$). This finding parallels the findings for the Chinese and Indian consumers and is probably a result of the lack of diversity in the income levels of the respondents.

In contrast to the data sets for China and India, a significant result is found among the respondents' shopping orientation and their level of importance in the *Store-Environment* attributes ($\chi^2 = 0.045$, $p > 0.05$), as shown in Table 5; however, more than 20% of cells have an expected count of less than 5, which may affect the validity of the findings. When comparing the percentage of respondents in all shopping orientation groups for each level of importance, the *Price-Conscious* shopping orientation group (i.e., respondents with the highest score on this factor) places a significantly lower level of importance on all attributes than other shopping orientation groups (see the bold numbers in Table 5). Although all orientation groups place high ratings on all attributes, the *Brand-Conscious* shopping orientation group puts the highest importance on the *Store-Environment* attributes.

In contrast to the significant finding for respondents from China and India, there was no significant difference among respondents' levels of importance and their store type choice for their clothes shopping (*Product-Value* $\chi^2 = 2.788$, $p = 0.835$; *Store Environment* $\chi^2 = 10.023$, $p = 0.124$; *Product* $\chi^2 = 8.618$, $p = 0.196$; *Service* $\chi^2 = 11.600$, $p = 0.071$; *Reputation/Seating* $\chi^2 = 9.748$, $p = 0.136$). In the United States, even though many retail institution types have been available to consumers for a longer period than for consumers in India and China, most U.S. respondents in this study prefer one specific store type (i.e., specialty stores) for their clothes shopping. This result is consistent with the current retail trend, with the popularity of department stores and shopping malls declining in favor of specialty outlets. In accordance with these findings, department stores and shopping malls should improve their attributes relative to specialty stores to attract young consumers.

Table 5.

Chi Test for the Relationship between Shopping Orientations and the Importance of Store/Product Attributes in the U.S.

		Product-Value			Store Environment			Reputation/Seating			Product			Service		
		Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Brand-conscious	*n*	2	0	17	1	0	18	12	4	3	0	0	19	3	2	14
	%	10.5	0	89.5	**5.3**	0	94.7	63.2	21.1	15.8	0	0	100	15.8	10.5	73.7
Shopping-Interest	*n*	7	8	93	5	4	99	49	19	40	3	2	103	8	15	85
	%	6.5	7.4	86.1	**4.6**	3.7	91.7	45.4	17.6	37.0	2.8	1.9	95.4	7.4	13.9	78.7
Fashion-conscious	*n*	1	5	26	3	0	29	14	7	11	0	0	32	1	4	27
	%	3.1	15.6	81.3	**9.4**	0	90.6	43.8	21.9	34.4	0	0	100	3.1	12.5	84.4
Price-conscious	*n*	0	1	18	3	0	16	9	1	9	0	2	17	2	1	16
	%	0	5.3	94.7	**15.8**	0	84.2	47.4	5.3	47.4	0	10.5	89.5	10.5	5.3	84.2
Convenience-	*n*	1	2	14	1	3	13	9	0	8	2	1	14	1	4	12
conscious	%	5.9	11.8	82.4	**5.9**	17.6	76.5	52.9	0	47.1	11.8	5.9	82.4	5.9	23.5	70.6
df			8			8			8			8			8	
χ^2			6.23			**15.84***			9.99			14.86			5.58	

Discussion and Implications

Consumer Profile

Across the three data sets, the income profiles of the consumers are very similar, and for their country, all consumers have a higher than average income and disposable income. This is probably related to the sample selection (i.e., female, college educated, young, urban residents). This cohort group was chosen because it is often the target for many retail stores and malls. The respondents from China and the United States are similar, in that a majority of the respondents in these two groups have a *Shopping-Interest* shopping orientation, shop mostly at specialty stores, and put a high importance in all attributes, especially the *Product* and *Product-Value* attributes. To reach these consumers, specialty stores in China and the United States should provide these consumers with entertainment, quality store environments, and unique product attributes.

A majority of Indian respondents put a high importance on Product attributes as did the Chinese and U.S. respondents, but the Indian respondents are more *Brand-Conscious* in their shopping orientation and mostly shop at shopping malls. This difference could be because in China, few shopping malls are currently available, in contrast to the boom of mall building in India. Therefore, China could be a good market for shopping mall developers, as they may perceive malls as a new, innovative, and exciting form of shopping. In the United States, the popularity of shopping malls has been decreasing due to competition with lifestyle centers. In keeping with this emphasis on new and stimulating shopping environments, the U.S. respondents reported that they consider store environment attributes when they shop.

The *Brand-Conscious* and *Fashion-Conscious* shopping orientations were grouped together in China (i.e., *Brand/Fashion-Conscious*). From this finding, it can be seen that Chinese respondents could believe that brand names are connected to fashion, where well-known brand name products are highly fashionable. Therefore, retail stores, which have high brand name recognition, should offer highly fashionable products rather than basic products in China. In China and India, the second-largest shopping orientation group is the *Convenience-Conscious* group. These young consumers in both countries still have a limitation in mobility; therefore, providing convenient transportation is recommended. In addition, young Chinese and Indian consumers are active with their career, family, and friends, and are seeing increased demands on their time. Retailers need to provide a convenient retail environment as well as time-saving attributes that fit this lifestyle. Although similar with regards to many features of their profile, female college students in each country have a unique profile and store and product preferences. Retailers moving from one cultural market to another need be aware of these subtle differences; they should do additional market research to fine tune theses profiles, and they must adjust their retail strategies based on research findings.

Many retailers desire to target these young female consumers, as they are the customers who have high disposable incomes and an interest in shopping for branded and fashionable products. However, with this group of consumers, retailers will have a difficult job in satisfying these consumers, as they are very demanding in what they expected in a shopping experience.

Retail Profile

China and India have imported the modern retail store types within the last 15 years. These retail institution types were already in their mature form, which distinguishes these markets from where they have evolved over time in the United States. These imported retail store types have just started to evolve in China and India, so their future development and evolution is not yet known (Hawkey, 2006; Li, Wang, and Cassill, 2004; Wang, Zhang, and Wang, 2006). Future changes in these store types is possible; in this study, the findings support a relationship between the importance of store and product attributes and consumers' store type choice. According to the CREM, store choice by consumers may affect the evolution of the store. With the young age of these Chinese and Indian consumers, they have spent most of their shopping years with these types of stores. As their incomes continue to increase and their shopping preferences change, they will undoubtedly have an impact on the stores and malls where they shop.

Retailers need to be aware of what attributes their consumers think are important, so that they can be reactive to them and stay competitive. The exact outcome of such a strategy may vary. Among the U.S. respondents, store choice and attributes are not related, which is contrary to the traditional assumptions of retail evolution in Western retailing. The fact that store types are in the mature and vulnerable stages in the United States may make consumers less interested and excited in them. The importance of attributes for new retail store styles, such as on-line shopping, was not solicited, but could have more significance. Regardless of their ratings for the importance of store and product attributes, young U.S. consumers mostly shop at specialty stores. This result might be caused by the current market trend in the United States, which is the declining popularity of department stores and the continued growth in popularity of specialty stores. Differences among respondents' choices across countries are found when data was analyzed relative to the CREM. These differences may be due to a variety of factors including importation versus native development and maturity of retail types.

Based on the findings of this limited study, retail stores that are targeting consumers with a high annual household income level should consider the *Shopping-Interest*, *Brand-Conscious*, and *Fashion-Conscious* shopping orientation groups in all countries (China: *Shopping-Interest*, *Brand/Fashion-Conscious*; India: *Brand-Conscious*, *Fashion-Conscious*; the United States: *Shopping-Interest*, *Brand-Conscious*). For consumers with low household incomes, retail stores should consider the *Shopping-Interest* and *Convenience-Conscious* shopping orientations in China, the *Brand-Conscious* shopping orientation in India, and a range of shopping orientations in the U.S. (i.e., *Shopping-Interest*, *Fashion-Conscious*, *Price-Conscious*, *Convenience-Conscious*). Retail stores may use these country-specific profiles for planning their retail strategy for each country. Because some differences exist between respondent income and shopping orientations, retail stores need to use an appropriate measure for consumers' income when they devise a retail strategy.

In China, specialty stores are very popular among the young generation surveyed. According to the results, specialty stores should provide a high quality level of all of the store and product attributes surveyed, especially the *Product* and the *Product-Value* attributes. To be competitive with the increasing number of specialty stores, department stores in China should provide higher quality attributes in the *Service* category. In India, shopping malls are becoming more common, and to maintain their competitive niche, they may wish to provide higher quality store and product attributes, especially in the *Product* and *Product-Value* attribute categories. In the United States, specialty stores are popular to the young generation, and, according to these findings, they need to provide consumers with high levels of quality for all store and product attributes, with the exception of *Reputation/Seating* attributes.

Finally, based on changes in retail institution types found in the United States and in South Korea (Kim and Kincade, 2006) and those observed in China, retailers may find that a new retail store type can be created for China. Commodity trading stores (e.g., Silk Street store), similar to the PBH stores in South Korea, were found in Beijing and were accepted by young Chinese consumers who are looking for fashionable products with a budget price; therefore, more commodity trading stores are recommended to meet young Chinese consumers' needs. In addition, for India, many women still wear ethnic clothing and they also want to shop in organized stores; however, ethnic apparel is not available in these stores; therefore, a brand name specialty store, particularly an organized store carrying ethnic wear, can be recommended to meet the interests of the young Indian females.

Recommendations for Future Research

This research confirms that retail and other investment companies should recognize the need to adjust their organization's marketing and management strategies in order to enter the retail environment in China and India. Subtle differences in shopping orientations, attribute importance, and store choice exist across the three markets, and additional differences may be identified and verified with more research. The findings in this research are limited, which may be due to the narrow choice of demographic variables and the similarity among the respondents; however, this research does provide a foundation for future market analysis research for the retail industry in China and India. Future researchers should test additional variables, and a more diverse sample. Compared to retailing in Western countries, retail evolutions in China and India may still be a work in progress; therefore, longitudinal studies should be conducted to examine the path of further retail evolution. Additional studies will not only provide more market research for retailers but will also increase the validity and reliability of the CREM as a model for retail evolution and as an aid to retail target marketing.

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