Format Development and its Effects on Store Image

A Case Study on the Inner-City IKEA Hamburg-Altona

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Authors: Aylin Wispeler & Leonie Wolf

Supervisor: Ulf Johansson

Examiner: Jens Hultman

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ABSTRACT

Title
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Authors
Aylin Wispeler and Leonie Wolf

Supervisor
Ulf Johansson

Key Words
Format Development, Store Image, Intended Image, IKEA, inner-city store, general merchandise retailer, urban

Purpose
The purpose of this research is to explore the effects of format development of an original single-format general merchandise retailer on store image.

Theoretical Perspectives
This study is grounded on the alignment of existing literature in the fields of format development and store image. The theoretical framework build thereupon is bridging the two fields and develops a model to measure store image and customer perceptions in general merchandise retailing.

Methodology
Given the exploratory purpose, the study is designed as a qualitative case study using the inner-city IKEA store Hamburg-Altona as a suitable case with the management and customers as embedded units. An abductive approach and hermeneutic analysis are applied to collect and analyze the data.

Empirical Data
Underlying the principle of multiple sources of evidence as recommended for case studies, the first step includes documentation and direct observation followed by 30 semi-structured customer interviews and a focus group. Both supported by photo-elicitation. The last step consists of four semi-structured interviews with IKEA managers.

Conclusions
The study explored how the fields of format development and store image are interrelated. The caused effects on store image are measured on store image related attributes. The research revealed that effects on store image after developing the format are indispensable. This is related to the fact that format development most likely involves a new or adjusted location, layout, assortment and broadened clientele, all of which are connected to new perceptions. Thereby, the key to success lies in not trying to transfer the "old" store image to the new format but trying to comprehend how the new format will affect the customer perceptions from the outset. Thereupon, an intended image should be created in order to minimize the gaps to the actual store image of customers.

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Lund, 27 May 2015

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Aylin Wispeler   Leonie Wolf

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1   Introduction

This introductory chapter presents the field of study by proving a background of various aspects in relation to retailer's growth strategies. Format development as one growth strategy is further elaborated and a problem statement as well as gaps in this research area revealed and outlined. A short company overview of IKEA introduces the case that is chosen to investigate the field of study. From this background the research questions will be formulated and the practical and theoretical contribution as well as the relevance presented. The chapter ends with an outline of the thesis structure.

1.1   Growing in the Market – Retailers' Growth Strategies

"In the last 10-15 years the pace of growth of most leading companies has been very fast" (Pellegrini, 1995, p.15). This has intensified during the last years (Rizea, 2015). Continuously changing consumer behavior and needs, new competitors and formats and innovative technologies result in increasing retail competition, which forces retailers to set a long-term retail strategy (Levy & Weitz, 2009). "[I]n order to build a company's growth momentum, managers must stimulate innovation in the core strategy" (Pleshko & Heiens, 2008, p. 109). Companies have to keep up and be present where the competition and customers are (Warner, 2013). Growth strategies further serve to pursue the retailers' aim of constantly growing the business and increasing market share (McGoldrick, 2002). Business strategies have to be considered continuously in order to act, react and adapt to changes in the business and industry landscape (Rizea, 2015). In other words: "[T]he option of standing still is not available" (McGoldrick, 2002, p.153). Thus, dynamic growth is a major development in retailing for the recent years that lead to further changes in the particular retail companies (Zentes, Morschett & Schramm-Klein, 2011).

As a result, flexible growth strategies are essential for retailers as they constitute the companies' success (Zentes et al., 2011). Thus, it is not surprising that literature offers several strategic options for business growth. In general, a company's growth strategy results in defining its core business and developing management goals and guidelines (McDowell Mudambi, 1994). Whereas growth in general depends on various factors such as the ownership structure of a company or the financial considerations, retailing growth is affected by even more determinants that are specific to this industry. Especially product and process innovation are worth mentioning as these are the major factors that are dominant in the retail sector (Pellegrini, 1995). Pellegrini (1995) further claims that growth can be achieved by three different ways: Firstly, through extending the usage of a company's proprietary expertise. Secondly, through optimizing the scale of operations and thirdly, through optimizing the mix of operations. One well-known approach on growth is the product-mission matrix by Ansoff (1965). The concept focuses on the product-market environment of a company and suggests four generalized growth strategies: Market penetration, market development, product development and diversification (Ansoff, 1965).

The matrix has an enormous impact in business growth strategies. As both product and market are major components of the retailers' core business, the two-dimensional frame of the matrix suits the retail industry very well (Pellegrini, 1995). However, it was adapted for the retailing context by several researchers (McDowell Mudambi, 1994; Kristenson, 1983 & Knee & Walter, 1985 in McGoldrick, 2002).

Levy and Weitz (2009) present a modification of the product-mission matrix by Ansoff (1965), which is adjusted to fit the retailing situation (Figure 1). The horizontal axis states the synergies between the retailer's marketing mix, the present as well as growth potential one, whereas the vertical axis symbolizes the synergies of the retailer's current market and growth opportunities. Consequently, in order to grow retailers can pursue four strategies which are discussed in the following.

Target Markets

	Existing	New
Existing	Market Penetration	Market Expansion
New	Format Development	Diversification

Retail Format

Figure 1: Growth Opportunities (Levy & Weitz, 2009, p. 144)

With **market penetration**, retailers achieve growth by using their existing format while targeting their present market (Levy & Weitz, 2009). This strategy has advantages in terms of gaining more usage and increasing sales from existing markets (Pleshko & Heiens, 2008; Zentes et al., 2011). According to Levy and Weitz (2009), this can be achieved through attracting new customers in the present market as well as increasing the frequency of rarely visiting customers or getting them to purchase more products on each shopping trip. Growth within the existing segments might appear less attractive in the first instant as neither the format nor the market is new, but it still offers several benefits. As the company can take advantage from existing know-how as well as experience, market penetration tends to be the safest growth strategy (Pleshko & Heiens, 2008) However, many markets of developed countries are almost saturated with established retail formats (Pellegrini, 1995). Moreover, as market size and competitors co-determine the target market, the market share growth is limited so that retailers might try to enter new markets (McGoldrick, 2002).

In comparison, the second growth strategy, **market expansion**, comprises utilizing an existing retail format in new markets. A classic example for market expansion is internationalization as retailers apply their national retail format to new geographically markets (McDowell Mudambi, 1994). Nevertheless, international growth involves high costs that entail a significant risk for this strategy (McGoldrick, 2002). Retailers need to keep in mind that moving to a new market implies high adaptions and thus related costs (Pellegrini, 1995). Furthermore, companies need to address the nature and specific characteristics of the market and, thus, need to have access to or rather build up new know-how (Pellegrini, 1995).

Diversification is another growth strategy that involves retailers using a new retail format in a novel target market (Levy & Weitz, 2009). Thereby, the retailers move "off its existing retail planes of activity and into a retail dimension with radically different characteristics and competitive behaviour" (McDowell Mudambi, 1994, p. 37). Diversification opportunities are divided in several sub-categories such as horizontal, vertical or conglomerate diversification (Zentes et al., 2011). Horizontal diversification takes place in a related business field on the similar stage of the value chain, which implies advantages as retailers can make use of existing knowledge (Levy & Weitz, 2009; Zentes et al., 2011). As this strategy often goes hand in hand with the launch of new products or formats, it often addresses new customer segments (Zentes et al., 2011). In contrast, vertical diversification describes the integration of another level of the value chain such as forward diversification (customer level) or backward diversification (supplier level) (Zentes et al., 2011). However, the growth potential of the backward strategy is risky, as it requires special know-how because there is usually a major difference to the traditional products (Levy & Weitz, 2009). Furthermore, vertical diversification leads to a shift in customers (Levy & Weitz, 2009). Finally, conglomerate diversification is characterized by new retail formats in new target markets that are unrelated to the core activities of a retailer (Zentes et al., 2011). As this diversification strategy combines the challenges of the two others, it is often described as the riskiest growth opportunity (Pleshko & Heiens, 2008). However, if retailers succeed the big changes of diversification and manage to expand their know-how in the new fields, they will have a competitive advantage (Pellegrini, 1995).

The fourth growth strategy mentioned by Levy and Weitz (2009) is **retail format development,** which involves establishing a new retail format for an already existing target market. A retail format builds the adjustment of the retail marketing mix, which often defines the core of the retail strategy (Zentes et al., 2011). Thereby, the retailer's objective is to satisfy the needs of the format´s target group (Levy & Weitz, 2009). Additionally, retail formats define the retailer's generic positioning profiles, which are deduced from format characteristics also called core attributes (Dawson, 2000 & Tordjman, 1994 in Berg, 2012). Retail format as growth vector combines both the modification as well as the launch of a different format and is an important growth strategy (McGoldrick, 2002). Pellegrini (1995) states that format development proceeds in three steps: Firstly, retailers move away from their original to a similar format, followed by the second step in which adjacent formats complement the retailer's market presence and further benefit in terms of economies of scope. The third step includes format development into unrelated sectors such as property development. Consequently, format development implies a new format with a diversified retail mix for an existing target market (Levy & Weitz, 2009). If format development is considered in relation to physical stores, the classification of urban and suburban locations is often involved (Zentes et al., 2011). Thereby, location-specific characteristics such as accessibility are essential for customer store choice (Jain & Bagdare, 2009; Meyer, 2014). Whereas, suburban locations are appealing to retailers due to minimized cost-intensity (Kent & Omar, 2003), urban areas persuade with the additional social context they add to the shopping offer (Montgomery, 1998).

Retailers choose format development as a growth strategy for different reasons. Ahlert, Blut and Evanschitzky (2010) indicate three ways which lead to development of new retail formats: The consumers' changing demand patterns, the retailers' desire to evolve a format that best meets their internal strength and the manufacturing industry's changing role. Additionally, the emergence of new and different store formats is based on retailers facing increased competition and thus "compete for a more and more heterogeneous and demanding market" (González-Benito, 2001, p.63). Additionally, new store formats offer advantages in terms of increasing

market share and profitability (Ahlert et al., 2010) and satisfying the retailers' search for value-creating opportunities apart from existing store formats (McGoldrick, 2002).

1.2 Problem Statement

Store format development and its effects on customers have especially been explored on grocery retailers (e.g. Jain & Bagdare, 2009; Kaswengi & Diallo, 2015; Nilsson, Gärling, Marell & Nordvall, 2015). However, given the fact that many studies have investigated growth strategies of food retailers, surprisingly little consideration has been paid to how general merchandise retailers deal with this topic. General merchandise differs from grocery mostly in terms of product characteristics such as perishability or specific demand patterns. Whereas consumers usually buy food a few times a week, there is a more infrequent purchase behavior of general merchandises (Zentes et al., 2011). In the rare research available on this type of retailer, the literature does not cover how general merchandise retailers, that have already pursued several other growth strategies, expand their business strategy on format development. In other words, there is, to the best of the researchers' knowledge, a white spot in literature regarding original single-format general merchandise retailers and their utilization of format development.

The point that only little research has been conducted on format development of general merchandise retailers might be grounded in the fact that just a few cases exist in practice. Format development is a very central part in retailing, if not the most essential. This is due to the aspect that it results in moving away from the core business which requires know-how of the new format and market as well as financial investment (Pellegrini, 1995). Hence, it is a risky strategy with unpredictable results, especially when no similar brand has pursued format development before (Pellegrini, 1995; Pellegrini, 2003).

Furthermore, the limited utilization of extensive format development by original single-format retailers could be related to the fact that changing a well-known store format might have effects on store image. Store image describes the qualities and attributes that consumers' associate with a store (Martineau, 1958). There are two situations that lead to a new store image: A retailer accessing a new market and a consumer accessing a new market. The latter occurs when customers are moving to a new area where a retailer is represented (Mazursky & Jacoby, 1986). Moreover, referring to Burt and Mavrommatis (2006) "consumers' perceptions of store image vary across countries, geographical regions, market sectors, store formats and [are] relative to existing competition" (p.397). However, literature hardly pays attention to the effect of a changed store format of general merchandise retailers on store image. Particularly, reviewed literature was either published several years ago and, therefore, might not be applicable for today's retailing situation, or does not cover store image studies on original single-format general merchandise retailers.

Nevertheless, in times of a changing retail environment shaped by fast-changing consumer behavior and a growing number of online stores linked to multi-channel shopping offers, retailers are under increasing pressure (Aubrey & Judge, 2012). Thus, "[t]his widespread ease and appeal of shopping via other channels means traditional store portfolios are not necessarily fit for purpose" (Aubrey & Judge, 2012, p.34). Yet, retailers should not see the e-commerce as a threat to their traditional operations but rather need to develop physical activities that complement and support the traditional brick-and-mortar stores (Aubrey & Judge, 2012; Leon, 2015). Furthermore, by improving store related attributes such as convenience, personalized service and trust, retailers can face online competitors and strengthen their physical retail channel in the online retail environment (King, Sen & Xia, 2004). Consequently, retailers have to

examine the role of their physical stores and optimize their store format in order to survive in the new retailing environment (Aubrey & Judge, 2012).

In summary, retail format is essential in retailing because it represents the primary touch point with the customers (Burt & Mavrommatis, 2006) and, thus, investigating this topic is reasonable. Especially, considering the shift in the retail industry to an increasing offer of online- and multi-channel retailing, store format development is becoming increasingly relevant. The fact that there is only limited research in both practical and theoretical terms available makes investigating the format development of an original single-format general merchandise retailer significant. Thus, this white spot is a relevant research field with the purpose of revealing new insights and forwarding the field of format development and its impact on store image in both academic and practical terms. In order to add relevance, the researchers of this study decided to explore this topic by using a suitable case.

1.3 The Case of IKEA – The New Inner-City Store Hamburg-Altona

A case that meets the requirements regarding the above-mentioned problem is IKEA. The global operating home furniture company is known for its constant store format – a big blue box found in the outskirts of cities worldwide (Neunteufel, 2015). Whereas IKEA has been growing through market penetration and market extension since the last century, format development was an untouched field (Neunteufel, 2015). IKEA pursued a standardized business concept. Whether market penetration or market extension "[it] has a fundamental guiding principle to work in the same way and to be perceived in the same way in every country" (Burt, Johansson & Thelander 2011, p.185).

With the opening of an inner-city store in Hamburg-Altona, Germany in 2014, IKEA tried a unique store concept and extended its growth strategies on format development for the first time in its history. Even though, IKEA pursues multichannel retailing with its online shop and has launched different new concepts in recent years (for example smaller city stores in South Hampton and Coventry, UK), the inner-city store in Hamburg is the first worldwide which stands out with its store format and pursued format development in terms of a physical store (Neunteufel, 2015).

This store is the first attempt of moving into the city center with a fully functional store in terms of floor space, product range and services. Like IKEA itself, media and customers perceive the inner-city store as a new and unique format (Hegemann, 2015; Ludowig, 2014; Neunteufel, 2015; Spanner, 2015; Tiedemann, 2010; Tiedemann, 2015).

There are primarily three major aspects that make the IKEA Hamburg-Altona exceptional. First of all, the inner-city store has a different location. Unlike the traditional stores, located in the outskirts of a city with good access by car and a big parking lot, the inner-city IKEA is built in the middle of a shopping street with an only five-minute walk to the nearest train station. Secondly, the new building differs from the classical two-level store and is replaced by a 40,000 m² multi-level store with eight levels. The traditional components of showroom, restaurant and market hall cover ground to second floor, followed by four parking decks. Furthermore, the store has a unique layout. Whereas in a traditional store format showroom and market hall are separate from each other, the inner-city store combines both. According to Nold (IKEA, 2014), "the common layout and range structure of an IKEA store was adapted for the city location. Unlike other IKEA stores we have windows at street level, so passers-by can see in. We also mixed up the market hall and the showroom areas across three floors". The new arrangement as well as a

reversed walking tour, from bottom to top, with checkouts located on the second floor, result in a new flow of walking which reminds of a department store.

1.4   Research Question

In the previous pages the researchers have argued that further research on format development is needed. Prior studies have referred to this topic but rather concentrated on retailers with multi-format or multi-channel strategies as well as investigated particular industries such as grocery. Thus, it is set that format development is a successful growth strategy that retailers pursue, but there is still a theoretical gap regarding general merchandise retailers. Especially, research is lacking on general merchandise retailers whose business strategy has not contained format development before. Therefore, the effects of format development of a general merchandise retailer on store image have also not been investigated yet. In order to shed light into this phenomenon, this research project will focus on the following main research question:

RQ: How does format development of an original single-format general merchandise retailer affect store image?

In particular, it has to be investigated how customers perceive the traditional format of a general merchandise retailer compared to the new format. Therefore, the components of store image, which are perceived by customers, have to be identified and assessed. The results of both formats have to be compared in order to make conclusions on how format development affects store image.

In order to explore this phenomenon and derive relevant answers, the case of the inner-city IKEA store will be used. The company operates globally and has recently expanded its growth strategies by developing its format. The comparison of customer store images of a traditional IKEA store with the image of the inner-city store will contribute insights and assist in answering the overarching research question. Based on this, the first sub-research question reads as follows:

Sub-RQ 1: How do customers perceive an inner-city store compared to a traditional IKEA store?

Furthermore, a second perspective is worth considering in researching format development and its effects on store image. If format development has never been used before as a growth strategy, it is a new experience for both, management and customers. Management can only assume how the new format is perceived by customers by creating an intended store image. However, this does not necessarily align with the store image of customers. Therefore, the investigation of the chosen case will further be used to explore the following second sub-research question:

Sub-RQ 2: How does the actual image of the inner-city store as perceived by customers differ from the intended image as perceived by IKEA?

Both sub-research questions will allow the researchers to find an answer to the overall research question on format development and its effects on store image.

The research questions will be answered by means of primary data conducted through a field study at IKEA in Germany. Thereby, the first sub-research question relies on data derived from semi-structured customer interviews as well as a focus group and is discussed in chapter 5.1. The second sub-research question is based on findings from semi-structured store manager interviews, which is subsequently compared with the findings of the customer interviews and

focus group and discussed in chapter 5.2. Finally, the findings of both chapters lead to the answer of the main research question, which is addressed in the conclusion.

1.5 Contribution

The research on format development and its effects on store image, based on the case of the inner-city IKEA store, make various contributions to practical as well as theoretical fields.

1.5.1 Practical Contribution

Launching a new store format and moving into the city was a great challenge for IKEA. According to Mollerus (2015) it was a long decision process, especially as "every new format is compared with the standard – the big blue box in the outskirts of a city". However, a new store concept requires adapted thinking: How will customers get to the store? How will they transport the furniture? How will they perceive the new format? The store was designed based on existing knowledge as well as many assumptions as no other inner-city IKEA was built before. "It is still a learning process. And we [IKEA Hamburg-Altona] are constantly learning by consulting customers and improving the store accordingly" (Mollerus, 2015).

Based on this, the research project will capture IKEA´s question and use the study to help general merchandise retailers in relation to their format development questions. The findings will contribute to the practical knowledge whether a new store format affects store image. This will shed light into this topic not only for the brand IKEA but also for other general merchandise retailers developing the format.

The results of this research project will contribute to future format development of general merchandise retailers and IKEA's expansion in this area. As mentioned by Neunteufel (2015), IKEA has several plans to launch new store formats. Even though, IKEA is a retail expert with a lot of experience, moving into the cities was an innovative step. This shows that general merchandise retailers such as IKEA need to gain new format experiences and thus are seeking for best practices and new insights. Primary data gained from customers will provide valuable information for IKEA and other general merchandise retailers to implement in their format development decisions. The study aims at making the effects of format development more predictable and assessable. Format development involves changing the retailer´s core characteristic as well as the primary touch point with the customer and is, thus, not to be underestimated (Berg 2012). However, with new research in this area, the effects of format development can already be implemented in the planning-process and the probability of an unfavorable change of store image limited. With a changing retail environment and innovative technologies, retailers will increasingly face the need to develop the format and, hence, appreciate research on recent examples.

1.5.2 Theoretical Contribution

The research project, investigated on the case, will contribute to theoretical knowledge if a new store format leads to a different store image of a general merchandise retailer. The findings will complement the existing literature with actual insights.

Research on format development has primarily been conducted in the grocery and apparel industry. This study will focus on general merchandise retailers and will subsequently, fill the gap in literature.

As store format is an essential part in retailing and format development is becoming increasingly important with a growing online- and multi-channel landscape (Ahlert et al., 2010), research in this field is very future-oriented. Furthermore, the research will provide a greater understanding of the impact of the retailers' desire to expand their retail format, as well as contribute to contiguous academic fields beyond format development of original single-format general merchandise retailers. The object of this study can initiate developments and changes in the field of sociology, psychology and anthropology.

Moreover, the study is, to the best of the researchers' knowledge, the first that contributes to the field of format development in relation to store image. The study uses relevant pioneer work on store image from the 20th century and connects it to the contemporary topic of format development. Therefore, it does not only add to the initial studies in the field but moves the existing research into a new dimension of retail format development.

As a final aspect this research develops two models on store image. The models are based on existing research, presented in chapter two, and subsequently, adjusted to the empirical outcomes. Thus, they adapt current knowledge on grocery and apparel to general merchandise. The developed models, presented in chapter five, provide a guideline for general merchandise retailers on how store image can be affected by format development.

All in all, the study contributes to the untouched field of format development of general merchandise retailers and furthermore, relates it to store image as not elaborated by research before. Thus, it provides a significant and contemporary guideline for a very recent field of study.

1.6   Structure of the Thesis

This first chapter provided an introduction into the topic and case under study and gave relevant context and background information drawn from existing literature and an interview with the management of IKEA. The thesis continues with a theoretical framework based on related concepts to store format, format development and store image. The theoretical framework concludes with two models, based on existing literature and used as a measurement for store image in the empirical data collection.

The empirical data collection and the methodological decisions are described afterwards. This chapter also argues why the case of the inner-city IKEA is an appropriate case meeting the requirements regarding the problem discussion. Subsequently, the fourth chapter highlights the main findings, which are further discussed and put into context in chapter five. The results are leveraged to adapt the models and adjust them for a general merchandise retailer. Finally, the last chapter provides a conclusion, which relates the findings to the overall research question as well as presents contributions, limitations and direction for future research.

2 Theoretical Framework

The following chapter presents an overview of the underlying theory of retail formats, format development and store image. It aims at providing the reader with a broad understanding of the topic under study and background information necessary to make sense of the case. Even though, limited academic literature exists on the combination of the topics, format development and store image in general merchandise, there is an extensive body of published studies and literature in related fields. Hence, studies of industries such as grocery and apparel are leveraged and connections made to general merchandise to a reasonable extent. Firstly, the topic of retail format and format development are elaborated. This leads to a comprehension of the strategic importance of retail growth, its advantages and disadvantages. Thereby, the main focus is on format development as it is directly linked to the case and issue under study. The described concepts are chosen because they show an appropriate link to the topic and relevance which could be considered beyond industries. In spite of the fact that most of the concepts are based on grocery and apparel, they show applicable connections to general merchandise. Secondly, the store image and its conceptualization are presented. Various studies on store image are considered and applied to the research under study. Thereupon, two models are created. One illustrates the store image related attributes that are further considered in the study and used as a guideline for the empirical data collection. The other builds a framework to measure the differences between the actual and intended store image.

2.1 Retail Formats

The following sections present a theoretical framework in the research field of retail format. Retail and store formats are explained and important determinants of retail format for the study further described. As a final point, format development and its reasons and effects as well as advantages and disadvantages are discussed.

Even though retail format is a major element in retailing, there is rare research on this field of study available, especially for general merchandise retailing. Thus, former research and studies on grocery retailing have been reviewed and interesting industry-overlapping aspects filtered. Yet, the researchers are aware that it is not always possible to generalize aspects of retail format from food to non-food retailing. However, the gained insights allow a deeper comprehension of the topic and learnings that can be derived for general merchandise retailing. The same goes for previous research on retail formats in the apparel industry that has been reviewed and filtered. Thereby, the apparel business is already closer to the general merchandise industry but still differs in the frequency of bought products. Hence, the studies are used but the researchers are aware of and considered the discrepancies between both industries. All studies leveraged are complemented with retailing textbooks in order to increase relevance and depths of the study.

2.1.1 Retail Formats – An Overview

In recent years, various researchers have addressed the topic of retail formats. The definitions and differentiations often differ between literatures and, thus, there is a lack of a single, standardized definition of retail formats (Brown, 1986 in McGoldrick, 2002).

Zentes, Morschett and Schramm-Klein (2011) define retail format as the distinct arrangement of the retail marketing mix including, among various elements, store size, location and merchandise. Furthermore, store formats can be seen as retailers' generic profiles in order to position within the competitive market environment (González-Benito, 2005). Burt, Johansson

and Thelander (2011) state that store format is defined by the general arrangement of a store such as scale and physical elements. However, they distinguish between store location and store format.

Instead of a set classification, the positioning as well as definition of retail formats depend on a range of retail operations, which can be distinguished through different dimensions (McGoldrick, 2002). These include several characteristics: Assortment width, service levels, customer demography, size, institutional factors, location, form of organization, sales philosophy, groupings of outlets and drawing power of outlets (Arnold, 2000, Brown, 1986, Wileman, 1993 in McGoldrick, 2002). The combination of these format characteristics build the generic position profile (Tordjman, 1994 in Berg, 2012). Thus, the retail format goes hand in hand with the core of the retail strategy (Zentes et al., 2011).

The following figure presents a retail format positioning map by McGoldrick (2002, p.56).

Single Store	⇔	Groups of stores
In town	⇔	Out of town
Proximity	⇔	Destination
Small	⇔	Large
Mature	⇔	Innovative
Mainly food	⇔	Non-food
Specialized	⇔	Generalized
Niche	⇔	Commodity
High added value	⇔	Discounter
Experimental	⇔	Functional
Store based	⇔	Home based

Figure 2: Positioning and Definition of Retail Formats (McGoldrick, 2002, p.56)

As the characteristics are interrelated with each other, making a clear distinction is difficult and very subjective (González-Benito, 2005). One first division can be made by the distinction between food and non-food retailers (Zentes et al., 2011). Especially general merchandise retailing is characterized by a diversity of retail formats due to the plurality of product groups of non-food products (Zentes et al., 2011). Thereby, retail formats are distinguished by two major types: Store-based formats and non-store based formats (Zentes et al., 2011). Even though significant sales are made by traditional store-based retail formats, non-store formats, which do not consist of brick-and mortar stores but catalogue selling, direct selling or electronic stores, are essential channels contributing to a retailers' sales (Zentes et al., 2011).

However, the classification between different store-based retail formats depends on the literature and, thus, includes several approaches. One concept to distinguish covers the size of a specific store: Small-store and large-store formats (McGoldrick, 2002). Both types are often used to differentiate grocery stores. However, large stores indicate the big players in the non-food sector as well as stores that use large 'big box' formats (McGoldrick, 2002).

Another approach for the differentiation of retail formats is based on how a retailer has developed its marketing instruments (Ahlert, Blut & Evanschitzky, 2010). The offers and how companies promote and address them to the customers allow a classification of retail formats (Ahlert et al., 2010). However, this distinction is mainly applied to grocery retailers but can also

be deduced to non-food retailers such as neighborhood store operators, convenience stores or warehouse clubs (Ahlert et al., 2010).

Furthermore, Hillander (1966 in McGoldrick, 2002) established the 'retail accordion theory' that characterizes retailers' domination between wide-assortment- as well as narrow-line retailers. Specialty stores are usually non-food stores that are specialized on very few product types (Zentes et al, 2011). In the context of specialized retailers, one store format type that many researchers classify as such are the category killers. These are also referred to as category specialists, specialists markets or power retailers (Zentes et al., 2011). For the purpose of this study, the category killers are of main importance. Therefore, the following part will focus on this retail format.

Category Killers – 'Top-of-mind' Destination Stores

Category Killers share particular characteristics that are summarized by McGoldrick (2002). Firstly, a general attribute is the specialized product assortment that comes along with a wide depth of product range. The products are often branded by the retailer itself, which further makes it difficult for competitors to compete. Moreover, category killers are often located in large stores in suburban areas with huge parking facilities. Thus, the store addresses mainly shoppers that have cars and are more concerned with selection and price instead of access to a nearby location. Jary, Schneider and Wileman (1999), describe category killers as a 'magnet' or an intended shopping trip destination. A last common characteristic by McGoldrick (2002) is the low price policy, which makes them offer lower-priced products than competitors. These characteristics make category killers to 'top-of-mind' destination stores, which often can ´kill´ a category of products of their competitors. Category killers are nowadays established in many non-food or infrequently purchased goods (Zentes et al., 2011).

After elaborating the literature on category killers (Kent & Oman, 2003; Levy & Weitz, 2009; McGoldrick, 2002; Zentes et al., 2011), the definition by Zentes et al. (2011, p.51) combines all of the necessary attributes. Therefore, this thesis will further define category killers as "price-orientated stores that offer a broad depth of merchandize in a particular category, usually in large stores."

Due to the strategy of low operation costs such as rents or personnel costs connected with high sales, category killers usually have high asset productivity. Thus, this retail format has one of the highest growth rates over the last years and has gained high market share (Zentes et al., 2011). However, the specialized approach still has risks, as the large selection of products can lead to overload and confusion among the customers, which further causes avoidance and no purchases at all (Huffmann and Kahn, 1998, Kahn, 1998 in McGoldrick, 2002).

2.1.2 Store Location – Where Competitive Advantage is Hiding

Store location decisions are the major components of retail marketing and the most significant decision in retail marketing (Levy & Weitz, 2009; McGoldrick, 2002; Zentes et al., 2011). It primarily refers to where a store is located (Johansson & Thelander, 2009).

Store location is one major approach to develop sustainable competitive advantage because the element of location uniqueness is hard to imitate by competitors (Levy & Weitz, 2009; Zentes et al., 2011). Thus, store location decisions and store openings are accompanied by a long planning and development process (Zentes et al., 2011). Opening stores is further cost-intensive and therefore a long-term investment as well as financial commitment (McGoldrick, 2002; Zentes et

al., 2011). Due to rising property and land costs, location decisions are a major part of a retailer's financial strategy (McGoldrick, 2002). According to Zentes et al. (2011) "location decisions relate to the entire physical structure of retail outlets and are thus more comprehensive" (p. 204). The retailers have to make a decision on:

- The opening of new stores
- Extension of floor space and existing stores
- Relocation or movement of a store
- Rationalization
- Repositioning
- Refurbishment
- Altering the product range and assortment (remerchandising) (Hernández & Bennison, 2000; Zentes et al., 2011)

The location strategy is further influenced by the decision of where a store should be located and what kind of function it has to fulfill (Kent & Omar, 2003). Thereby, there is no set classification of location types, but literature generally distinguishes between urban and suburban (out-of-town) environment (Kent & Omar, 2003; Levy & Weitz, 2009; Zentes et al., 2011). Each location allows retailers to pursue different strategic opportunities (Kent & Omar, 2003).

Retailers have to consider that store location is a major influential factor for retail success in urban and suburban areas (Kent & Omar, 2003). As the store's accessibility as well as its attractiveness to customers depends on the store location, even a minor physical difference can have impact on these factors (Chowdhury, Reardon & Srivastava, 1998).

Furthermore, Jain and Bagdare (2009) discovered that store location and availability of parking are two of the basic elements, which make customers perceive a store as convenient. Only 30 percent of customers choose a store depending on the price of products, in seven out of ten shopping trips, the store location is the crucial factor (Meyer, 2014). Thus, retailers aim to locate stores in order to meet customers' needs (Kent & Omar, 2003).

2.1.2.1 Suburban Locations

More specifically, the strategic decision concerning out-of-town areas mainly depends on the drive for greater market share (Kent & Omar, 2003). Suburban locations are less cost-intensive in proportion to an urban environment and retailers often have not as big barriers to enter as they have in the city center (Kent & Omar, 2003). However, retailers located in suburbs mainly include store formats such as category killers, retail parks or out-of-town shopping malls (Kent & Omar, 2003; Levy & Weitz, 2009; Zentes et. al., 2011)

In order to guarantee that customers can get to the store, it is important for retailers to consider the accessibility of location (Chowdhury et al., 1998). Especially in suburbs this is a major aspect as those locations mainly attract motorized customers from a large catchment area (Kim & Ulfarsson, 2008; Zentes et al., 2011). Thus, retailers in suburban areas aim to be located next to highways as it provides better accessibility for people coming by car (Levy & Weitz, 2009; Thang & Tan, 2003). It further has impact on the huge number of provided parking spots (Zentes et al., 2011). This is why accessibility of a retail location "is still sometimes seen as synonymous with driving times and parking provision" (McGoldrick, 2002, p. 241).

Due to the drive it takes for customers to reach the store, suburban retailers are more likely destination stores (Levy & Weitz, 2009). Customers tend to have a specific purpose when

visiting a store in the suburbs (Biba, Des Rosiers, Theriault & Villeneuve, 2006). The aspect of a trip to a suburban located store is further verified by Smith (1999) who investigated that people choose the holiday season to visit retailers outside the city.

2.1.2.2 Urban Locations

The other side of classification is the urban environment, which offers a diversity of opportunities for retailers (Kent & Omar, 2003). This is one reason, why retailers' attempt to launch new store concepts in the inner-cities, which will continue to grow in the next few years (Meyer, 2014).

Firstly, urban location decisions are twofold: On the one hand, it can be considered from the economic retailing perspective (exchanging goods), on the other hand it can be understood in a social context (Montgomery, 1998). The latter refers to the store as location for public and social life where people socialize and interact with each other (Montgomery, 1998). Studies have shown that urban places offer more space for public social life (Montgomery, 1998). Thus, the urban environment is multi-functional and provides people with satisfaction of different purposes (Montgomery, 1998). Retail locations are areas, where shopping meets social life, leisure and entertainment (Kent & Omar, 2003). Therefore, people associate and recognize urban places as providing more diversity and vitality (Montgomery, 1998).

Secondly, if a retailer is located in an urban environment, especially in the neighborhood, it will reduce car usage and increase walking to shops (Kim & Ulfarsson, 2008; Schneider, 2015). If many different shops are located nearby, people tend to walk between different activities, (Schneider, 2015). Thus, one of the main strategies of cities and retailers is to support walking within shopping districts. Therefore, they aim to increase the number and variety of shops and activities within a district and further "create a walkable 'Main Street' commercial corridor" (Schneider, 2015, p. 227). Additionally, people owning a bus pass and using the bus on a regular basis, tend to use this transportation vehicle for short shopping trips rather than taking the car (Kim & Ulfarsson, 2008). Generally, a good access and offer of public transportation between shops and customers' home reinforces the decision not to take the car (Mackett, 2003). However, although people are likely to walk in general, carrying heavy purchases is a reason why they prefer cars for shopping trips (Mackett, 2003).

A third significant aspect regarding urban retailing is the importance of integration of inner-city retail stores in the public environment (Kok & Trimp, 2012). This means, "the design of inner-city retail development is evolving from simple functionality (serving a need to buy an item) and standardization to a focus on identity and experience." (Kok & Trimp, 2012, p. 51). Thus, retailers located in the urban area have to build and design a store that is suitable for the existing retail environment (Kok & Trimp, 2012). Although this might be an architectural challenge, if realized correctly, the new store will provide a place of identity, experience and emotion (Kok & Trimp, 2012). However, the location influences the exterior architecture and design of a store, and therefore, has to be consistent with the concept of 'brandscape', meaning the reflection of the retail brand identity (Riewoldt, 2002 & Brauer, 2002 in Kent & Kirby, 2009). Generally, retailers developing new formats in urban places can positively contribute to the city development and regeneration by attracting other retailers and tenants to the area (Mitchell & Kirkup, 2003).

2.1.3 Format Development – Adjusting for a More Demanding Market

Due to increasing competition in the market, retailers are constantly trying to expand and innovate their store formats in order to face competitors and create a more heterogeneous and demanding market (González-Benito, 2001). New store formats offer advantages in terms of the retailers' increasing market share and profitability (Ahlert et al., 2010). Furthermore, they satisfy the retailers' search for value-creating opportunities apart from existing store formats (McGoldrick, 2002).

Ahlert et al. (2010) identified three reasons that explain the development of new retail formats. Firstly, they argue that changing-customers and their needs result in new and different store formats. Secondly, they state that it is based on the retailer itself when a certain format best fits their internal strength. Finally, the shift of the manufactures role can be a reason for the emergence of new formats in the retailing industry. Additionally, in times of growing online competitors and e-commerce, retailers need to develop activities that complement and support the physical store (Aubrey & Judge, 2012). Furthermore, store-based retailers have to develop and implement changes which involve changing their product mix or moving to a different location (Paulins & Geistfeld, 2003). By improving store related attributes such as convenience, personalized service and trust, retailers can further face online competitors and, thus, strengthen their traditional retail channel in a growing online retail landscape (King, Sen & Xia, 2004).

2.1.3.1 Advantages

Developing new formats as well as formats with differentiated features is one way of retailers expanding their innovative advantages (Pellegrini, 2003). Moreover, retailers expand their format if they want to reach a particular target in their store that they have not addressed before (Warner, 2013). Thus, if a retailer enters the market with a new or differentiated store format, it may include innovative processes but especially the novelty of the format for the market is important (Pellegrini, 2003).

The approach of format development includes several steps, starting with moving away from the original store type towards one of a similar setup. In the next step, other store types and adjacent sectors are launched that further result in economies of scope. The final step of format as well as product development is opening a store in an unrelated sector (Pellegrini, 1995). Furthermore, retailers have to address four fronts when re-inventing the physical stores that are referred to as experience, service, consumer focused logistics and the integration into a retailer's omni-channel system (Aubrey & Judge, 2012).

The development of store formats accompanies the future trends in retailing that were identified by Ahlert et al. (2010). Those fill gaps in the national retail environment as a consequence of retailers striving for success and the development of retail branding strategies due to the desire of differentiation and innovative technologies that may cause shifts in the retailers' distribution channel.

2.1.3.2 Disadvantages

A challenge that retailers are confronted with when developing new fields is that their store format is losing part of its proprietary know-how (Pellegrini, 1995). As a new format requires new knowledge for the particular format, retailers need to expand and build up new know-how when moving away from the original market or products (Pellegrini, 1995). Thus, if retailers

loose too much know-how or if new knowledge is not acquired, a retailer loses part of its competitive advantage that impedes continuous growths (Pellegrini, 1995). However, if retailers manage to keep and develop their core competencies after such structural changes, they will benefit and move faster than their competitors and eventually have a portfolio of investments (Pellegrini, 1995). Furthermore, format development causes both a major capital expense as well as huge overhead costs (Warner, 2013). Therefore, retailers have to evaluate whether the potential increase in market share is worth the rising costs (Warner, 2013).

The following table summarizes the advantages and disadvantages every retailer needs to consider in relation to format development.

Advantages	Disadvantages
- Enhancing internal strength (Ahlert et al., 2010) - Strengthen traditional retail channel (King et al., 2004) - Developing core competencies (Pellegrini, 1995) - Expanding innovative processes (Pellegrini, 2003) - Increasing market share and profitability (Ahlert et al., 2010) - Satisfaction of the retailers' search for value-creating opportunities apart from existing store formats (McGoldrick, 2002) - Moving faster than competitors (Pellegrini, 1995). - Reaching a portfolio of investments (Pellegrini, 1995). - Shift in the retailer's image (Kotler, 1973; Mazursky & Jacoby, 1986; Uusitalo, 2001) - Reaching a new target market (Warner, 2013)	- Losing part of proprietary know-how (Pellegrini, 1995) - Major capital expense (Warner, 2013) - Huge overhead costs (Warner, 2013) - Adaption costs (Pellegrini, 1995) - Losing part of competitive advantage that impedes continuous growth (Pellegrini, 1995). - Shift in the retailer's image (Kotler, 1973; Mazursky & Jacoby, 1986; Uusitalo, 2001)

Table 1: Advantages and Disadvantages of Format Development

2.1.3.3   Format Development – Effects on Store Image

Another key fact that comes along with retail format development is the effects it has on the store image. The given situation and the advantages of retail format development result in an increasing amount of companies developing new store formats. Therefore, know-how about the attributes that attract customers to the store is essential (Paulins & Geistfeld, 2003). Furthermore, format development entails a new store atmosphere or environment and, thus, may lead to a shift in the retailer's image (Kotler, 1973). Especially when the store format results in different store sizes, consumers' perception can be affected because store size is a major aspect of organizing store image (Uusitalo, 2001). Additionally, consumers will form a new store image, if a retailer is new in a particular trading area (Mazursky & Jacoby, 1986).

As the impact of store format development on store image is an essential component when considering changing the retail format, the next sections will discuss image concepts, especially the store image and related attributes in more detail.

2.2 Image Concepts – What is the Difference?

The following chapter covers the retail image and its conceptualization. Thereby, various literature and studies are considered to gain a clear understanding and framework for the study. During the search for relevant sources, it was recognized that the main content on store image has been unchanged for the last centuries and consists of pioneer studies from the 20th century. However, these sources still seem very relevant concerning the store image, its conceptualization and the related store image attributes as they are still cited in text books nowadays. Especially the pioneer sources on store image are cited in the considered store image studies, which supports their relevance and credibility. Therefore, the assumption that old research can still be applicable is accepted and used in the framework on store image. Thereby, the pioneer studies are combined and compared with latest textbooks on retailing in order to guarantee a contemporary study. Nevertheless, the focus is on previous studies of store image because those provide valuable insights and relevant thoughts on the topic under study. All concepts chosen and introduced in this chapter are directly linked to the research questions of the study and will later aid in explaining the empirical data and providing answers.

The retail image can be described as comprising three levels of dimensions: The corporate image, the product image and the store image (Burt, Johansson & Thelander, 2010b). The topic gained in importance in recent years because customers are fundamental to retailing and therefore, their fast-changing demands deserve greater attention (Burt et al., 2010b).

2.2.1 Corporate Image

Van Riel and Fombrun (2007) define corporate image as the interpretation of the corporate personality by stakeholders and people external to the company. Whereby, the corporate personality comprises the communication, behavior and symbolism of that company. The corporate image that stakeholders have is the outcome of various elements but essentially based on the values, beliefs and attitudes that an individual perceives from the organization (Roper & Fill, 2012).

Corporate communication can influence the corporate image of external stakeholders. In order to make the corporate communication as successful as possible multiple channels should be used. However, the corporate image is also influenced by individual experiences and can therefore, differ significantly from the image that management thinks their organization has (Roper & Fill, 2012).

2.2.2 Product or Brand Image

A strong product image holds various strategic advantages because it differentiates the products and services of one retailer from those of a competitor. Thereby, satisfying experiences can stimulate repeat purchases and increase customer loyalty (Porter & Claycomb, 1997).

Products and services have personality images, just as humans do, which can be defined in regards to specific attributes. These personality images build the product image (Quester, Karunaratna & Li Kee Goh, 2000). It comprises much more than just functional attributes such as quality or price and its physical characteristics. It is rather defined by factors such as advertising and stereotyping as well as other marketing and psychological associations (Quester et al., 2000).

According to Porter and Claycomb (1997) "one of the most valuable assets that a firm possesses is a well-recognized and accepted product image [because this is the knowledge of the retailer, which is stored in the customer memory]"(p.373). The product image is often used as a benchmark for customers to evaluate a retailer's merchandize quality (Porter & Claycomb, 1997).

2.2.3 Store Image

One of the pioneer definitions regarding store image is based on Martineau (1958) who claims "the store image is the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes"(p.47). He further argues that an effective way to explain the image of a store is to leverage human description, which he refers to as the personality of the store. The definition of Martineau is mainly based on retail stores (McGoldrick, 2002). Thereby, the sum of attributes that a customer observes through experience with the store builds the final store image (Wyckham, 1969 in Samli, Kelly & Hunt, 1998).

All three discussed concepts of image are linked to each other and all together describe the retail image of a store (Burt et al., 2010b; Porter & Claycomb, 1997). However, in the majority of cases discussing image in retailing, there is an implicit reference to store image in order to apprehend the complexity of the retailer's image (Burt et al., 2010b). Even though, there are many other dimensions, which contribute to the creation of an image, the store is an important part of how retailers generate and communicate image and stimulate customer perceptions (Burt et al., 2010b). Furthermore, Burt and Mavrommatis (2006) claim "for most retailers, the store is the prime contact point with consumers and the major means of communicating brand values"(p.395). Therefore, the store image will be the main focus in the following parts and used as a benchmark for retail image in this study.

2.3   Store Image – A Conceptualization

"Conceptualization describes what the image is or what the components of image are" (Zimmer & Golden, 1988, p.265). The customer's perceptions of a store are formed by a variety of personal characteristics and expectations, which are influenced by the society in which the customer lives (McGoldrick, 2002). Customers use subjective values and knowledge to mediate between themselves and the world around them (McGoldrick, 2002).

The reasons why the concept of store image is important lies in the fact that customers tend to choose the retail store whose store image is mostly correlated with their own self-image (Bearden, 1977). The retail outlet can for example offer a unique atmosphere or setting, which may affect the customer's store choice (Baker, Grewal & Parasuraman, 1994). Furthermore, the images that customers form of the stores, products and brands in their surrounding are likely to have a strong influence on their purchasing and patronage behavior (Mazursky & Jacoby, 1986; Porter & Claycomb, 1997; Zimmer & Golden, 1988). These store images are created by perceptions, which act as stimuli internal and external to the customer and are the basis for the formation of a store image and the consumer behavioral process (Thang & Tan, 2003).

2.3.1 Consumer Perceptions – The Creation of a Store Image

All customers built an image of the stores they have visited. Thereby, they have opinions as well as feelings regarding certain stores that will affect their perceptions (Thang & Tan, 2003). One

aspect that appears to be important to the creation of value perceptions in the retail industry is the role of the customer's shopping experience (Kerin, Jain & Howard, 1992). This shopping experience is developed by the customer's interaction with the store and its physical surroundings, personnel, customer-related policies and practices (Kerin et al., 1992). In regards to new retail formats there are ten factors, which determine the customer shopping experience including ambience, design, customer service, visual appeal, customer delight, merchandize, convenience, audio visual, amenities, and value added service (Jain & Bagdare, 2009). Hence, the customer's perception of a particular store is built by the perceived importance of the store image related attributes stimulated by past purchasing behavior (Osman, 1993). Retailers can increase their value to customers if they understand how its clientele perceives the different attributes of the store (Mazursky & Jacoby, 1986). However, primarily, the retailers have to consider customer's perceptions because they are determinant for the store choice (Gilmore, Margulis & Rauch, 2001). Customer perceptions are created by different stimuli, which are evoked by the retail environment and in combination build the store image. Thereby, retailers are not always aware of the fact that various aspects of their retail outlet present stimuli, which can influence the customer either positively or negatively in their store choice decisions and resulting store image (Gilmore et al., 2001). These customer perceptions are the product of three stimuli dimensions, which Gilmore et al. (2001) illustrate in their *Consumer Retail Conflict Model.* Namely: Internal retail stimuli, external retail stimuli and consumer stimuli.

- Internal retail stimuli: These stimuli concern the immediate internal retail environment, which a retailer directly controls. A retailer uses the internal retail stimuli such as store layout, quality of employees, merchandize assortment and product availability in order to shape the customer's perception concerning store image and store choice (Gilmore et al., 2001).
- External retail stimuli: The external retail stimuli are concerned with outside circumstances, which the retailer directly and indirectly controls. These stimuli are related to the perceptions that customers make through external ways such as industry reputation, public relations, advertising, format and image and corporate social responsibility (Gilmore et al., 2001).
- Consumer stimuli: These stimuli define the consumer itself. They are related to behavioral and psychological aspects such as values and cultures, social expectations and psychological as well as behavioral issues (Gilmore et al., 2001). Therefore, they are not influenced by the retailer.

2.3.2   Store Image Attributes

The result of the interaction with a store and its various stimuli is the creation of a store image (Stern, Zinkhan & Jaju, 2001). Existing literature and theory describe store image as a function of a multi-attribute model, which contains various subjective and objective store-related attributes, the interdependent combination of which results in an overall impression of the store (Hartman & Spiro, 2005). The attributes, which customers associate with a store, can differ according to their favorability, strength and uniqueness. Thereby, the favorability refers to the customers' assumption that the particular store can satisfy their needs and wants. The strength is linked to the purpose of quantity and quality of the information connected with the store. Finally, the uniqueness is the extent to which the association, whether it is positive or negative, with the particular store is not shared with any other competing store (Keller, 1993). Several researchers (e.g. Bearden, 1977; Fisk, 1961; Lindquist, 1974; Manolis, Keep, Joyce & Lambert, 1994;

Martineau, 1958; Mazursky & Jacoby, 1986; McGoldrick, 2002; Popkowski Leszczyc & Timmermans, 2001; Samli et al., 1998) developed lists of attributes describing the store image (Table 2). Thereby, their main focus is on retail stores in various industries. For this reason, researchers can choose from a great variety of lists summarizing the content of store image. Nevertheless, these lists are by no means exhaustive but only sufficient to illustrate general areas of store image. All of these general areas comprise many more specific elements, which vary between markets, sectors, customer segments and competitive situations (Burt & Mavrommatis, 2006; McGoldrick, 2002; Paulins & Geistfeld, 2003). Whereas, early researchers of store image only considered attributes, which are related to the retail marketing mix, nowadays, researchers also consider more emotional components of a store's image (Burt & Mavrommatis, 2006; McGoldrick, 2002; Paulins & Geistfeld, 2003). When customers interpret brands, they use their brain (e.g. reference function), as well as their heart (e.g. emotional function) (Urde, 1999). Therefore, the complexity of a brand can only be considered complete and fruitful if both components, tangible and intangible, are taken into account.

Researchers of Store Image	Store Image Related Attributes
Martineau (1958)	Functional and psychological attributes
Fisk (1961)	Location convenience, merchandize suitability, value for price, sales effort, store services, congeniality of store, post-transaction satisfaction
Lindquist (1974)	Merchandize, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional attributes, post-transaction satisfaction
Bearden (1977)	Price level, quality of merchandize, selection, atmosphere, location, parking facilities, friendliness of salespeople
Mazursky & Jacoby (1986)	Merchandize quality, merchandize pricing, merchandize assortment, service quality, sales personnel, pleasantness of shopping
Manolis et al. (1994)	Merchandize, store appearance, salesmanship, service
Samli et al. (1998)	Sales-people, service policies, assortment/selection, layout, attractiveness, price, convenience, quality of products, store most improved, involvement in community
Popkowski Leszczyc & Timmermans (2001)	Price, merchandize assortment, parking, travel time, length of check-out lines, promotions
McGoldrick (2002)	Price of merchandize, Quality of merchandize, range of merchandize, sales personnel, location convenience, other convenience factors, clientele, personality of store, associations, service provided, home services, promotions, advertising, store atmosphere, store layout, reputation on adjustments, institutional image, visual imagery

Table 2: Research on Store Image Related Attributes

2.3.2.1 Store Image Attributes Considered in this Study

Even though, store image attributes can be categorized as tangible and intangible, an artificial distinction is not always recommendable (McGoldrick, 2002). This is related to the fact that customers often form their store image based on subjective impressions on various cues. Therefore, attributes, which are defined as tangible and objective in theory, can this way turn out to be interpreted very subjectively by customers (McGoldrick, 2002).

Referring back to Table 2 it appears that there is no strong agreement among researchers regarding the critical attributes in store image analysis. However, in order to develop consumer research projects, it is preferable to use 'image inventories' comprising those critical store

attributes, which best explain the particular store's image (Schiffman, Dash & Dillon, 1977). By reviewing many studies regarding store image and identifying commonalities between the defined attributes, a general Research Construct on Store Image for this study has been developed. Thereby, it is noticeable that various attributes are re-appearing more often than others and beyond industries. Thus, it seems that particular attributes do not differ between food and general merchandise and have therefore been chosen for the construct. This selected list of attributes will be considered as a benchmark in the empirical study (Figure 3). As it cannot be guaranteed that these attributes comprise the complete store image of a general merchandise retailer, the chosen attributes are not seen as a final set but are open for adjustment by customer's specific perceptions. This means, that the model is only a preliminary version, which builds the basis for the empirical data collection. After the empirical data is collected and analyzed, the model is adapted according to the findings and a final model created, which highlights the store image attributes relevant for general merchandise retailing.

Figure 3: Research Construct on Store Image

2.3.2.2 Merchandise

All researchers listed in Table 2 consider the attribute of merchandise and assortment, respectively, essential for store image. Thereby, Lindquist (1974) is the first researcher, who recognizes merchandise as a key attribute in a store image study. McGoldrick (2002) divides the area of merchandise into specific elements: Quality of merchandise including good/poor quality products, good/poor departments/categories, branded/designer goods, well designed products, fashionable products and range of merchandize including breadth of choice, depths of choice, carries items I like, choice of brands, good for gifts. The merchandise assortment is at the center of the retailer's offer and is called the merchandise mix (Zentes et al., 2011). The choice of the retailer is to either stock a wide or narrow assortment of products. Whereby, a category killer, which was introduced in the previous chapter, offers a narrow number of categories but a deep number of items within each category (Zentes et al., 2011). According to Zimmer and Golden (1988), the merchandise is a great benchmark for the attractiveness of the store. If customers like the products offered, they most likely perceive the store as attractive as well. They further claim that the quality of the products and range of the assortment are important determinants for store image.

2.3.2.3 Price

As with merchandise, Lindquist (1974) was the first researcher who established price as an essential part of store image. McGoldrick (2002) who builds upon various studies defined the price of merchandise as including low prices, discounts and bargains, good value prices, fair or competitive prices and high or prestige prices. Thereby, pricing decisions are among others the most central and difficult factors of retailing and should be based upon four dimensions: The comparative dimensions in relation to direct and indirect competition; the geographical dimension linked to different locations; the assortment dimensions based on varying markups on different merchandise and the time dimensions, which is concerned with price adjustments such as seasonal or temporary offers (McGoldrick, 2002). Customers consider the price an important aspect in terms of fair prices and value for money (Chowdhury et al., 1998).

2.3.2.4 Store Personnel

The pioneer of store image research, Martineau (1958), defined the store personnel and their effort as key determinant for the customer's store image. The character of the personnel can have significant influence on how a store is perceived. It is always discussed in relation to specific stores and cannot be generalized for a variety of stores (Martineau, 1958). McGoldrick (2002) has several elements, which measure the store personnel's impact on store image: The interest of the personnel in helping, number/availability of staff, knowledgeability of personnel, polite and courteous and efficient (checkout) service. An outstanding customer service can positively contribute to customer loyalty, a competitive advantage and positive word-of-mouth (Levy & Weitz, 2009). Customer service helps customers to get clear information about the retailer's offerings or in finding and purchasing products (Levy & Weitz, 2009). Customers evaluate the store personnel by comparing their experiences of service received with their expectations. Therefore, exceeding customer expectations should be the goal of every retailer (Levy & Weitz, 2009).

2.3.2.5 Service

Lindquist (1974) claimed that there is more to service than just store personnel. Furthermore, the service offered by a store is the key to exceeding customer expectations and significantly

contribute to a positive store image (Samli et al., 1998). The service attribute includes the presence of self-service, ease of merchandise return, delivery service and credit policies of the store (Lindquist, 1974). McGoldrick (2002) adds to these aspects by mentioning restaurants, cafés and toilets as part of the store's service environment. Retailers differ in the services they offer and the prices charged for particular services such as parking, home delivery or gift wrapping (Levy & Weitz, 2009). Retailing is often referred to as 'service industry', which emphasizes the importance of the service attribute to the formation of store image (Levy & Weitz, 2009). Thereby, service can significantly enhance the customer's shopping experience (Levy & Weitz, 2009).

2.3.2.6 Store Atmosphere

In his definition of store image Martineau (1958) included the aura of psychological attributes, which help defining the store in the shopper's mind. These refer to the combination of physical aspects of the store as well as the store atmosphere when conveying impressions such as elegance or luxury. These intangibles are based on the store's personality, which is ultimately linked to the store experience (Martineau, 1958). Customers define a store atmosphere by the attractiveness and the way in which the store makes them feel welcome and comfortable (Chowdhury et al., 1998; McGoldrick, 2002). Kotler (1973) defines the store atmosphere as "the conscious designing of space to create certain effects in buyers. More specifically, atmospherics is the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability"(p.50). He further claims that atmosphere is always linked to the quality of the surrounding.

The store atmosphere is dependent on the interior/exterior decor, symbols and colors, an active/sleepy environment, pleasant/unpleasant environment or basic/stylish environment (McGoldrick, 2002). Thereby, it is important to create a competitive advantage in differentiating the store interiors and exteriors from competitors (McGoldrick, 2002).

2.3.2.7 Store Layout

Referring back to Martineau's (1958) definition of store image, which claims that store image is the way in which the store is defined in the shopper's mind, there are several aspects, which create this perception. One of the most important ones for Martineau (1958) is the store layout. Another researcher who includes the store layout as important aspect of store image is McGoldrick (2002), who uses it as an umbrella term for various elements such as ease of circulation, level of congestion, lifts and escalators, ease of finding goods and quality of displays. He further claims that the right arrangement of the store can have positive effects on consumer behavior and sales. If a retailer sufficiently considers the store layout, he can make the most out of the space available and even manipulate the flow of walking in order to increase exposure of the products (McGoldrick, 2002). There are many different layout types that retailers can choose for their store, however, the focus should always be on efficient consumer navigation through the store (McGoldrick, 2002; Zentes et al., 2011).

The in-store environment is the major influencing factor of customer experience and, thus, retailers aim at offering an attractive store environment (Jain & Bagdare, 2009, Seock, 2009). The extent of the customers' in-store experience depends primarily on the store layout and how it facilitates the store visit (Bäckström & Johansson, 2006). To achieve an attractive store environment, retailers should exactly know their target group and what their customers consider important when choosing a store and then design the store accordingly (Seock, 2009).

This will attract customers and further build customer loyalty (Seock, 2009). The layout of a store can be increased in its attractiveness by the utilization of displays, which build an essential part of the store's 'information environment' (Fletcher, 1987). Displays can aid in promoting particular products or offering extra attraction to the store in general (Fletcher, 1987; Nordfält & Lange, 2013). Thereby such in-store promotional tools can effectively influence consumer purchase decisions (Nordfält & Lange, 2013). In their study on store environment and its effect on consumer purchase behavior, Sherman, Mathur and Belk Smith (1997) found that a well-planned store layout and displays can have positive effects on customers. On the one hand, customers that come to the store to purchase one particular product may buy additional products if displays catch their attention. On the other hand, customers who are attracted by the store's environment may spend more time and consequently money in the store (Sherman et al., 1997).

2.3.2.8 Location

The main aspects of location and its importance have already been introduced in chapter 2.1.2 and will be recapitulated in this section in relation to store image. A common saying that emphasizes the importance of store location is "the three most important success factors in retailing are: Location, location, location." (Zentes et al., 2011, p.203). This emphasis on location convenience in store image formation has already been established long time ago (e.g. Fisk, 1961; Bearden, 1977).

A retailer has to evaluate the area of its store carefully beforehand. The location needs to have customers who belong to the retailer's target market and are attracted by its offerings. Thus, the location must fit a certain demographic and lifestyle profile (Levy & Weitz, 2009, Zentes et al., 2011). If the location is well chosen, it can result in a strong competitive advantage because the store location is one of the 'unique' elements of the retail marketing mix and can hardly be imitated by competitors (Zentes et al., 2011). Therefore, the location can be considered a long-term decision and investment and, thus, locations, which seem unsuitable for current strategies, should be avoided (McGoldrick, 2002; Zentes et al., 2011). Another factor location convenience depends on is the accessibility of the store, which is essential for customer's store choice (Chowdhury et al., 1998; Levy & Weitz, 2009). Hence, the retailer has to choose a location, which maximizes visibility of the store and facilitates customer flow. This can be achieved by considering (free) parking opportunities or proximity to public transport (McGoldrick, 2002). Thang and Tan (2003) support this by claiming that customers choose a store based on accessibility, meaning ease of travel, duration of travel and parking. According to Chowdhury et al. (1998), the accessibility of a store is a characteristic, which is growing in importance with the age of the customer.

2.3.2.9 Clientele

Lindquist (1974) was the first who considered the clientele as a part of the store image. He mentioned that the social class of customers, their self-image and congruence are included in the store image formation. The customers of a store depend on the extent that the store is responding to their demographics and lifestyle trends (Levy & Weitz, 2009). In order to attract customers, retailers have to comprehend why the target group shops, how they select the store and how they choose among the retailer's merchandise (Levy & Weitz, 2009). The goal is to appear in the customer's consideration set, which means being among the alternatives that a consumer evaluates when making a buying-decision (Kotler & Keller, 2012). This can be achieved through effective advertising or location strategies (Levy & Weitz, 2009). In order to

appeal to a broader customer segment, many retailers moved away from their 'one size fits all' model and started to develop their format and location strategies (McGoldrick, 2002). However, it is important to segment the market carefully and decide in which areas of the market to compete because only very few retailers can reach the whole population as their target market (McGoldrick, 2002).

2.3.2.10 Promotion

According to Martineau (1958) "the retailer's advertising is an especially important factor in expressing the character of the store" (p.52). Thereby, the customer is attracted by the content as well as the physical appearance and general tone of the promotion (Martineau, 1958). The customers can read the character of the store from the advertising and decide if it fits their taste and personality or not. Thus, it is the retailer's responsibility to use promotion to transfer the intended store image. According to McGoldrick (2002), advertising is likely to reach a wide group of potential customers. Hence, promotion serves as a way for the retailer to show a certain image, increase sales and acquire new customers (McGoldrick, 2002). Customers are reached by various promotional channels, which attract them to the store (Calta, 2011). Furthermore, a way for retailers to convince customers is the implementation of loyalty programs (Leenheer, van Heerde, Bijmolt & Smidts, 2007). Levy and Weitz (2009) as well as Gilmore et al. (2001) claim that retailers can arouse customers´ attention through other ways of advertising such as publicity or corporate social responsibility. Thereby, publicity is not only directed towards potential customers but also employees and investors (Levy & Weitz, 2009).

2.3.3 Intended Image – The Management Perspective

Two of the most important stakeholders of a store are the customer and the management. This is because the store's customer is the group generating sales and positive word-of-mouth, which in return aids the store to exist (Samli et al., 1998). Retail stores devote much effort in creating a store image perceived by management, which is conform to the image that the store's target customers have (Marcus, 1972). The retailer always has a self-defined store image of what he thinks the customers' perceptions should be. This intended image is presented in the internal retail stimuli (introduced in section 2.3.1), which are directly controlled by the retailer (Marcus, 1972).

For successful retailers, the gap between the management and customer perceptions of all attributes of the store image are expected to be small (Gilmore et al., 2001). However, the way in which the management perceives its store is often in strong disagreement with the opinion and perceptions of customers, even though they are engaging in activities in the same environment (Gilmore et al., 2001; McGoldrick, 2002).

A discrepancy can occur in two directions. On the one hand, the management's perceptions can be lower or higher than the one of the customers on a specific attribute. On the other hand, it can be the opposite case, where the customer's perception is higher or lower on a particular element (Samli et al., 1998). The first situation appears due to the fact that managers often over-rate their store on all of the store image attributes (Pathak, Crissy & Sweitzer, 1974-75 in Samli et al., 1998). There has been an important shift away from the thought that management has complete power over the branding process and succeeds in projecting their image of the brand to the consumer market. The consumer becomes more and more a co-constructor of the store image (Burt et al., 2010b).

In order to guarantee feedback and corresponding adjustments it is essential for retailers to measure the congruity between their own perceptions and the ones of the customers to avoid gaps (Omar, 1993 in McGoldrick, 2002). Based on the above-mentioned studies and thoughts, a Store Image Perception Model is created, which is used for the empirical data collection of the study. Additionally, the model is inspired by the service quality model (SERVQUAL) of Parasuraman, Zeithaml and Berry (1985), which measures the expected against the perceived service from a customer and management perspective. However, it mainly focuses on the attribute of service quality, which has to be expanded for this research.

The created Store Image Perception Model highlights how the intended image, as perceived by management, can differ from the actual store image, as perceived by customers. Thereby, it considers the same store image attributes as the Research Construct on Store Image (Figure 3). The model has to be regarded as a model in a very general sense instead of being specifically adjusted for one particular industry or retailer.

Figure 4: Store Image Perception Model

2.3.4   Comparison of Store Images – Customers versus Management

For retailers it is important to maintain their market position and gain competitive advantage. This is also linked to how customers perceive a particular store. In order to recognize the value of the store image, it is necessary to compare it over time (McGoldrick, 2002). McGoldrick (2002) further claims that comparing the store image has several advantages, it "assists in

monitoring the effects of strategic moves, marketing activities, competitor's actions and, especially in new markets, the evolution of the store image" (p.199). Thereby, comparing the store image is not only concerned with comparing one store to its competition. It furthermore, includes detecting the differences between "individual branches, their customers, individual departments, shopping centers and stores in different countries" (McGoldrick, 2002, p.199). Hence, an important aspect of effective retail management is managing the store image (Samli et al., 1998).

Inter-Branch Comparisons

This section will focus on the retail store comparison of inter-branches because it aligns with the focus of the study.

Marcus (1972) highlighted the importance of this kind of comparison. His study of three branches of the May Company in Los Angeles showed that the store images differed significantly among the branches. The store image was measured based on various store image attributes. Even though, it was conducted in a multi-format retail department store, the resulted findings and implications can be generalized for other retail establishments as well (Marcus, 1972).

According to McGoldrick (2002), there are three major reasons why store images can be different among formats:

- Even though the formats of most stores are standardized to a large extent, every store differs at least slightly in regards to location, layout, size and/or staff.
- There are no two completely identical retail locations in regards to the competition mix and strengths. Hence, customers have different expectations and ground for comparison.
- The majority of retailers look for locations with particular customer characteristics in mind. However, minor local differences that can affect the clientele motives and reactions are common.

Therefore, taking these three aspects into account and comparing the inter-branch store images can be beneficial for a retailer. The detection of local differences can help to effectively adjust the assortment, service levels, prices or the communication mix. This in return can help to improve the store image and loyalty in the long-term (McGoldrick, 2002).

2.3.5 Store Image Measurement

"Measurement is the way the consumer's perception is elicited" (Zimmer & Golden, 1988, p.265). In order to keep the market position, an important aspect of a retailer's ability is the development and measurement of a favorable store image (Hartman & Spiro, 2005). A store image is measured by the attributes associated with the retailer's store. Thus, it corresponds with the definition of brand image by Keller (1993) and can be defined as the "customer's perceptions of the store as reflected by associations of the store held in memory" (Hartman & Spiro, 2005, p.1115). Therefore, image research is concerned with the measurement of customer attitudes and opinions instead of simply quantifiable features (McGoldrick, 2002).

Operationalization of Store Image

As indicated above, store image is not a separate phenomenon to be measured but it consists of various attributes, which in sum make up the store image of a retailer. Selected attributes are described in sections 2.3.2.2 – 2.3.2.10. Therefore, the individual attributes are needed to make the store image empirically measureable. The following table explains again which attributes

evolve around store image and specifies further which elements are included in each attribute and therefore, aid in measuring that particular attribute. The operationalization of the attributes is based on studies by Lindquist (1974), McGoldrick (2002), Samli et al. (1998) and Thang and Tan (2003), seven popular researchers of store image. Thereby, it gives just an indication of how empirical material on the various store image attributes can be collected.

Attribute	Lindquist (1974)	Samli et al. (1998)	McGoldrick (2002)	Thang & Tan, (2003)
Merchandise	Products, services, quality selection, assortment, styling or fashion, guarantees, pricing	Assortment, quality of merchandise	Product quality, departments/ categories, branded/designer goods, product design, fashionable products, Breadth of choice, depth of choice, carries items I like, choice of brands, good for gifts	Merchandise mix, value for money, availability
Store Personnel	Sales clerk service	Knowledgeable about products, helpful, friendly, available when needed	People who care, number/availability of staff, knowledgeability of staff, polite and courteous, efficient (checkout) service	Congeniality, advice on purchase
Price		Good value, lowest everyday prices, lowest advertised prices	Low prices, discounts and bargains, good value prices, fair or competitive prices, high or prestige prices	
Store Atmosphere	Customer's feelings of warmth, acceptance and ease	Attractive decor, feel comfortable in store, cleanliness	Interior/exterior decor, symbols and colors, active/sleepy, pleasant/ unpleasant, basic/stylish	Decorations, layout, ease of movement, display of merchandise
Service	Service-general, presence of self-service, ease of merchandise return, delivery service, credit policies of the store	No-hassle return policy, store will replace defective items under warranty, easy to cash checks,	Choice of payment methods, extended credit, restaurant/café, toilets, other services	Delivery, warranty, return policy, gift wrapping, convenience of payment
Location	Location convenience, parking	Location convenience, adequate parking	Location from home, location from work, accessibility, public transport options, desirable locations	Accessibility, ease of travel, parking, duration of travel

Store Layout	Aisle placement, aisle width, carpeting, architecture, elevators, lighting, air conditioning, washrooms	Easy to move about in the store, easy to locate depts., attractive displays	Ease of circulation, level of congestion, lifts and escalators, ease of finding goods, quality of displays	
Clientele	Social class, appeal, self-image, congruency and store personnel		Mostly older/younger, trend setters/followers, higher/lower incomes, more/less intelligent, mostly singles/couples/ families	
Promotion	Sales promotion, advertising, displays, trading stamps, symbols and colors		Impact of advertising, style and quality, media vehicles used, personalities involved, truth of advertising	Advertisements, promotions, special events, word-of-mouth

Table 3: Store Image Attributes and their Related Elements

The above-described attributes (Table 3) and its operationalization will be used as the theoretical framework for the empirical data collection. Thereby, they will guide the execution of semi-structured interviews and create a benchmark to allow better comparison and analysis. The detailed methods of data collection will be described and explained in the following chapter three.

Concluding this chapter, it must be said that in spite of the literature on retail format and store image being criticized for its topicality and suitability for general merchandise in the beginning, a relevant framework could be drawn from it. Thereby, all sources have been carefully studied, evaluated and possible connections have been made. Further explanations on the differences and parities between general merchandise and food retailers can be extracted from the chapters.

3 Methodology

This chapter outlines the chosen research methodology and illustrates its suitability for the issue under study. The investigation of format development and its effect on store image discussed on the case of the inner-city IKEA Hamburg-Altona build the point of departure. The chapter begins with the presentation of the research design including an argumentation for IKEA as suitable case. Secondly, the researcher's views of the world and knowledge inquiry were taken into account and aligned with the research design and data collection. After outlining the research design and philosophy, the empirical data collection and analysis as well as ethical considerations and limitations is further elaborated.

3.1 Research Design

As mentioned in the introductory chapter, the project's research domain is the global retail industry with a focus on format development, investigated on the case of the inner-city IKEA in Hamburg Altona.

3.1.1 Justifying Arguments for the Case

The researcher decided for a single case study with embedded units instead of a multiple-case study because format development is investigated on one particular store. Even though, the traditional format is used as the basis and benchmark for comparison, it cannot be seen as a separate case (Baxter & Jack, 2008).

According to Yin (1994) a good case has a unique or extreme character. Furthermore, it can be used as an exploratory device. The researchers decided to leverage the inner-city store of IKEA as a case to explore format development of an original single-format retailer because IKEA is an exceptional example of pursuing the same format for over 50 years. The decision to grow by moving into the cities and away from the big blue box seems very unique and worth researching. Thereby, it links to the theoretical concepts of growth, which have been described in chapter one and two. Additionally, the researchers had good access to the location as well as support by IKEA, which allowed sufficient investigation in the given time frame of ten weeks.

Good Case Characteristics	IKEA Inner-City Store Case	
Unique or extreme character	Single-format retailer for over 50 years	✓
Exploratory device	Very recent concept (from June 2014), which has not been researched before and offers completely new insights and contributions in practical and theoretical terms.	✓
Good Access	Location: The inner-city store is good accessible for the researchers as it is located in Hamburg, Germany. Support: The researchers were in contact and later supported by the IKEA management and store managers of IKEA Hamburg-Altona, Moorfleet and Schnelsen.	✓

Table 4: What Makes a Good Case? According to Yin (1994)

3.1.2 Outlining the Qualitative Research Design

Given that focus, the study's purpose is of exploratory nature because it aims at exploring the store image, namely customers' perceptions of the new format. Thereby, the intervention has no clear, unique set of results (Baxter & Jack, 2008). The research questions and extent of theory available indicate an abductive research approach (Alvesson & Sköldberg, 2009). Thus, the data collection will be guided by the theoretical framework defined in chapter two but will leave room for new insights and interpretations, which will subsequently aid in developing new theory.

A lot of studies on store image revolve around quantitative methods as a common approach (e.g. Chowdhury et al., 1998). However, considering the special character of case studies and its emphasis of the particular rather than the general (Hultman, Hertz, Johnsen & Johnsen, 2012), several researchers argue for such qualitative methods in relation to store image (e.g. Golden & Zimmer, 1988; McGoldrick, 2002; Stern et al., 2001). Thus, the study has been designed as a qualitative single case study with the inner-city IKEA as the main unit of analysis.

As the store image of the new format is the main focus of the study, the customers and company management have been selected as embedded units. This is based on the in chapter two mentioned aspect that customers and company management are the most important stakeholders in store image research. Furthermore, if the role of customers as co-constructors of image is accepted, their perceptions should be the starting point when researching store image (Burt et al., 2010b).

Yin (1994) claims that in case study research it is critical to collect primary data that helps to comprehend the variety of dimensions and perspectives, which allows the researchers to experience the phenomenon in its real-life context. Therefore, it requires multiple-sources of evidence in order to enhance data credibility, validity and reliability as well as the overall quality of the research (Baxter & Jack, 2008; Yin, 1994).

As mentioned in chapter two, an important aspect to consider in format development is the consistency of store image. Thereby, management always has a self-defined store image, which should preferably align with the store image that customers have (Gilmore et al., 2001). However, the perception of the management is often in disagreement with the store image of customers (Gilmore et al., 2001). Therefore, the researchers of this study found that both perspectives are necessary in order to understand the inner-city store's effects on store image. This is summarized in the Store Image Perception Model (Figure 4) presented in chapter two, which suggests collecting empirical data from these two embedded units.

In order to prepare the data collection from customers and management, the researchers referred to *documentation* distributed by mass media about the new store, which reported a lot about the IKEA store format in Altona. This helped the researchers to familiarize with the phenomenon and perspectives when planning the study. Furthermore, it provided a valuable point of departure and basis for the research.

In addition, the researchers participated in *direct observation* of the two IKEA formats, the traditional and inner-city store, before collecting the empirical data from customers and management. The observational data of the two store formats was useful in delivering additional information and dimensions (Yin, 1994). The researchers were able to familiarize with the stores and especially the new store format. Thereby, the researchers took photos of their impressions and the parts that in their opinion were obviously different between the two store

formats. The photos later led the researchers to the idea of using photo-elicitation to support the customer interviews (explained in section 3.3.1).

After *documentation* and *direct observation* had built a good basis of knowledge and point of departure, the researchers started the empirical data collection by *interviewing* recent IKEA customers as well as the IKEA management – the embedded units of the study. Thereby, semi-structured interviews were chosen to be the appropriate collection technique because it offered the perfect combination of relating the interview questions to literature but still opened up for interviewees to discuss aspects not covered by theory. Additionally, to the one-to-one interviews, a focus group with IKEA customers was conducted. Both techniques assisted the researchers in investigating the actual image perceived by IKEA customers in order to answer the first sub-research question, *how do customers perceive an inner-city store compared to a traditional IKEA store.* Furthermore, the researchers decided to use semi-structured interviews for the store managers in order to investigate the intended store image perceived by the management. This way, they could be certain to get comparable results based on the same structure or theoretical framework, respectively. This implies the Store Image Perception Model (Figure 4) introduced in chapter two and later helped to investigate potential gaps between the customer and management store images. Thereupon, the second sub-research question: *How does the actual image of the inner-city store as perceived by customers differ from the intended image as perceived by IKEA* could be answered.

The model below summarizes the researchers attempt to adopt multiple sources of evidence into their empirical data collection.

Figure 5: Using Multiple-Sources of Evidence

The combination of documentation, direct observation, a variety of interviews and a focus group is built upon the suggestion of Yin (1994) to use multiple sources of evidence in order to increase validity and reliability of the research. Furthermore, the researchers found that the methods allowed some extent of triangulation and helped them to collect rich data, which provided in-depth interpretations (Yin, 1994). Thus, the findings build the foundation and bridge to answer the main research question, *how does format development of an original single-format general merchandise retailer affect store image.*

A more detailed argumentation and description of the methodological reasoning and the data collection process will be covered in the following sections.

3.2 Research Philosophy

The nature of reality and their assumptions about how the world works have to be considered when conducting research (Saunders, Lewis & Thornhill, 2009). The ontology and epistemology by the researchers influences the research questions as well as the overall research design (Bryman & Bell, 2011). According to Saunders et al. (2009), the choice of philosophy is often framed in terms of whether the positivist or interpretivist philosophy is adopted.

This research study is concerned with changes in customer perception on store image related attributes after developing the store format. Thereby, an abductive approach is applied meaning two models based on existing theory of related industries and concepts builds the guideline for the data collection. Depending on the outcomes, the utilized models are adjusted and new theory for the fields of format development and store image developed. Thus, the research question and purpose of the study do not suggest unambiguously which philosophical stance to take (Saunders et al., 2009). On the one hand, it aligns with the positivist view, which aims at achieving generalizations for theory. On the other hand, the study involves conducting research among customers rather than objects as in natural sciences. Therefore, the outcomes will have subjective meanings on the social phenomena studied, which is in line with the interpretivist view (Saunders et al., 2009). According to Tashakkori and Teddlie (1998) this leads to the philosophical position of pragmatism. Hence, in the light of the research question, theoretical background and purpose of the study, it is not possible to either take the positivist or interpretivist philosophy.

Based on the pragmatic philosophy, the researchers related the choice of approach directly to the purpose of the research question. Thereby, the first step was to find existing theory related to format development and store image. Secondly, the literature was adapted to the study and comprised into theoretical models guiding the data collection. Thirdly, the field study was conducted with customers of the IKEA (case of the study). Fourthly, the empirical data was analyzed. In the last step, the researchers drew conclusions from the case and developed new models accordingly. Hence, the researchers followed a rather positivistic stance in the first and last steps. Here, the research was guided by existing research. In the end, the phenomena was reduced to simple attributes and elements in order to generalize the findings for the topic of format development. However, the intermediate steps were led by an ontological view of social constructionism (interpretivism), which assumed that the world is socially constructed and answers derived from customers based on subjective opinions.

Therefore, the researchers adopted Tashakkori and Teddlie's (1998) opinion that research philosophies should be regarded as continuum rather than opposite positions, where the knower and the known must be interactive at some points.

3.3 Data Collection

As introduced in the research design part, the researchers decided that qualitative data is needed in order to arrive at sufficient answers. According to Bryman and Bell (2011) pursuing a rather open-ended and unstructured approach helps the researchers to retrieve more contextual insights. Image research is dealing with measurement of attitudes and perceptions rather than quantifiable factors (McGoldrick, 2002). Moreover, it suits the single case study design with embedded units – the IKEA customers and store management.

Semi-structured interviews were held at the IKEA Hamburg-Altona as well as the IKEA stores Hamburg-Schnelsen and Hamburg-Moorfleet. The latter ones are traditional blue-box IKEA

formats in the outskirts of the city. The customers interviewed at these two stores served as a basis and benchmark for comparison. All participants at the traditional store format were asked to describe their perception of that particular store only. Whereas, interviewees at the inner-city store were asked to talk solely about their perception of the new store format. This way, the researchers could use the outcomes of the traditional format interviews as a benchmark for the store image of IKEA in order to measure the differences to the perceptions of an inner-city store. The stores in Hamburg-Schnelsen and Hamburg-Moorfleet were chosen because of the proximity to the new inner-city store in Hamburg-Altona. Furthermore, both stores are traditional 2-level IKEA stores, which most customers associate with IKEA (Neunteufel, 2015).

Semi-structured interviews and a focus group were chosen to capture customer perceptions because "the researcher[s] must participate in the mind of another human being to acquire social knowledge" (Bryman & Bell, 2011, p.402). The use of semi-structured interviews helped the researchers to get rich insights into consumer perceptions of the new inner-city store as well as a traditional store. Thereby, the researchers tried to keep the semi-structured format of the interview by limiting their involvement and direct questioning as much as possible to get a clear impression of what the customer was thinking. The researchers used photographs and a set of store image related attributes to guide the interview if needed. The outcome was two sets of customer perceptions, one for a traditional IKEA store and one for the inner-city store, which could afterwards be compared for parities and differences.

The focus group was conducted at the end of the field study with six recent IKEA customers of both formats. Different from the semi-structured customer interviews at the two store formats, the focus group was carried out to let customer directly compare both formats. This way the researchers aimed at acquiring clear insights about how the new format is perceived in direct comparison to a traditional one. This was used as further support for the data analysis and findings.

The expert interviews built the perfect addition to the data collection, because they reflected the internal opinion and perceptions of IKEA. Thus, the researchers could explore IKEA as a business, which allowed them to familiarize more with the company as well as to get in touch with the management perceptive. As already explained before, this assisted in considering all relevant parties involved in the store image formation. The collected data built a great benchmark to compare the actual store image with the intended store image of the inner-city store and investigate a potential gap between both.

Location	Date	Data Collection Method
IKEA office Helsingborg, Sweden	26/03/2015	Expert Interview
IKEA Hamburg Schnelsen, Germany	09/04/2015	Expert Interview Customer Interviews
IKEA Hamburg-Altona, Germany	10/04/2015	Expert Interview Customer Interviews
	13/04/2015	Customer Interviews
	14/04/2015	Focus Group
IKEA Hamburg-Moorfleet, Germany	11/04/2015	Expert Interview Customer Interview

Table 5: Overview of Data Collection Sites, Dates and Methods

All steps of the data collection will be described in more detail in the following sub-chapters.

3.3.1 Store Image Attribute Inclusion and Photo-Elicitation

Before the data collection methods is described in more detail, the concept of photo-elicitation is introduced and the inclusion of store related attributes elaborated.

Chapter two described a variety of store image specific attributes used in past research. The attributes, which were described in detail in the previous chapter and included in the Research Construct on Store Image (Figure 3), were the ones of main importance for the empirical data collection. Thus, the utilization of the model built the structured part of the interview. However, the researchers consciously decided for semi-structured interviews and therefore, tried to exceed the interview beyond the attributes covered by theory. This was done primarily for two reasons. On the one hand, the existing research regarding store image is often based on the grocery industry, which decreases its suitability for a general merchandize retailer. On the other hand, the researchers did not want to limit the customer's answers to a few predetermined attributes and leave room for customers to come up with their own ideas and attributes. Furthermore, the relative importance of attributes considered by customer may vary between market and localities. Hence, different shopper segments will most likely have different attitudes, needs and priorities (McGoldrick, 2002). The usage of attitude scales as used in quantitative studies includes forced-choice measures and customers might be obliged to use dimensions, which do not exactly define the image they have of IKEA (McGoldrick, 2002; Zimmer & Golden, 1988).

In order to support the data collection, especially interviewing, the use of photographs is a valuable tool to gain knowledge (Rose, 2012; Thelander, 2010). According to Jacoby Petersen and Østergaard (2005), there are two approaches to integrate photographs into the research process. On the one hand, the researcher can take the pictures. On the other hand, the participants can take the photographs. The usage of photographs in research aligns with the abductive approach of this study. Photographs are produced by humans and represent their subjective view of the world. Therefore, pictures used in research can never show the image of a store but are only one method to represent it (Larsen, 2004 in Thelander, 2010). Thereby, the photograph has the power to produce feelings linked with the store (Aaker, 1991 in McGoldrick, 2002).

As briefly mentioned in the research design part, the researchers took photos during the *direct observation* of the IKEA stores in order to familiarize themselves with the stores and create their own store image. The fact that the researchers observed and photographed various parts of the inner-city store, which differed significantly from a traditional store, the idea of photo-elicitation was generated. Thus, the taken pictures were used as a device during the customer interviews in order to guide the content to some extent. The photographs showed different parts of the IKEA stores, which could be related to the store specific attributes selected in chapter two. After the researchers took the photos in the inner-city stores, the pictures were discussed and linked to suitable store image attributes. The results were collages, connected to store image attributes. Thereby, some collages indicated more than one attribute (e.g. merchandise and price). Subsequently, the researcher went to the two chosen traditional stores, Hamburg-Moorfleet and Schnelsen, and took photographs of areas linked to the same store image attributes. Consequently, there was a set of pictures for the interviews in the inner-city store as well as a set for the traditional stores (Appendix A and B). Based on the types of retail format under study, the photographs indicated but were not limited to the attributes of *merchandize, store personnel, price, store atmosphere, service, location, store layout, clientele* and *promotion*. The photographs

were shown to the interviewees, which were asked to project themselves into that 'scene' or 'theme' of the picture and talk about it.

The photographs offered a good way to include important store image attributes in the field study without directly mentioning the particular attributes and limiting the interviewee's thoughts into one particular direction. Hence, the pictures can be seen as communication bridges, which functioned as conversation openers (Thelander, 2010). Furthermore, the photographs stimulated the participants to explain and elaborate more on their perceptions and helped the researchers to get better insights into social phenomena (Rose, 2012).

3.3.2 Semi-Structured Customer Interviews

The interview is the most widely used method in qualitative research and offers the researchers flexibility and deep insights into the participant's point of view (Bryman & Bell, 2011). According to Thompson, Locander and Pollio (1989), the interview is one of the most powerful methods to acquire an in-depth understanding of customer's opinions, values and beliefs, and to obtain detailed information about the topic under study. Furthermore, it is one of the most important sources of information in case study research (Yin, 1994).

As the researchers were aiming at investigating customer perceptions of the two IKEA formats, spoken words were necessary for a sufficient understanding (Bryman & Bell, 2011). The researchers chose semi-structured customer interviews as their main method of data collection in order to remain flexible and increase the depths of answers. Other considered methods did not offer the same accessibility of perception patterns (Saunders et al., 2009). Compared to unstructured or in-depth interviews, where the interviewer has no predetermined questions and aims at exploring a general area of interest, the semi-structured interviews were guided by a defined set of topics and questions in forms of photographs (Saunders et al., 2009). This way, it still remained open-ended and adopted a conversational manner in which interviewees were able to provide a fresh comment (Yin, 1994). The method also aligns with the abductive approach of the research. The researchers wanted to guarantee a certain structure in all interviews by covering the store image attributes summarized in Figure 3. This was achieved by photo-elicitation, where the pictures covered these selected attributes. However, the researchers still tried to keep a semi-structure by opening up for interviewees to explain their store image flexible and freely. This was achieved by constructing the photograph collages in a way that did not indicate one attribute clearly. Even though, the collages all evolved around one specific store image attribute, there was room for own interpretations. Furthermore, the researchers stimulated free thinking by always emphasizing that there is no right or wrong regarding the photographs. This way the interviewees did not feel forced to identify one specific topic in the photographs but started talking in an subjective and comfortable way about how they perceive the store.

As the study´s goal is to identify parities and differences, the outcomes of the semi-structured interviews allowed a good basis for comparison. Even though, an interview guide in form of the photographs was leveraged, questions could still be adjusted to the customer's ideas and the flow of conversation.

3.3.2.1 Design of Semi-Structured Customer Interviews

The interviews were conducted in both store formats – in Hamburg-Altona, the inner-city store, and in Hamburg-Schnelsen and Hamburg-Moorfleet, the traditional store formats. For the

interviews the same geographic area was chosen in order to avoid differences in image dimensions between cities (Hirschman, Greenberg & Robertson, 1978 in Samli et al., 1998)

Thereby, the perception, opinion and other appearing aspects related to the store image were covered. The researchers interviewed 15 customers per store format in order to make it comparable. The interviews lasted in average 23 minutes, which was depended on the interviewee's interest, ideas and engagement with IKEA.

As already mentioned, photographs were used to stimulate the participant's memory and thinking (Thelander, 2010; Rose, 2012). Thereby, the participants in the inner-city store were only shown the set of pictures of that particular store format and vice versa. The researchers tried to design the interviews as open as possible by leaving the floor to the interviewee most of the times. The photographs were shown one after another with the sequence adjusted to the conversation and ideas of the participant. In some cases, photographs were skipped because participants covered that particular area without any photos needed. The interviewers intervened with questions only if necessary. The questions were posed spontaneously and depended on what the interviewee was talking about.

All interviews were built around store image and related attributes without retrieving them directly. The photographs were mainly needed to let the interview circle around similar attributes and make the data better comparable and linkable to theory. However, the researchers were very open for new ideas and attributes not included in the pictures.

All interviews were held in German because the visitors of the chosen stores were most likely native German speakers and most comfortable and eloquent in this language. IKEA provided the interviewers with IKEA t-shirts and visitor passes in order to be better recognizable and authentic. Before the interview started, all interviewees were provided with a paper containing information about the project and interviewers as well as a part to be completed with their personal information. All interviewees received a goody bag with Swedish candies in return for their participation. Furthermore, IKEA Hamburg-Altona provided free drinks for the participants and Hamburg-Moorfleet offered Hotdog coupons. All interviews were audio-recorded in order to guarantee detailed transcription and translation afterwards. The tapes provided a more accurate reproduction of all interviews than any other method (Yin, 1994).

3.3.2.2 Participant Selection Criteria

The researchers decided that the present clientele of IKEA stores is the most representative market segment to conduct the study (Samli et al., 1998). This was decided due to the fact that the age distribution of customers in IKEA stores shows a presence in all age segments as well as balance on other demographics such as gender (Neunteufel, 2015; Statista GmbH, 2015a; Statista GmbH, 2015b). The researchers approached potential participants in- and outside the IKEA restaurant based on a convenience sample. This proved to be the most effective way because customers were most relaxed and did not mind sacrificing some extra time from shopping. Thereby, the participants were not chosen randomly but consciously selected by the researchers from the present IKEA customers. However, not every subject of the population fitting to the sample frame had the same probability of being chosen for the study (Malhotra, 2010). The researchers tried to interview customers in various age groups and with different backgrounds in order to get a broader picture. Even though, this kind of convenience sampling might influence the validity of the outcomes, this technique had to be leveraged because of the limited timeframe of ten weeks.

The following table gives an overview of the interview participants of both store formats.

	Location (IKEA)	Name	Gender	Age	Profession	Visited IKEA stores	Interview Time
	Altona						
Inner-city store format	1.	Emanuel	Male	70	Pensioner	All	18 minutes
	2.	Sascha	Male	43	Engineer	Schnelsen, Altona	31 minutes
	3.	Lars	Male	45	Consultant	All	27 minutes
	4.	Joanna	Female	33	Consultant	Moorfleet, Altona	22 minutes
	5.	Marie	Female	22	Student	Moorfleet, Altona	20 minutes
	6.	Antje P.	Female	28	Employee	Moorfleet, Altona	29 minutes
	7.	Veronika	Female	26	Pharmacist	Schnelsen, Altona	21 minutes
	8.	Katrin	Female	29	Student	Moorfleet, Altona	19 minutes
	9.	Monika	Female	67	Pensioner	Altona	13 minutes
	10.	Claus	Male	55	Banker	All	19 minutes
	11.	Alexander	Male	26	Actor	Schnelsen, Altona	29 minutes
	12.	Maria	Female	56	Employee	All	25 minutes
	13.	Helen	Female	19	Student	Altona	19 minutes
	14.	Daniel	Male	26	Student	All	24 minutes
	15.	Martin	Male	33	Engineer	Altona	22 minutes
	Schnelsen						
Traditional 2-level store format	1.	Kirsten	Female	62	Teacher	All	27 minutes
	2.	Inga	Female	31	Logistics Assistant	Schnelsen, Altona	26 minutes
	3.	Heinz	Male	73	Pensioner	Moorfleet, Schnelsen	33 minutes
	4.	Susanne	Female	35	Assistant	Moorfleet, Schnelsen	14 minutes
	5.	Christina	Female	27	Kindergarten	Moorfleet, Schnelsen	25 minutes
	6.	Alena	Female	26	Student	Moorfleet, Schnelsen	27 minutes
	7.	Melanie	Female	26	Hairdresser	Schnelsen	31 minutes
	Moorfleet						
	8.	Stefanie	Female	41	Employee	Moorfleet	17 minutes
	9.	Antje	Female	50	Consultant	Moorfleet, Schnelsen	20 minutes
	10.	Falco	Male	26	Student	Moorfleet	21 minutes
	11.	Nikolaus	Male	31	Student (PhD)	Moorfleet	18 minutes
	12.	Sinikka	Female	40	Employee	Moorfleet	17 minutes
	13.	Pia	Female	58	Employee	All	28 minutes
	14.	Matthias	Male	21	Student	Moorfleet, Altona	26 minutes
	15.	Jan	Male	53	Geologist	All	19 minutes

Table 6: Semi-Structured Customer Interviews – Participant Profiles

3.3.3 Focus Group

Focus groups refer to group interviews where the area of interest is clearly defined and active discussion of participants is desired (Saunders et al., 2009).

The researchers decided to conduct a focus group as an additional method to the semi-structured customer interviews because of several reasons. Instead of conducting an interview one-to-one, the focus group offered the opportunity to see how IKEA customers in conjunction with each other interpret the given topic (their perception of the inner-city store compared to a traditional). Thereby, it allowed the participants to probe each other's views and challenge other's ideas (Bryman & Bell, 2011). This provided the researchers with an additional in-depth understanding. It acquired more realistic accounts because participants could discuss the topic freely and if necessary revise ideas. Moreover, the researchers liked the idea of the focus group because it aligned with the philosophy of the research. According to Bryman and Bell (2011), social phenomena are more explicitly interpreted and understood if people make sense of it collectively. Meanings of the social world are usually not constructed individually but rather through discussion and interaction of a group, which further justifies the choice of method (Bryman & Bell, 2011). Hence, the researchers consciously decided to conduct a focus group instead of a few more semi-structured interviews because it perfectly complements the customers´ view regarding a more complex, first-hand comparison of the store image generated by IKEA customers.

3.3.3.1 Design of Focus Group

The focus group was conducted in the inner-city IKEA in Hamburg-Altona. The researchers conducted only one focus group because the comparison of perception of the new format was paramount for the issue under study. Before the focus group started, the researchers asked all participants to visit the inner-city store again and refresh their experience and perceptions of the new store format. For the purpose of the focus group, the management of the store provided the researchers with a conference room. Therefore, all participants had to enter the building through the employee entrance and be registered at the reception beforehand.

The focus group followed the semi-structured customer interviews. Thus, the semi-structured interviews were used to develop the store image attributes, which comprised the store image of IKEA customers. The outcomes of both sets of interviews, from the inner-city store as well as traditional format, were used as guideline for the focus group (Bearden, 1977). This way, the researchers could include the gained knowledge in the group discussion and provide direction and food for thought. However, the researchers only acted as moderators and tried to limit their involvement as much as possible. In the focus group the participants were directly asked to compare both known store formats. Thereby, the participants were free to discuss their perceptions, usage, ideas and opinions. The focus group included six participants and lasted one hour and fifteen minutes.

Furthermore, the photographs used for the semi-structured interviews were put into a PowerPoint presentation and prepositioned in order to stimulate the discussion or guide the participants into areas of store image, which the researchers wanted to be discussed. Here, both sets of pictures were included in the presentation. Hence, the comparison of both store formats was facilitated and participants could easily develop their perceptions of each. However, not all pictures were shown to the participants because there was a constant discussion and not much direction and moderation by the researchers needed.

The focus group was held in German. In the beginning, all participants received a paper regarding the study and were asked to provide some personal information and confirm their permission to use the data. Drinks and snacks were offered to the group during the discussion. All participants received a goody bag afterwards in order to reciprocate their effort. The focus group was audio-recorded. This way, the researchers could fully concentrate on their role as moderators and reproduce the discussion completely afterwards.

3.3.3.2 Participants Selection Criteria

The selection of participants for the focus group was twofold. One half of participants were recruited through a Hamburg forum on a social media platform. Two weeks before the focus group, the researchers posted an inquiry asking for recent IKEA customers, who have visited the inner-city store in Altona as well as one traditional IKEA store format within the last six months. Thereby, the researchers used self-selection sampling by choosing appropriate participants among the responding volunteers (Saunders et al., 2009). The other half of the focus group was recruited on the days that the researchers spend in the IKEA inner-city store in order to conduct the semi-structured interviews. Thereby, customers were approached and asked for availability. They, furthermore had to fulfill the same prerequisite of being recent IKEA customers of both store formats. Additionally, the researchers decided that there are no specific demographic requirements necessary. This is based on the same statistics and information as used for the semi-structured customer interviews.

Participant Name	Gender	Age	Profession
Martin	Male	27	Licensing manager
Johanna	Female	25	Student
Tobias	Male	26	Student
Daniela	Female	32	Editor
Heiko	Male	38	Rhetoric trainer
Daniela (Danny)	Female	43	Looking for a job

Table 7: Focus Group – Participant Profiles

3.3.4 Semi-structured Expert Interviews

The expert interviews were held with the store managers of the three IKEA stores in Hamburg and the Global Retail Development Manager of IKEA in Helsingborg.

The researchers decided to use semi-structured interviews to collect expert data because they made use of a defined set of topics, which should be covered with each expert. The topics were the same for the three store managers and aligned with the structure for the customer interviews. Therefore, all store managers were asked to talk about the same store image attributes and their perception of each one. This way the researchers ensured to be able to compare the intended image with the actual image. The purpose of this approach was to investigate a potential gap between both. A list of these topics was sent to the interviewees a week beforehand in order for them to prepare. However, the researchers focused on many more topics with the store managers for the purpose of getting better background and insider information. The store manager interviews resulted in a casual conversation with the researchers, asking questions regarding the stores' background, customer information, the intended store image and their opinion regarding IKEA's format development. The interview

with the Global Retail Development Manager included similar questions regarding IKEA's background and the intended store image but was guided more by collecting in-depth knowledge regarding IKEA's formats and format development. Therefore, all interviews were conducted by keeping a certain structure but still left enough room for additional valuable information regarding the stores and formats. Thus, the researchers were provided with insights of the internal view of IKEA employers. This built a good ground for discussion and comparison with the outcomes of the customer interviews as well as the focus group. Especially, the interview with the Global Retail Development Manager provided the researchers with valuable background information regarding format development and therefore, helped in defining the research and its purpose.

The interview technique of a semi-structured interview was considered appropriate because it captured the views and opinions of the IKEA employers, which were essential to really comprehend the background, reasons and internal perceptions of the new format and its development. At the same time, the interviewers could be certain to cover the same topics with all interviewees in order to get a broader and comparable picture. However, the interviewers adapted questions to the particular interview situation and content of conversation. The expert interviews were all held face-to-face at the IKEA premises in Helsingborg, Hamburg-Schnelsen, Hamburg-Moorfleet and Hamburg-Altona.

Participant Name	Profession	Interview Time
Rudi Neunteufel	Global Retail Development Manager at IKEA	58 minutes
Udo Knappstein	Store Manager IKEA Hamburg-Schnelsen	40 minutes
Kerstin Wolter	Store Manager IKEA Hamburg-Moorfleet	53 minutes
Christian Mollerus	Store Manager IKEA Hamburg-Altona	1 hour

Table 8: Expert Interviews – Participant Profiles

3.4 Data Analysis

Easterby-Smith, Thorpe and Lowe (2012) suggest "choosing the method of analysis in consistence with the philosophical and methodological assumptions" (p.162). Given the abductive research approach, theory is created as the outcome of a reciprocal effect and iterative process between the data collection and data analysis (Bryman & Bell, 2011). Thereby, the theoretical framework related to format development and store image in chapter two builds the foundation of the research and guides the data collection. The existing theory can be leveraged to develop a descriptive framework, which assists in organizing the case study and systemizing the data analysis (Yin, 1994). The outcomes of the theoretical framing were the previously mentioned store image attributes (Figure 3), which supported the semi-structured interviews as well as the focus group. Subsequently, the collected data was related to these key attributes on store image. However, as explained earlier, the researchers used these attributes only as an orientation but not as final set of store image descriptors. This is supported by Bryman (1995) who claims that overreliance on such theoretical frameworks can result in early disclosure of the phenomenon explored.

The semi-structured interviews and focus group involved much language data, which elaborated on the customer's store perceptions of both IKEA formats. In order to allow full rendition, all interviews and the focus group were audio-recorded and later transcribed. The transcripts were translated from German into English for better analysis. In order to guarantee correct

translation and assure the right evaluation of meanings, the researchers translated various sentences back into German and compared the back-translation with the original transcripts (Bryman & Bell, 2011).

The data analysis followed the objective hermeneutic analysis in which one particular sentence or comment can only be understood in the context in which it was expressed. Thereby, the hermeneutic circle is a metaphor, which views the constant interaction between the whole and the part in an analytical process. Thus, neither the whole nor the part can be understood in isolation (Palmer, 1972). Hence, the abductive approach in which the empirical data is combined with the existing theory on store image is applied sufficiently. Therefore, the abductive hermeneutic approach provided the researchers with an effective technique to analyze the data and discover the perceptions of IKEA customers of the new format.

The analysis of the semi-structured interviews as well as focus group followed a three-step model as suggested by Flick (2014). First, the researchers read the interview and focus group transcripts and marked first important expressions, which were retrieved on a strictly sequential structure of the transcript meaning line by line (Flick, 2014). Second, the researchers looked for categories (codes) that could be used regarding store image perceptions. These were related but not limited to the previously defined attributes. After defining a set of categories, the researchers attempted to retrieve patterns in the interviews, which could be linked to the individual codes and were named 'themes' (Flick, 2014). These were for example special perceptions or feelings regarding that particular category. This was done for both store formats separately. Afterwards, the codes and themes of both store formats were compared. In a last step, the defined categories and themes of the expert interviews were compared with the outcomes of the inner-city format. This way, the researchers could define the differences and parities between the intended and actual images. Third, the researchers used the existing literature from the theoretical framework to expand the interpretations and link theory to empirical outcomes (Flick, 2014).

By using this three step approach, the researchers tried to align with what Yin (1994) suggests for adequate case study analysis: Relying on all relevant evidence, including all major rival interpretations and addressing the most significant aspects of the case study.

3.5 Limitations

Given the time frame of ten weeks, the researchers cannot guarantee complete validity and reliability of their research. However, they attempted to carry out the project regarding Yin's (1994) suggestions to establish validity and reliability in case study research. Therefore, his main argument for increased construct validity was considered by using multiple-sources of evidence. The usage of *documentation, direct observation* as well as a variety of semi-structured *interviews* and a *focus group* guaranteed data triangulation to some degree. This converging line of inquiry increases the accuracy of any finding and conclusion. Applying multiple-sources of evidence further lead to improvement of the external validity of the study. However, due the limited time frame, the researchers cannot guarantee external validity. This would have meant testing and replicating the findings on another similar case in order to guarantee the generalizability of the findings (Yin, 1994). Nevertheless, the argued appropriateness and relevance of IKEA being used as a case supported the generalizability of the outcome.

In order to increase the reliability of the case study research, the researchers tried to report the data collection process and all operational steps as reliable as possible. All audio-records were

transcribed and translated and saved for future application if needed. This way, bias and errors tend to be decreased and reliability increased.

Furthermore, Yin (1994) suggests conducting one or two pilot case studies in order to test the researchers' ability to carry out such research. Due to the limited time frame of ten weeks, the researchers had to take the risk and get involved in case study research without much prior practice. They, however, tried to get as familiar as possible with the research strategy by reading books and articles on case studies beforehand.

Potential weaknesses in the data collection process might concern the unnatural atmosphere that the interview creates for some participants. This might affect their responses, which Bryman & Bell (2011) refer to as reactive effects.

As the semi-structured interviews as well as the focus group were held in German and later translated into English, linguistic and sociocultural issues might have occurred (Bryman & Bell, 2011). This could be due to participants using grammatical structures or words, which cannot be translated directly into English. However, both researchers are native German speakers and very sufficient in the English language, which reduced the risk that the translation has major flaws. In order to analyze and interpret the gathered data, the researchers needed distinct abilities. Malhotra (2010) alerts that the gained data might to some extent be influenced by the researchers' subjectivity and opinions. Furthermore, the semi-structured interviews were pilot-tested with two volunteers beforehand to avoid as many flaws as possible during the field study process.

3.6 Ethical and Political Considerations

According to Easterby-Smith et al. (2012) it is essential to consider the politics of access before getting involved in a research. IKEA as an organization was not directly involved in the research, as it is more labeled as a consumer study. However, gaining access to IKEA's customers and conducting research in their premises was approved beforehand. Therefore, the researchers were in touch with the store managers of the three involved stores, who provided necessary apparel, 'visitor passes' and rooms. Additionally, possible incentives for interview and focus group participants were offered.

Ethics in research are mostly concerned with securing the interests of participants and ensuring precision and lack of bias in research outcomes (Easterby-Smith et al., 2012). Bryman and Bell (2007 in Easterby-Smith et al., 2012) identified ten principles of ethical practice in social sciences, which the researchers considered in their field study. The researchers were aware that semi-structured interviews as well as a focus group require ethical behavior in order to provide a comfortable and authentic atmosphere for interviewees. Therefore, privacy was guaranteed and the confidentiality of data provided was kept. Only participants that offered their help voluntarily were considered for the semi-structured interviews and focus group. Thereby, they had the right to withdraw from the process or skip questions whenever they wanted. Furthermore, the researchers were aware that the interview situation might represent an unusual situation for participants. Hence, they tried to avoid unpleasant feelings by preserving the participant's 'comfort zone'. In the case of surprising reactions (e.g. embarrassment, stress, discomfort), the researchers handled them respectfully and adapted the interview setting accordingly. Sensitivity and compliance of these ethical principles increased the trust between the researchers and participants (Bryman & Bell, 2011).

4   Findings

This chapter presents the empirical data gained through semi-structured customer interviews and a focus group as well as expert interviews. Section 4.1 covers the customers' perception of the two different store formats, whereas 4.2 focuses on the company view. Thereby, the nine key attributes of store image introduced in the theoretical framework are used as a guideline. The attributes are not listed by priority or preference but kept in the same order as introduced in the Research Construct on Store Image (Figure 3).

As the major characteristics of every attribute are presented in the theoretical framework, the researchers will not replicate the descriptions in this section again. Hence, the following sections start directly with describing the findings. They are highlighted by quotes retrieved from the interview and focus group participants.

4.1   Customer Interviews and Focus Group – The Actual Store Image

This section will give insights on the store image of IKEA customers by presenting the findings of the semi-structured customer interviews and the focus group. In order to allow comparison of the outcomes in chapter five, the findings are guided by store related attributes and are distinguished between the two formats, traditional and inner-city.

4.1.1   Attribute of Merchandise

Traditional Store:

Customers at a traditional IKEA store choose the store over competitors because of its huge but still organized assortment. They appreciate that compared to other stores they can take the bought products, especially furniture, home immediately. All products are well labeled and quickly assembled. Thereby, the choice of products is bigger and more flexible (e.g. choosing different colors and layouts) than at competitors. The overall quality of furniture is recognized to have increased in recent years. The store offers various quality-segments that customers can choose from depending on the purchase intention.

> *"If we buy products, **our focus is on quality not price**. Thereby, **sustainability** is an important aspect. We rather buy for the long-term than buying a new table every year."* (Kirsten)

However, customers mention that products bought at IKEA are easily recognizable and not for people who rather want individual products. Others appreciate that IKEA products, especially furniture, is nicely combinable with other furniture and even the only considered offer for particular products.

> *"**Some products just have to be from IKEA** because there is nothing else that fits as well with other furniture."* (Nikolaus)

Customers come to the store and usually have a particular product in mind that they want to buy. Others even write a shopping list beforehand. However, all customers claim that they never stick to the list but exit the store with more products than actually planned. Furthermore, their visit at the store is mostly planned.

Inner-city store:

Customers visit the inner-city store because of a great and in-depth product assortment. Thereby, they value the unique design, which is not comparable with competitive products. They

recognize an increasing trend in the quality of products, which makes the store the best choice regarding the price-quality ratio. The fact that products are always available and can be taken home immediately after purchase is another reason that supports their visit. However, customers associate a smaller assortment with the inner-city store than in traditional stores due to limited space of the building.

*„Here it is more **an IKEA to-go**. You think it is a **smaller IKEA** and therefore, you just go there to grab what you need and leave again."* (Linda)

This is supported by the statement of customers who claim that they rather buy furniture at a traditional store outside the city and come to the inner-city store for smaller items, which are easily transportable when walking or taking public transport. This is mainly due to the aspects of location and transportation which are presented more detailed in sections 4.1.4 and 4.1.6.

*"When we decided to come here for the curtain I **was a little bit uncertain,** if we would **find the same variety** of products in Altona. I **didn't want to miss something**. But then I thought they are probably focused on home textiles, so I don't think they have less than other IKEA stores."* (Linda)

Even though, they rarely bring a shopping list to the store, customers still remark that the actual purchases often exceed the products planned beforehand.

4.1.2   Attribute of Price

Traditional store

It is noticeable that the price of the merchandise offered and bought at IKEA plays a significant role. According to the interviewees, the prices at IKEA are reasonable and rather low for the quality provided. Some customers recognize that the fact of IKEA being a low-priced retailer is apparent in some of their products and the services provided. However, they even claim that they do not know any other company, which offers a comparable variety of assortment for such a good price. This is a reason for customers to accept the often long drive to the nearest IKEA store.

*"For some products I know that **the price-quality ratio at IKEA is the best** and I can easily by them on my way home."* (Johanna)

One aspect that customers criticize regarding the price at IKEA is the fact that compared to other furniture stores, prices at IKEA are fixed. Competitive furniture stores allow negotiations, especially on more expensive purchases such as kitchens.

Inner-city store

Customers in the inner-city store value the good prices throughout all product categories. They even claim that the store offers the best price-quality ratio compared to all stores nearby. The prices are one of the main reasons why they always return to the store.

*"I always come back to IKEA because of the **constant prices**, the innovative design and the fact that they always have new ideas and products. It's always good and it's still getting better."* (Maria)

4.1.3   Attribute of Store Personnel

Traditional store

Customers seem very satisfied with the store personnel and their effort. They use terms such as 'always friendly', 'polite', 'knowledgeable' and 'great' to describe their perception of the employees in the traditional store. Thereby, customers seem to appreciate the fact that the employees are not too obtrusive and pushing to help or trying to sell products.

*"For me IKEA is **not a service house** meaning you are **not observed** all the time by employees and feel forced to buy something."* (Kirsten)

If asked for help, the store personnel seem to enjoy helping and really interacts with the customers. The customers feel like the staff is always open for feedback and suggestions for improvement, which they do not experience in other furniture stores. Furthermore, the customers value that the store personnel seems to be interested in the customer getting the product they want and need. Thereby, they also point out facts and information that a customer might not know or consider in a purchase.

*"That's typically IKEA ... here I **don't feel like the employees want to sell me something** that I don't like but they really want to help you and want **to make sure that you get the product** you really like."* (Matthias)

Inner-city store

The customers in the inner-city store value the high level of friendliness and willingness to help of the store personnel. Thereby, they emphasize the relaxed interaction even in stressful situations. The customers perceive the staff as knowledgeable about the products and the layout of the store. This is especially important for them because they claim that orientating in the inner-city store is difficult in the beginning and therefore needs more explanation.

*"When I came here for the **first time**, I immediately found someone who **explained the new concept** to me."* (Claus)

However, customers remark that they experienced days in the store where not enough store personnel was around. Therefore, they have some complaints about the staff because they had difficulties finding someone to ask when needed. But still they experienced the service friendly once they found somebody to talk to.

4.1.4   Attribute of Service

Traditional store

The interviewed customers in the traditional IKEA store mention various elements of service, which they recognize in the store. Among those are the return-policies, the checkouts, transportation of goods and the restaurant and snack point.

When using the return service desks, customers mention overall satisfying experiences. They appreciate that they do not have to line up for receiving spare screws anymore because the store offers a self-service machine for that purpose. However, they recognize that the store stopped the service of providing free drinks to people who have to queue in front of the service desk. Another positive aspect for customers is the express checkout at the store, which saves them time when purchasing products.

Furthermore, customers appreciate that the store offers transportation and delivery services. They describe the service as easy and cheap and value that they can even decide on a delivery day and time. One suggestion for improvement was to expand the offered transportation services.

> „IKEA could **expand the delivery services** a little bit more. Or they have to adjust the boxes …
> I mean they could use handles or make the box like a bag pack." (Nikolaus)

One very important aspect of service in the store is related to the restaurant and snack point. Customers associate the restaurant with good food for fair prices. Thereby, a visit of the restaurant is part of every shopping trip. According to customers this is related to either long travel times to the store or the amount of time spend in the store.

> „For us it´s **tradition to eat Köttbullar** at IKEA. We do that every time. They are delicious. I think
> the kids would be very disappointed if we would come here only to shop." (Stefanie)

Another association with the store is the Hot Dog at the snack point, which is described as a tradition at the end of each shopping trip.

> "I think **Hot Dog and IKEA is the same as Cinema and popcorn,**
> that just belongs together." (Daniela)

Inner-city store

During the interviews in the inner-city store the customers also came up with various elements in relation to service. The general impression of the service options in the store is positive described by terms such as 'great', 'very tolerant', 'flexible' and 'inviting'.

Customers highly appreciate the different checkout options, especially the express checkout on the ground floor because it saves them time, particularly when only buying few items. Furthermore, they positively mention the various transportation options available and adjusted to the inner-city location.

> "I really **like** how they handle the **transportation here**. I have never borrowed one of these **bikes**
> or **sack trucks** but it is good that they offer it." (Lars)

Another option that they like to use is the unlocking of shopping carts in order to transport purchased goods home. In relation to this one suggestion for improvement was made:

> "When I came here I was thinking it would be really nice if there would be a **"return-station" for**
> **shopping carts at the train station**." (Vero)

However, customers complain about the high prices for delivery services, which they perceive almost higher than the total price of the purchase made. They claim that if they buy bigger items at the store such as furniture, they are usually dependent on transportation by the store due to their use of public transport.

Very important aspects of service among the inner-city customers are the restaurant, snack point and bistro that is directly at the entrance/exit. First of all they value, that the store added an additional point to eat. The restaurant was very positively perceived. Thereby not only the quality of food, fair prices and variety of options was paramount. Customers appreciate the inviting layout, open space and big windows with good view. They describe the restaurant as cleaner, calmer and more relaxing than in other visited IKEA stores.

*"It's always good and we **do it every time**. They don't have to change anything about the restaurant. **Awesome layout, awesome food, awesome prices**."* (Helen)

In the inner-city store it is apparent that the restaurant is not only visited in combination with the store but is an attractive destination itself. The same is mentioned for the bistro on the ground floor. The customers see both services being used a lot by students or elderly people. Furthermore, the customers associate eating a Hot Dog after the checkout with a tradition and must-have.

*"Sometimes my wife and I are **coming just for lunch**."* (Emanuel)

Another aspect that the customers mention was the Sweden Shop behind the checkout in the second floor. They are wondering about the location and suggest placing the Sweden Shop next to the entrance/exit. This way, buying Swedish groceries would be more convenient for them. Additionally, they expect more frequent visits due to passers-by.

*„If I was IKEA, I would **place the Sweden Shop directly at the entrance/exit** downstairs. This way you can **easily walk in and buy** something without being forced to walk upstairs to the 2nd floor."* (Heiko)

4.1.5 Attribute of Store Atmosphere

<u>Traditional store</u>

The customers of the traditional IKEA store mention that the overall atmosphere attracts them into the store. Thereby, they bring up the term 'inspiration' a lot, which seems to be a major advantage when shopping at the store. This element of inspiration is stimulated by the predefined walking tour that the store offers. The customers appreciate that the store shows all furniture and products in the beginning of their shopping trip upstairs in a nicely designed atmosphere and leads them downstairs to collect the products they need, afterwards.

*"The **fantastic** thing about IKEA is that they do **not only offer furniture** but show real apartments and rooms. So if you come here it is not only about furniture but also a lot about **inspiration**."* (Nikolaus)

Additionally, the customers appreciate the store as a destination to visit with children because they feel that the kids are welcome and well-treated.

<u>Inner-city store</u>

The customers in the inner-city store perceive the atmosphere in the store as very inviting and welcoming. They even mention the store as a place to relax and to feel like home. Moreover, they claim that the store invites them to get inspired and look for new furnishing and decoration tips.

*"If I **like one of the decorated rooms** that they have here, I **buy exactly the same** things."* (Helen)

The customers compare the store to a kind of 'social place' where they can go any time to just shop, relax or even meet people. Thereby, customers link this phenomenon to the in 4.1.4 mentioned restaurant.

*"I like that IKEA becomes more and more familiar. They really put a lot of effort in **creating this "Starbucks-feeling"** with café, **comfortable couches** and something to **eat and drink**. I like that and that is definitely a **reason to come here**."* (Sascha)

Furthermore, the customers appreciate the family-friendly feeling that they get when coming to the store. However, they criticize the location of the 'Småland', the children playing area, which is placed on the second floor and its unreliable opening hours.

*"They cannot **close the Småland at 17:00h** when the **store is open until 20:30h**. Schools end at 16:00h and often we [with daughter] come here afterwards."* (Danny)

4.1.6   Attribute of Store Layout

Regarding the store layout the customers of both the traditional and the inner-city store focus mainly on two aspects of the store, the exterior and the interior.

Traditional store

The customers like that the exterior layout of the store is always the same everywhere they go. They recognize that all IKEA stores they have visited were the same from the outside even in other countries. All customers describe the big blue box, with its yellow logo and entrance and a huge parking lot in front.

*"IKEA is **always the same** everywhere you go. It just has this **recognition factor**."* (Jan)

In relation to the interior layout of the store, the customers recognize the same phenomenon. All stores they have visited had the same interior design. They appreciate the concept of strolling and looking upstairs in the showroom and buying in the market hall downstairs. Even though most of the customers claim to walk the predefined way guided by arrows on the ground, they still appreciate shortcuts offered for customers that are looking for particular sections or products only.

*"IKEA is **well structured**. I like that even if you don't know the way, you will always reach your destination or the exit safely. You **can't get lost**. And I know how IKEA is structured and that's one reason why I always come back."* (Melanie)

The customers make a connection between the way the store is structured and the fact that they always buy more than actually intended.

"I think it is **due to the layout that I always buy more**. That is really clever because you have to pass everything and it is structured thematically." (Falco)

Inner-city store

The main statements by customers in relation to the exterior of the inner-city store are terms such as 'different', 'unusual' or 'unexpected'. The customers mention that they are irritated by the different-looking front of the building because they expected it at least to be blue. Even though, all customers were surprised, they still find it appealing. Especially, the big windows and bright inside is considered advantageous. The customers perceive the new exterior as a good alternative because it is different but still keeps the recognition factor of IKEA.

*„It is indeed still a big block but they managed to make **it look like a city store and not like a furniture store**. That's why the **intention of buying might be different** here."* (Daniela)

There are similar perceptions regarding the interior layout of the store compared to the exterior. Customers claim that the first time they entered the inner-city store they were lost and confused about the interior structure. As a reason they mention the fact that all other IKEA stores they have visited before were structured the same way. They find the concept of walking from the

ground floor to the third floor unusual but not necessarily worse. The customers recognize that the store does not pursue the known division in market hall and showroom but rather a combination of both. They appreciate that the store still keeps a predefined way in order to help orientating. Their opinions regarding this new concept are twofold:

*„This IKEA is **rather small** and it does **not have the market hall**, which I don't like that much because I only came here to visit the market hall. When I first realized there is a **different layout**, I was **confused**. This way it is much **more time-consuming** to find the products."* (Marie)

*„Altona [inner-city store] is also **more clearly arranged** as you **don't need such a long time walking through** the store, [...]. And the way through the store was very good, also with the **signs** and **shortcuts**. The whole store is **more compact** than the others and it also feels **more homely** which I like."* (Linda)

One store element, which the customers are fascinated of, is the escalator system between the ground and first floor. They love the invention of transporting the shopping carts upstairs by using an escalator. However, customers are complaining about a confusing elevator system, which is not really transparent.

4.1.7 Attribute of Location

Traditional store

Customers perceive the location as very good and conveniently located at the motorway. Thereby, it is easy recognizable and offers a big parking lot. Even though, it has a huge size, the customers describe the parking lot as always crowded, especially on Saturdays. Customers who came with their families complain about too few family parking spots at the store.

*"**Incredibly good located**, directly at the **motorway** with an extremely **big parking lot.** That is really well planned."* (Matthias)

The interviewees choose the store based on its proximity from home or work. They usually come by car because that it is the fastest option and more suitable concerning the transportations of goods purchased. Only few customers try to reach the store by public transport but they do not mention it as their preferred way of reaching the store.

Inner-city store

The customers of the inner-city store appreciate the location in the shopping street because it differs from other IKEA stores. The store gives them the opportunity to reach it without car because it is conveniently accessible by public transport. This is another reason why customers choose the new format. Others pass-by because of the stores proximity from their home or work. However, customers who came from the train station and visited the store for the first time are missing signs at the station guiding the way to the store.

*"I **don't have a car**, so I couldn't go to IKEA outside the city. But now **IKEA came to me**. That's great!"* (Lars)

The customers appreciate the downtown location because they can easily combine a visit at the store with shopping at other shops in the city center.

*"I prefer Altona [inner-city store] over Moorfleet [traditional store], because this store is in the city center and you can **just take the subway**, which doesn't take long and I do not even have to walk 1 km to the store. I **can by bread at the bakery and then go quickly to IKEA and buy a shelf**. That's perfect!"* (Maria)

Customers who come by public transport cannot really understand the purpose of the huge parking deck on top of the store. Customers who visit the store by car mention that they did not recognize the parking deck before the second or third time they came.

4.1.8 Attribute of Clientele

Traditional store

Customers at the traditional store have their very own idea of what the clientele looks like. Thereby, customers are divided into three different opinions. The first group of customers describe the store as being attractive for everyone without any limitations regarding age, social class or profession. However, the fact that only the age segments that grew up with IKEA are attracted by the store stands out among this customer group.

*„I think **IKEA is growing with us**. We already came here with our parents and now we **pass it on to the next generation**, our children."* (Stefanie [age: 41])

The second group of customers sees the main customer segment in the store as being young people defined as students, young professionals and young parents. For them people beyond that age are not attracted by IKEA furniture anymore because they want high-quality products.

*„We mainly buy here **for our children**. We always say that we **are more faithful to our furniture**. We want it more for **the long-term** and IKEA rather is a **'fast-story'**."* (Antje [age: 50])

The third group of customers has the opinion that the customers of the store depend rather on their attitude of life than age. Thereby, they say that the store offers great products for people that still feel young at heart and prefer the fresh design of IKEA furniture.

*"I would not limit IKEA customers according to **age but rather on their attitude of life**. People **who feel young** come to IKEA."* (Falco [age: 26])

Inner-city store

In the inner-city store the opinions regarding the clientele are not as scattered. The customers agree that the city location has its effects on the clientele of the store. With many of the interviewed customers being passers-by, this segment builds an essential part when considering the clientele of the store. The passers-by are an important aspect for customers to confirm a much broader and mixed clientele varying among all age groups, social classes and professions. Thereby, the customers make two distinctions. On the one hand, they say that with growing age, customers buy less furniture and more decoration at the store.

*„At the moment, **older people will probably not buy at IKEA at least not furniture** because they did not grow up with it. We will probably be the grandparents that really shop at IKEA later."*
(Daniela [age: 32])

On the other hand, they claim that the older generation found in the store is mainly attracted by the store's restaurant and café which was already mentioned in section 4.1.4.

*„I always **thought IKEA only attracts young people** but since I spend the morning here in the restaurant I would **totally reconsider that**."* (Katrin [age: 29])

4.1.9 Attribute of Promotion

Traditional store

Customers claim that they tend to check out the Internet before coming to the store, especially concerning bigger items such as furniture. They use the Internet to get an idea of the offerings and to search for inspiration. Afterwards, they visit the store to see, try out and subsequently, to buy the products.

Furthermore, customers appreciate the free catalogue send out by IKEA once a year. They use it for inspiration as well. Customers even describe reading the catalogue as a tradition.

*"I **love the IKEA catalogue**. Once I didn't receive one, so my son stole one from our neighbors. I have my very **own tradition** for reading the catalogue: Sitting down on the couch, drinking Cappuccino and browsing through the catalogue."* (Pia)

Another factor that customers mention in relation to the promotional attribute is the IKEA Family Card. They value the card because of the free transportation insurance that is offered and the voucher received for birthdays. Other customers say that it happens that they only buy products because of the discounts received with the Family Card.

*"I have the Family Card and yesterday I got a message that I can **pick up a piece of cake** for my birthday. That was really nice! And **see it worked … here I am!**"* (Alena)

Inner-city store

The customers use the Internet to get information about products before coming to the store. Others use the Internet tool to configure furniture such as PAX closets [IKEA closet category].

Customers mention the IKEA newsletter as a promotional tool, which always catches their attention. They even say that the IKEA newsletter is the only one they really read. Moreover, they value that it does not only promote products but, additionally, writes about non-profit and charity projects that the company supports.

The IKEA Family Card seems to be an important aspect among customers. They say that owning the Family Card is a must-have. They value the benefits that come with the card, especially the free coffee at every visit. The customers state that it happens that they come to the store only to buy one of the offers for Family Card owners.

*"The **free coffee** is one of the **reasons** why I am always **coming back** to IKEA."* (Emanuel)

4.1.10 Additional Attributes on Store Image

Due to the semi-structure of the customer interviews as well as the conversational character of the focus group, the interviewees mention aspects defining their store image, which were not retrieved from literature and previous studies. According to McGoldrick (2002), customers form their store image on subjective impressions on various aspects. Therefore, the most important and recurring attributes are described and analyzed in the next section.

<u>Traditional store</u>

Purpose of visit

During the interviews in the traditional IKEA store, the aspect of their purpose of visit was remarkably often discussed. The customers claim that coming to the store always involves shopping for particular products. Thereby, they either think of a particular product they need or even have a list with items to be purchased. They explain this clear purpose by the fact that visiting the store usually involves a long drive. Hence, the customers plan enough time to spend in the store in order to make the trip worth it.

*„If I come to the store **my primary reason is to shop** because it is such a hassle to get here, so it* ***has to pay off****.“* (Tobias)

Customers who live close by the store say it happens that they visit the store only to get some inspiration or to buy smaller items such as candles.

Transparency

Another point that is mentioned unexpectedly by customer was the aspect of transparency. Thereby, the customers claim that in general they consider the store very open for feedback and improvement. However, they are missing transparency about what the company is doing about such comments and suggestions.

*"If I make a **suggestion for improvement** in one of those machines, I **never know what is** **happening with it***. I would wish for a little bit more transparency."* (Falco)

<u>Inner-city store</u>

Purpose of visit

Surprisingly, the purpose of visit is also an attribute mentioned recurrently in the interviews with the inner-city store customers. It becomes clear that the customers enjoy coming to the store for many reasons but not primarily for a particular product or purchase. Customers talk about the store's convenience for a quick lunch or coffee dates with friends.

*"I come to IKEA very often when I have **time in between my courses** at university. Then I usually* ***don't purchase anything****, but come here for **lunch or coffee***. They have a coffee for free with the Family Card and free **WLAN**."* (Alexander)

Often they pass-by spontaneously and combine their visit with strolling through the store and looking for nice products to buy. Thereby, they mainly look for small items, which can be easily carried or transported. Other customers appreciate the store because they can easily buy everything for the household without being depended on other stores anymore.

*"Most of the times, I come here because I am **curious and to just look around without having a** **particular product in mind***. That's the same like women hunting for shoes in different shops."* (Sascha)

Transparency

The attribute of transparency is discussed in the inner-city store as well. The customers indicate not being informed enough about the new concept of the inner-city store. They wish for more communication regarding the changes made in the store.

*"I would wish for more **transparency** regarding the **new concept**. They should tell the customer more about what they changed when walking through the store."* (Heiko)

Furthermore, they wonder what the store does with the information received by customers using the IKEA Family Card.

Innovation

During the interviews, the customers mention that one attribute that attracts them to the new store is innovativeness. They feel that the store is something new and exciting, which increases their curiosity.

*"The inner-city store is **definitely innovative** because it is in the middle of the **city**, has a completely **different structure** and generally does not appear like a normal furniture store."* (Vero)

During the focus group, the customers discuss the aspect of innovation as well and how the store can develop the inner-city concept. Thereby, they come up the idea of modifying the city concept even more.

*„Generally, I think **the city store is a nice concept** but I would like to see it even **more reduced** meaning, less showroom and **more decoration and small things**. I am thinking of something like an **'IKEA Express'**."* (Martin)

IKEA Hamburg-Altona in the media

Another attribute, which seems to influence the customer's perceptions of the inner-city store, is the fact of the store being in the media a lot. Generally, the customers say that the high coverage in media increased their attention, curiosity and perception about the store. Furthermore, they claim that before the store opened, there were many debates, demonstrations and articles in the newspapers. Moreover, customers say that the media reported about the inner-city store offering only decoration and no furniture. Hence, customers were positively surprised when they first came to the store.

IKEA Hamburg-Altona in the district

The last attribute, which is analyzed from the customer interviews and focus group, is the role that the inner-city store plays in the district of Hamburg Altona. This factor definitely influences the perception of the customers positively. The customers mention that they appreciate the store a lot because it significantly contributes to the embellishment of the shopping street and the whole district. They further claim that the district started developing after IKEA opened and is still growing further.

*„I think a city store is really **well for the city development**. If you have a district with many **empty buildings**, such a big project can **help to revive the district** and **convince other shops** to move and open there as well."* (Heiko)

4.2 Expert Interviews – The Intended Store Image

This section outlines the findings of the semi-structured expert interviews with the store managers of the three IKEA stores in Hamburg – Altona, Schnelsen and Moorfleet. It covers the managements' image of the new format, the IKEA inner-city store. As in the previous section, the same set of attributes is leveraged to guide the data collection. Furthermore, additional attributes important for the management of the case under study are identified. Thus, the researchers are able to compare the store image perceived by management and customers, which is done in chapter five.

4.2.1 Attribute of Merchandise

The management states that the inner-city store intends to be perceived as a store with all functions of a traditional store. The assortment of the inner-city store is almost as big as in traditional stores. Thus, customers' should recognize the new store as selling both, small products and big furniture.

Furthermore, the experts mention that IKEA products stand for Sweden, good design and functionality. Customers should enjoy the diversity of furniture and be given the opportunity to vary and change products in their homes. The new format should be seen as a place where furniture and suitable merchandize such as decoration, kitchen accessories or fabrics are offered.

> *"We want to be perceived as **standing for the Swedish origin of the company**, for the Swedish culture, for good design and modern furniture." (Christian)*

4.2.2 Attribute of Price

The IKEA management considers the price of merchandise as an important attribute that customers' associate with IKEA in general. Thereby, they make no significant difference between the two store formats and see the affordable prices of IKEA products as influencing factor to attract customers.

> *"I believe that our customers associate Sweden and modern furniture with IKEA. And of course **affordable prices**, I'm firmly convinced of this!" (Christian)*

4.2.3 Attribute of Store Personnel

The store personnel is one of the core institutions in the IKEA store. Their unity and community is also emphasized through the yellow shirts that everyone from management to service employee wears. Thus, IKEA aims at quick recognition of the friendly personnel by the customers. Thereby, the impression of being competent and willing to help customers by providing them with valuable information regarding their stay and purchase process is paramount.

> *"The store personnel wears yellow shirts, thus, the **customers will quickly notice them**. This is also the main message: the yellow personnel are the ones **helping and providing valuable information for the customers**." (Kerstin)*

4.2.4 Attribute of Service

The attribute of service mentioned by the management contains several aspects, such as the transportation service and the IKEA restaurant.

Whereas a traditional store only offers a delivery service, the inner-city store offers additional services for transportation of purchased goods. The services are adjusted for the inner-city location in order to reach customers not owning a car and offer a way to carry the bought products home.

> *„Altona offers **additional services** such as renting hand carts or sack truck, a bicycle courier and cargo taxis. With the latter, the customer uses a taxi to transport the bought furniture home."*
> *(Christian)*

Furthermore, the location of the two checkout points on the ground floor and second floor intend to give customers the opportunity to choose with regard to their shopping purpose and time. For instance, customers with a clear purpose to buy few small products can easily check out at the express checkouts on the ground floor without being forced to walk through the whole store.

Another service aspect is the restaurant, which has an important position within the IKEA stores. Generally, it is a place where customers can satisfy their needs for eating and drinking or enjoying a break. The offered food further stands for good quality at a good price. Especially, for the inner-city store, the management adds that the restaurant is also used as a meeting point for the neighborhood. This perception is good as it attracts additional customers to the store. However, the restaurant should not be the seen as the "*canteen of Altona*" (Christian) where customers get a coffee for free and stay for several hours. It is rather for customers to have a break in between their IKEA shopping trip. Thus, the restaurant should be perceived as part of the IKEA store, not as a separate institution.

> *„The restaurant should provide a **great experience**, so that our customers **extend their stay at IKEA**." (Kerstin)*

Furthermore, the restaurant in the inner-city store has a new arrangement of counters, which offers a better customer flow. For the managers, the new restaurant builds a very friendly and warm environment where customers should feel comfortable.

> *"In the inner-city store, we designed **the restaurant different than in the traditional stores**. Usually we have the queuing system and here we have **two food stations**, the IKEA station and the fresh cooking station." (Christian)*

4.2.5 Attribute of Store Atmosphere

The location in the city center of Altona (further analyzed in section 4.2.7) leads to a different distribution of customers. The store does not experience as many peaks per week/year as traditional stores. Thus, the new inner-city store format is not as crowded and the shopping process is more relaxed.

A very important dimension concerning the attribute of store atmosphere is the inspiration aspect. IKEA aims at inspiring its customers with ideas for home furnishing and decoration. Thereby, the setup and layout of the inner-city IKEA plays a very important role. The combination of showroom and market hall as well as the windows in the ground floor allow

IKEA to focus on and develop the inspiration approach. Products are presented within themes combining different merchandises. Thus, the customers are stimulated to buy things, although it was not their intention. Furthermore, the arrangement of products and inspiration approach should lead away from the mass-image that IKEA had in the past. The friendly environment and presentation of goods replace the cartons and pallets where merchandise was usually stored.

*„IKEA aims at **inspiring customers with home furnishing**, so that they can satisfy their home furnishing needs as best as possible with IKEA products." (Udo)*

Furthermore, the store atmosphere makes the inner-city store to a social place. This also goes along with the in section 4.2.4 mentioned restaurant used as a meeting point. Thus, IKEA offers its customers to combine shopping with having a break, meeting friends and socializing. This is seen as added value for customers by the management.

*"I believe the **customers under 20 have a different shopping behavior**. I think many of them just don't want to shop in the classical sense, unless it is a **great experience**. In my opinion many of these customers usually wouldn't go to a traditional store, but rather come to Altona because they can **meet friends after school or university or just drink a Coke**." (Christian)*

4.2.6   Attribute of Store Layout

When planning the inner-city store, IKEA decided for a different exterior and interior layout.

The exterior layout of the store is significantly different from the traditional stores. Adjusted to the city location it has a more mundane design and is not as prominent as the big blue boxes are. Thus, customers and passers-by should perceive the exterior layout as modern but not intrusive.

As mentioned in the previous section, the inner-city store pursues a combination of showroom and market hall with the integrated assortment being part of the experiment. Thereby, IKEA aims at creating synergies. The customers should find products easily and quickly, especially those who enter the store with a clear purpose. Thus, IKEA offers shortcuts in various sections inside the store. However, customers who want to see the entire store should not get lost. Therefore, the inner-city store provides a walking tour which covers all areas and products aiding customer orientation in the store.

*"In Altona, **testing the layout** was paramount: We have three floors with an **integrated assortment in every section** which is used to **create synergy effects.** Through combining living room furniture with textiles and accessories, we wanted to **create a world of experiences** for our customers." (Udo)*

Additionally, as the inner-city IKEA has a new interior layout and walking tour, the management is aware that customers might have difficulties with the orientation and feel lost when they enter the store for the first time. This is one of the major challenges for customers and does not align with the intended perception of the inner-city store. The management has already and will further execute adaption in the layout. However, once the people are familiar with the new situation and orientate themselves, they will appreciate it because the new arrangement is easy to understand.

*"We worked for 40 years with the same concept and now that our customers got used to it, we just change it. That's something we shouldn't underestimate: **You think you know IKEA and how it works and suddenly everything is different**. But this makes it also exciting. And the fact that the*

people frequently come back shows that they are excited about this and want to learn the processes in the inner-city store" (Christian)

Another important element in the interior layout of the inner-city store is the continuous modification of themes and inspiration sections. The management aims at customers perceiving the IKEA Hamburg-Altona as more vital. Customers visit the inner-city store more frequently and should therefore notice a difference every time they enter the store.

*"The customers should leave the store and think: **Wow, they have new things and ideas again**. And I believe, this has been successfully achieved so far." (Christian)*

4.2.7 Attribute of Location

For the management, the location of the new format in the shopping street is a big advantage of the inner-city store. The good location nearby the train station, leads to another way of transportation to and from the store. IKEA can easily be reached without car and, thus, aimed at attracting at least 50% of the customers using public transport and even achieved 80%. However, most of the customers are coming by public transport as they live in proximity to the inner-city store. Nevertheless, IKEA is working on convincing customers from farther away but with very good public transportation access to take the train in order to get to the inner-city store as well.

*„We have many **customers who don't have a car** and thus wouldn't get to a traditional store. And they don't' want to have a car. Why? They can get everything they need in Altona or Ottensen. And I think this target group will increase even more in the future." (Christian)*

Furthermore, the location in the city center makes IKEA to a place that people visit in order to buy small products which they otherwise would have bought at competitors. For instance napkins or candles – instead of visiting a supermarket nearby, the customers can now stop at IKEA on their way home. Thus, the inner-city store can be perceived as stopover to quickly buy things on the go.

*"Many restaurants **buy their candles and other things here at IKEA**. After visiting the wholesale store, they pass by because it is on their way. (Christian)*

Even though, most of the customers know where IKEA is located, the management notices that some customers have problems finding the inner-city store. In order to react to customer´s suggestions and be found more easily, IKEA intends to better communicate the footpath from the train station to the store.

*"Some customers **couldn't find the store easily**. Especially when coming from the train station it can be **a little bit confusing** because they are rebuilding the station. Thus, we have to think about **better communication and signs**, but not until they finish the station." (Christian)*

4.2.8 Attribute of Clientele

The management perceives the inner-city store customers as people being either young or young at heart. There is not a clear age distribution among the customers. The store manager identifies the main group between the age of 20 and 45. However, he observes an unexpectedly high proportion of people aged 60+.

*"Apart from our usual customers, we identified a **totally new clientele**. Those are mainly people under 20 as well as over 60. There are also many people in this store who have never visited an IKEA store before." (Christian)*

Furthermore, the management aims at satisfying the needs of different customer segments. Thus, all customers should find the products they need for their specific life situation. Thereby, the inner-city store focuses more on people who live in a single flat or in a relationship without children. However, also families should feel addressed by the assortment of the inner-city store.

*"IKEA's awareness level in Germany is about 99%. However, we notice a **new tendency of customers** in Altona. Maybe due to the geographical environment, families with children don't play such a significant role as they do in Schnelsen. The customers in Altona consist of **younger as well as older people**, who both have different needs." (Udo)*

Additionally, the clientele of IKEA Hamburg-Altona can be distinguished by their intention to visit the store. As already mentioned, the inner-city store wants to attract people that are just coming by for a quick shopping trip as well as people visiting for a usual, longer shopping trip. Moreover, there are customers who enter the store in order to just visit the restaurant. Even though it is a challenge, IKEA aims at treating all these customers in the same way and satisfy their specific needs. This intended perception will be analyzed in more detail under the additional attribute *purpose of visit* in section 4.2.10.

The experts further state that IKEA is and will be perceived more long-term and as a life companion. Especially the generation that grew up with IKEA, is used to the brand and its products and will have more consistency and loyalty towards IKEA in general. However, the buying behavior will change and those customers might use extra service such as delivery in the future, because their income situation changes and they earn more money.

4.2.9 Attribute of Promotion

Promotion is an important aspect within the company. The catalogue is the most important marketing instrument throughout Germany. It aims at inspiring customers with new ideas, products and novel arrangements of furniture and decoration and, thus, attracting people to visit the IKEA stores.

Even though, every store has its own budget for store specific marketing, the three stores in Hamburg want to be seen as one brand working together. Thus, they have common promotions and offers and aim to place marketing messages for Hamburg in consultation. However, the inner-city store launched a separate marketing campaign when opening the store in 2014. This 'neighborhood campaign' aimed at creating the perception of IKEA being a good and positive neighbor. The purpose was, to get away from the image of commerce within the city. Thus, IKEA addressed mainly the people living in and around the district Hamburg-Altona.

*"Due to the fact, that we are located in the city and many people live nearby, we wanted to be seen as a **good neighbor in Altona**, and thus launched the **neighborhood campaign**. We found that more important than starting off with huge offers." (Christian)*

4.2.10 Additional Attributes

The semi-structure of the expert interviews resulted in additional subjects and attributes that described the intended store image by management. These attributes were not considered by the researchers before conducting the interviews.

The additional attributes are *purpose of visit*, *innovation* and *IKEA Hamburg-Altona in the media* and are analyzed in the following section.

Purpose of Visit

According to the experts, when planning the new store, IKEA was aware that an inner-city location satisfies different needs and, thus, requires a different appearance. The fact that a city location has an even higher natural shopping frequency makes IKEA Hamburg-Altona a neighborhood store and impulse purchase destination rather than a planned purchase destination. However, customers that visit the store for the usual shopping trip are still present. Thus, IKEA has to address both segments: the planned and the spontaneous shopper, whereas the latter often buys smaller products only. Furthermore, the purpose of customers entering the store just for a coffee or a little break in the restaurant has to be addressed.

*"I believe it was the right decision to move into the inner-city, because the **frequency of passers-by is the highest and most natural within the cities**. Thus, I think we can **create synergies**: People going to the bakery, H&M or Mediamarkt might be interested in IKEA as well. The intention of shopping is more natural than in a traditional IKEA. [...] Hamburg-Altona is more likely a neighborhood store with people visiting IKEA because they want to **buy small things** for their home such as candles or glasses." (Udo)*

*"We have two main groups of customers: Those who enter the store in order to **drink a coffee, eat something or just do a quick purchase**. They want to get in and out quickly and use shortcuts. And those who come by for a **usual shopping trip**. They are most likely women saying: I want to go to IKEA, walk through the store and get inspired. They want to explore the entire store." (Christian)*

Innovation

The attribute of innovation is another major element that contributed to how the management of IKEA intended to be perceived by customers. Thereby, changing customer behavior towards more convenience shopping as well as the multi-channel landscape is seen as important strategy. Both will influence the physical stores. The new store format stands for innovation in relation to a new concept and, thus, shows that IKEA is not standing still while everything and everyone else is moving forward.

*"I believe it was the **right decision to try something new**. We have dreamed of an inner-city store for a long time and now we've got the great location in the city center. Building an entire store is great and exciting. **We need innovation and the strength to try new things**.*
[..]
*In my personal opinion, the inner-city store is a format with potential that will find its place in our internal setup. Especially with regard to the **development of shopping behavior which develops more and more towards convenience**. Actually convenient shopping and IKEA did not match that well, because when entering a traditional store you usually needed a whole day including visiting the store, buying and building up the furniture" (Kerstin)*

IKEA Altona in the media

The inner-city store had a high coverage in the media before and while opening the store. Hence, the management assumes that most of the inhabitants of Hamburg heard about the new IKEA store through newspapers and other media channels and, thus, were informed about the different concept before entering the store for the first time.

*"I think **all media reported about IKEA** when we opened the store." (Christian)*

However, the media reported a lot about demonstrations against the realization of the new format. The management assumes that the inner-city store nowadays even attracts and convinces many of the former opponents of the project, who visit the store for a shopping trip or a visit in the restaurant.

4.3 Chapter Summary

The table below summarizes the findings derived from the customer interviews, focus group and expert interviews with the store management of IKEA. It gives an easy and quick overview of how customers and the management perceive the stores in relation to the store image attributes. Furthermore, additional attributes that customers and experts leveraged to emphasize their perceptions are illustrated and summarized in the table.

Attribute	Customer perception		Management perception
	Traditional store	Inner-city store	Inner-city store
Merchandise	• Great and in-depth assortment • Take home immediately • Quickly assembled • Increased quality • Different quality-segments • Easily recognizable • Planned purchasing • Buying bigger products • Buying more than planned	• Great and in-depth assortment • but smaller than in traditional store • Take home immediately • Unique product design • Increased quality • Focus on smaller items not furniture → Alternative for decoration stores • Impulsive purchasing • Buying more than planned	• Same functions as traditional store • Selling both small products and big furniture • Good design • Good functionality • Diversity of furniture • Swedish design
Price	• Great price-quality ratio • Better than competitors • Low-priced company • No negotiation • Appealing to young customer/students	• Great price-quality ratio • Better than competitors • Reason to visit store	• No price difference between different formats • Affordable prices of IKEA products
Store Personnel	• Friendly, polite • Knowledgeable • Not obtrusive or trying to sell products • Interacting with customers • Open for feedback/suggestions	• Friendly • Knowledgeable • Willing to help • Needed to explain new concept/layout • Not enough staff in store	• Friendly personnel • Competent and willingness to help • Yellow shirts in order to get noticed quickly by customers • Helping out in all situations • Providing valuable information
Service	• Satisfied with overall service • Great return service desks • Convenient express checkout • Cheap and easy delivery service • Expansion of transportation options needed **Restaurant:** • Quality food, fair prices • Part of every shopping trip • Hot Dog = Tradition	• Satisfied with overall service • Various checkout options • Convenient express checkout • Various transportation options • Too expensive delivery service **Restaurant** • Quality food, fair prices • Inviting layout; big windows, good view • Cleaner, calmer, more relaxing • Attractive lunch/coffee destination not combined with shopping • Hot Dog = Tradition • Sweden Shop bad location	• Additional transportation service adjusted for the inner-city environment • Easy buying at express checkouts **Restaurant** • Satisfying physiological needs • Food: good quality at a good price • Meeting point for the neighborhood only in combination with shopping • Arrangement offers good customer flow • Friendly and warm environment • Customers should feel very comfortable

Store Atmosphere	• Attractive interior design • Inspiration • Walking tour through store • Destination with children	• Inviting and welcoming interior design • Relaxing and feel like home • Inspiration • Social place • Family-friendly • Criticize Småland	• Store not as crowded • Shopping process more relaxed • Inspiration and ideas • Customers should buy more things than intended • Social place
Layout	**Exterior** • Big blue box, yellow logo, huge parking lot • Always the same **Interior** • Showroom, market hall • Always the same • Predefined walking tour + short cuts • Structure lead to increased purchases	**Exterior** • Unusual, unexpected, different but still recognition factor • Big windows, bright, light • More like a city store • Appealing **Interior** • Combination of showroom and market hall • Confusing • Predefined walking tour + shortcuts • Fascinating escalator system • Confusing elevator system	**Exterior** • Significant difference to traditional store • Mundane, modern design **Interior** • Combination of showroom and market hall creates synergies • First: Difficulties in the orientation • Then: Easy to orientate • Finding products easy and quickly • World of experience • Continuously modification of the interior • More vital
Location	• Convenient location at motorway • Easy recognizable • Big parking lot • Crowded parking lot • Too few family parking spots • Store chosen based on proximity from home/work • Mostly accessed by car	• Convenient location in shopping street • Easily accessible by public transport • Store chosen based on accessibility • Attracts passers-by • City shop rather than furniture store • Missing signs from train station • Location good to buy smaller items • Synergy effects in combining shopping purposes	• Location in the shopping street is the big advantage of the store • Attract at least 50% of the customers to use public transport • Convince customers from farther away but with a good access using public transportation • Stopover • Easy finding of the store
Clientele	**Opinion 1** • Attractive for everyone (limited to age segments that grew up with IKEA) **Opinion 2** • Young generation (students, young professions, parents) **Opinion 3** • Depended on attitude of life rather than age	• City location influenced clientele • Broader clientele due to passers-by • With growing age less furniture, more decoration • Older generation attracted by restaurant/café	• City influenced clientele • Customers are young and young at heart • Mixed audience: under 20; 20-45 and older • Customers who need furniture for their specific life situation • More single and couples without children • Quick as well as long shopping trip

			• Perceived more long-term and as a life companion
Promotion	**The Internet** • Check out assortment • Source of inspiration **Catalogue** • Source of inspiration • Tradition **Family Card** • Transport insurance • Vouchers for birthday • Discounts	**The Internet** • Source of information • Configuration of furniture **Newsletter** • Product offers • CSR **Family Card** • Free coffee • Discounts	**Catalogue** • Inspiration • Attract customers to visit the store **Hamburg Marketing** • 3 stores = one brand working together • Common promotions and offers **Launching Campaign** • Neighborhood campaign addressed people in and around the district Altona • IKEA as good and positive neighbor
Additional Attributes	**Purpose of visit** • Shopping for particular products • Shopping list • Longer drive • Day Trip **Transparency** • Way of handling feedback and suggestions	**Purpose of visit** • Not primarily for purchase of products • Lunch or coffee • Meeting friends/colleagues • Spontaneous visit • For small items **Transparency** • More information about changes in inner-city concept • Handling of personal information for Family Card **Innovation** • Increased curiosity • Modify city concept even more **IKEA Altona in the media** • Demonstration and articles before opening • Increased attention and curiosity **IKEA Altona in the district** • Embellishment of street and district • Good for city development	**Purpose of visit** • More impulse purchase destination rather than a planned purchase destination • Purpose of shopping vs. purpose of having a break and spending time in the restaurant • Intention of buying more smaller things **Innovation** • The new format stands for innovation • No still standing in a forward moving environment **IKEA Altona in the media** • Huge awareness in the media before and when launching the store • Everyone in Hamburg heard about the new format • Many opponents are convinced

Table 9: Summarized Findings: Customer and Management Perceptions of Store Format

5 Discussion

The aim of the research is to explore *how format development of an original single-format general merchandise retailer affects store image.* Due to the limited amount of research available, the study was backed up by separate studies regarding format development and store image, whereas the main purpose was to link the two concepts. The study follows an abductive approach meaning the consideration of existing literature beforehand but still the development of new insights based on the empirical findings afterwards.

In order to derive sufficient results, the issue was investigated on the case of the new inner-city IKEA in Hamburg-Altona because it provided a suitable and contemporary example of format development of a general merchandise retailer. The case study was guided by two sub-research questions, which were directly related to the case and helped the empirical data collection. They considered *how customers perceive an IKEA inner-city store compared to a traditional store* and *how the actual store image of the inner-city store as perceived by customers differs from the intended image as perceived by IKEA.*

The following two sections focus on the discussion of the empirical findings in relation to the sub-research questions and make connections to the theoretical framework. Thereby, 5.1 focuses on the sub-research question one and 5.2 discusses the second sub-research question. The discussion further leads to new insights and theoretical conclusions, which are subsequently linked to the overarching main research question of the study in chapter six.

5.1 Customer Perception – Traditional IKEA Store versus Inner-City IKEA Store

The empirical data collection focused on deriving insights on the customer and management store image of the two IKEA store formats. Thereby, the case of the inner-city store in Hamburg-Altona was compared to traditional IKEA stores in the outskirts of Hamburg. Over the course of the empirical data collection, support for the various aspects on urban and suburban retailing presented in the theoretical framework was found. The decision of choosing a new store location involves a long planning and development process (Zentes et al., 2011), which could be the reason why IKEA did not change its format for the last 50 years. The location´s accessibility and attractiveness are important factors that influence customer´s store choice (McGoldrick, 2002). Thereby, another aspect to the accessibility is the availability of parking at the store (Jain & Bagdare, 2009). In IKEA´s case the decision of accessibility in relation to the inner-city store was not easy as customers of traditional IKEA stores are used to the convenient location at the motorway and hence, mostly come to the store by car (Neunteufel, 2015).

Once the decision to develop the format is made and a new location found, the process includes many more decisions, which have to be carefully considered. IKEA was confronted with questions such as the extension of floor space and alteration of product range. All aspects are supported by the work of Zentes et al. (2011). For the opening of the inner-city store, IKEA decided to pursue a different exterior building design, adjust the interior floor plan and modify the assortment only to some extent. Additionally, the decision of the strategy and fulfillment of the new store concept have to be established (Kent & Omar, 2003). For IKEA this involved the choice to what extent the inner-city store should achieve the same strategy and satisfy the same needs as the traditional IKEA store. However, the concept of city stores is increasingly growing in the last years because it offers a diversity of opportunities for retailers, which the positioning in the suburbs does not. The step of launching the first IKEA inner-city store had various effects

on customer perceptions, which could be retrieved from the findings presented in chapter four. These outcomes are discussed and bridged to theory in the next sections.

5.1.1 Store Image Related Attributes at IKEA

From the primary data collection, through semi-structured customer interviews and a focus group, clear connections to the key attributes of store image retrieved from literature and outlined in the theoretical framework were identified. The pre-defined attributes (see Figure 3 in chapter two) of *merchandise, price, store personnel, service, store atmosphere, store layout, location, clientele* and *promotion* were found in various interviews linked to different perceptions. Furthermore, there have been additional attributes identified in the interviews and focus group, which were not considered by previous studies and linked particularly to the case under study. The findings for both store formats of IKEA are compared and discussed in the next section.

Merchandise

Merchandise is an attribute, which was considered as a part of store image in all reviewed studies for the research (e.g. Lindquist, 1974; Martineau, 1958; Mazursky & Jacoby, 1986; McGoldrick, 2002).

The findings regarding merchandise in both store formats show that the products offered is an important aspect for visiting the store. Thereby, the level of attractiveness is significantly linked to the variety of products and depth of assortment in the store (McGoldrick, 2002). The customers in both store formats claimed that the quality of products has improved in recent years, which increased their visits and purchases at IKEA, as studies on store image have demonstrated before (Zimmer & Golden, 1988). The empirical data clearly indicates that the quality and availability of products influence the store choice among competitive offerings (McGoldrick, 2002). Therefore, considering merchandise as a key determinant in measuring store image is definitely reasonable (Lindquist, 1974).

Comparing the perceptions of merchandise in both store formats, it appears that customers in the inner-city format associated the new concept with a smaller assortment of products. Consequently, there focus is rather on buying smaller items such as decoration. Therefore, it does not involve a long decision-making process but rather spontaneous purchases. Customers in the traditional store valued the huge assortment among all categories (e.g. furniture, decoration), which is supported by Smith (1999) who found that customers tend to shop outside the city due to a greater selection. Interviewed customers claimed that a planned purchase of a big item such as furniture usually comes along with impulse purchases of smaller products. The aspect of planned shopping behavior is confirmed by Jary et al. (1999). They mentioned that category killers located in the suburban environment, such as a traditional IKEA store, function like a 'magnet' or an intended shopping trip destination. Moreover, customers in both formats link the products bought to their way of transportation to the store. Whereas customers of the traditional store mainly claimed to come by car, customers in the inner-city store mainly use public transport. This is supported by the findings of Mackett (2003) who found that people prefer walking in general. However, when shopping they only buy items that they are able to carry or otherwise take a car e.g. for shopping trips involving the purchase of bigger items (Mackett, 2003).

Price

According to McGoldrick (2002), the pricing of products is a very central factor in retailing. This is apparent in the interviews with customers of both store formats. Customers in both store formats valued the price of products especially for the quality provided and compared to competitive offerings. Every retailer should carefully consider the comparative dimension, which includes the prices in relation to direct and indirect competitors (McGoldrick, 2002). Therefore, the attribute of price appeared to be an important factor for customer's store choice and the formation of the store image, as explored by other researchers (e.g. Lindquist, 1974; Popkowski Leszczyc & Timmermans, 2001) before. The customers in the traditional store mentioned negative aspects regarding negotiation opportunities. McGoldrick (2002) pointed out that bargaining is an important element in the pricing attribute, which influences the customer's store image. Negotiations were not criticized or even mentioned by interviewees in the inner-city store. This could be linked to the fact discussed in the previous section. Customers in the inner-city store rather buy small items, whereas the customers in the traditional store come for products such as furniture, which are more expensive and, therefore, prone to be negotiated. Furthermore, in the traditional store the low prices of the company formed the image of IKEA being a low-priced company, which mainly appeals to the young generation and students. This was not apparent in the inner-city store where customer in various age segments mentioned the price-quality ratio as one reason to come to the store.

Store Personnel

As mentioned in chapter two, the attribute of store personnel was already recognized as a key determinant of store image in pioneer studies (Martineau, 1958; Fisk, 1961). During interviews in both store formats it was apparent that the customers valued the extent of help and level of friendliness of the stores personnel. This was one of the reasons for them to make future purchases as found by Levy and Weitz (2009) before. The customers appreciated the character of the staff and positively included the perception into their image of the store (McGoldrick, 2002). During the conversation, the customers covered most of the elements that McGoldrick (2002) considers important in relation to store personnel and sales effort: The interest of the personnel in helping, number/availability of staff, knowledgeability of personnel, polite and courteous and efficient (checkout) service. In the traditional store, the customers even mentioned that the employees most of the times exceeded their service expectations, which was also recognized as an important factor by Levy and Weitz (2009). They appreciated that the staff is interested in interacting with the customers and open for feedback and suggestions.

One aspect that was highlighted by McGoldrick (2002) as well as by the customers in the inner-city store is the availability of staff and number of store personnel available in each section (Mazursky & Jacoby, 1986). Thereby, the customers said that they experienced days where not enough service personnel were in the store. They described them as especially important because of the store's new concept, which needs more explanation than a traditional IKEA store. Mazursky and Jacoby (1986), support this in their study, which found that the sequence and frequency of information search was linked to the customer's prior experience with the store.

Service

During the interviews it became clear that the customers of both store formats agree with the statement of Lindquist (1974) that there is more to service than just store personnel. The customers in both store formats seemed to be satisfied with the overall service, which is important for the retailer as this attribute is key to exceeding customer expectations (Samli et

al., 1998). Thereby, they mentioned various elements such as return-policies, self-service, delivery service, restaurants and cafés, which have been defined important attributes of service by other researchers as well (e.g. Lindquist, 1974; McGoldrick, 2002). Thereby, the prices charged for the services provided played a significant role in the inner-city store interviews. Customers appreciated the transportation and delivery options offered at the store but complained about the high prices charged for it. Compared to this, the interviewees in the traditional store rather complained about the limited transportation options but emphasized its fair prices. The costs of service elements are also highlighted by Levy and Weitz (2009). They claim that retailing can be described as a 'service industry'. Thus, customer's perceptions of service significantly contribute to the formation of their store image (Levy & Weitz, 2009).

Another important element, which customers in both store formats were talking about regarding the service is the restaurant and café in the store. This aspect has been discussed by McGoldrick (2002) as well. During the interviews in the traditional store, the customers praised the quality and prices of the food. They claimed that a visit in the store is usually combined with a stopover in the restaurant. The customers in the inner-city store were very enthusiastic about the restaurant. They loved the various food options and great prices as well as the inviting interior. Furthermore, they described it as being cleaner and calmer than in a traditional store. Hence, they claimed that a visit in the restaurant/café is not necessarily combined with a visit in the shop as well. This aligns with the findings of Kent and Omar (2003) who claim that urban shopping places can be interpreted from a social context as well. The customers in both store formats mentioned the traditional IKEA Hot Dog as part of every shopping trip.

Store Atmosphere

The psychological attributes mentioned by Martineau (1958) refer to physical aspects of the store as well as the store atmosphere, which the customers of both store formats described as attractive and welcoming. These intangible elements are directly linked to the store experience, which in the interviews appeared to be overall positive. This aligns also with the results of Chowdhury et al.´s (1998) study that claims that customers define the store atmosphere by the way in which it makes them feel welcome and comfortable. Additionally, the concept of Kotler's (1973) atmospherics could be analyzed from the interviews. He claims that the effort to design buying environments is to produce certain emotional effects in the buyer. All customers of both store formats talked about the fact that the design of the store creates a feeling of inspiration. When talking about their perceptions of the store atmosphere, the customers in the inner-city store contributed another aspect. They were further elaborating on the restaurant, mentioned in the previous point. Thereby, they were referring to the restaurant as a 'social place', where they go in order to just relax, meet friends or do work. This was not mentioned by the interviewees in the traditional store, which could be linked to the fact that urban areas are connected with more vitality (Montgomery, 1998) and better accessibility by public transport (Kim & Ulfarsson, 2008) than suburban places. Furthermore, Kent and Omar (2003) found that retail locations can also be understood from a social context and be interpreted as a place where people socialize and meet each other.

Moreover, the customers in both stores perceived the store as family-friendly and a good destination to visit with children. However, customers in the inner-city store complained about the unreliable opening hours of the Småland [Place to drop off children while shopping], which is closing earlier than the store. This seemed to be connected with the aspect that people come to the store unplanned after work and after picking up their children from school.

Store Layout

The statement of Martineau (1958) that the store layout is part of the way in which customers perceive the store is supported by the interviews in both store formats. Customers in the traditional store claimed that they know their way around in all IKEA stores, whereas, the inner-city store interviewees mentioned orientation problems and confusion because of a changed interior layout. Especially, the interviews in the traditional store supported McGoldrick's (2002) assertion that the right arrangement of a store can have positive effects on consumer behavior and sales. The interviewees claimed that the thematically structure and division in showroom and market hall as well as the predefined walking tour through the store contributes to the fact that they always buy more than planned. This can also be linked to what Sherman et al. (1997) found in their study. A well-planned store layout can have positive effects on customers because customers who are attracted by the store's environment may spend more time and consequently money in the store. Therefore, IKEA successfully manipulated the flow of walking and achieved a maximized exposure of products (Sherman et al.,1997). The interviews in the inner-city store showed the phenomenon to some extent but people were emphasizing that the changed interior layout predominantly caused confusion. However, frequent customers of the inner-city store supported the statement of the traditional customers that the thematically arrangement of the products resulted in additional and impulsive purchases.

Fletcher's (1987) findings that an affective 'information environment' can positively influence customer's store image is supported by the fact that customers in both stores value the predefined walking tour as well as arrows on the ground. The interviews in the inner-city store confirmed McGoldrick's (2002) argument that the elements of escalators and elevators contribute to customer's store image. Customers in the inner-city store were fascinated by the shopping cart escalator system. However, they remarked a confusing elevator system.

A second aspect that the customers of both stores have seen regarding layout was the exterior of the store. The customers of the traditional store referred to the high recognition value of the big blue box design with the yellow logo and big parking lot in front. However, the customers of the inner-city store perceived a different layout, which they describe as adjusted for the city location. They said the new exterior layout is more appealing and appears more as a city store with its big windows. This aligns with the study of Kok and Trimp (2012) who examined that inner-city retail development is based on functionality and standardization as well as identity and experience. Thereby, it is important to integrate it effectively into the existing retail environment. If the new retail project is successfully executed it will arouse a feeling of experience and emotion in the customers (Kok & Trimp, 2012).

Location

Many researchers (e.g. Levy & Weitz, 2009; Popkowski Leszczyc & Timmermans, 2001; Zentes et al., 2011) established the store location as the most important success factor in retailing. The value of location was apparent in the interview with customers of the two store formats as well. The interviews showed that the customers were satisfied with the location of both store formats, which were both described as convenient and easy accessible. Whereas, the customers in the traditional store referred to the accessibility by car, the inner-city store customers talked about public transportation. Therefore, the parking lot and the availability of parking spots were an element discussed by the customers in the traditional store. They recognized that the parking lot is always crowded and parents remarked that not enough family parking is available. According to McGoldrick (2002), parking is an important element for customers to include in their store

image. Compared to this element, the customers in the inner-city store were rather concerned with missing signage directing the way to the store from the station. Concerning the location accessibility and convenience, the traditional store customers claimed that they choose the store because of its proximity from home or work. The inner-city store customers emphasized that their choice depends mainly on the accessibility by public transport. Furthermore, customers claimed that they often pass-by when being in the area. This leads to the next discussed element, which were synergy effects that exist in the inner-city location. The customers said that they often combine their visit at IKEA with other purchases in shops located in the area or vice versa. This aspect is confirmed by a study of Schneider (2015) who investigated that if different shops are located nearby, people tend to combine activities in order to save time.

The interviews in both store formats support that IKEA evaluated the decision to consider a new location carefully as mentioned before by Levy and Weitz (2009). The fact that customers perceive both stores as easy accessible is important for the formation of store image (Chowdhury et al., 1998). Especially, the fact that IKEA now offers two different location options increases store visibility and customer flow (Levy & Weitz, 2009).

Only if the location has enough customers from the target market, the location can be successful (Zentes at al., 2011). As customers see purposes to visit both store formats, the store locations create a competitive advantage, which is one of the main goals in choosing the location of a store (Zentes et al., 2011). However, McGoldrick (2002) suggested that locations, which seem unsuitable for current strategies, should be avoided. This could have been the case with IKEA, that locates its stores usually outside the cities, but the interviews proved the decision to move into the city to be very valuable.

Clientele

According to Levy and Weitz (2009), the clientele of a store depends on how well the store is responding to their demographic and lifestyle trends. McGoldrick (2002) claims that a retailer has to decide carefully in which areas of the market to compete and which segments to target because only very seldom a retailer's offerings appeal to the whole population. During the interviews it appeared that at least a big part of the customers of both store formats consider the store to be for everyone. Therefore, the statement by McGoldrick (2002) only partly fits to the case under study. However, the opinion about the clientele was more scattered in the traditional store than it was in the inner-city store. Not all interviewees agreed that everyone visits IKEA. Instead one group of customers saw a peak in the younger generation including students and a second group talked about the clientele being dependent on the attitude of life rather than age. In the inner-city store the opinion that IKEA is for everyone was dominantly presented. Customers described the clientele consisting of various age groups, social and income classes as defined by Lindquist (1974) before. The customers said the clientele in the inner-city store is much broader and diverse than in a traditional store. They made a connection to the location and attractiveness for passers-by as well as the restaurant/café being a meeting place as mentioned in the section *store atmosphere.* Even though, they claimed that everyone visits the store, they saw a distinction in the purchases made. They claimed that with growing age the focus changes from quantitative impulsive purchases to qualitative planned purchases, including less furniture and more small items such as decoration as confirmed by Aruna and Santhi (2015).

Hence, the interviews in both store formats resulted in the assumptions that the inner-city store successfully expanded the clientele of IKEA. This aligns with McGoldrick (2002) who claims that

many retailers move away from their 'one size fits all' model and start to develop their format and location strategies in order to appeal to a broader target audience. The customers in the inner-city store defined the target audience as much broader and more diverse.

Promotion

The customer interviews in both store formats showed that promotion contributes to the formation of their store image as well. Martineau (1958) already identified this aspect in his pioneer study on store image.

In the interviews it appeared that the way as well as content of the promotional tools attract the customers to the store and stimulate their loyalty. The promotion can help retailers to communicate a certain image (Levy & Weitz, 2009). The customers in the traditional store claimed that they like the IKEA catalogue because it offers and shows the recent products and provides a source of inspiration. This can be linked to Martineau (1958) who already found in his pioneer work, that customers can read the character of the store from the advertising and decide if it fits their taste or not. The same was apparent in both store formats in relation to the Internet. The customers said that they often check the assortment online in order to find ideas or inspiration before going to the store as confirmed by Calta (2011). One element to advertising, which was mentioned by Levy and Weitz (2009) as well as Gilmore et al. (2001) is that retailers can use their advertising to arouse customer's attention concerning topics such as corporate social responsibility. Customers in the inner-city store supported this in the interviews by mentioning the charity and non-profit projects communicated through the company's newsletter. They appreciated that the store does not only promote its own products but provides the customer with some background insights.

Another element of promotion, which was highly appreciated by customers in both store formats, was the IKEA Family Card [free loyalty card offering various benefits]. This is consistent with the study of Leenheer et al. (2007). Thereby, the interviewees in the traditional store valued the card especially for the free transport insurance. The interviewees in the inner-city store emphasized the free coffee provided for card owners. This difference in perceptions could be linked to the fact that the purchase of bigger items such as furniture is paramount in the traditional store, whereas, customers in the inner-city store often just visit the restaurant/café.

Additional Attributes

Due to the semi structure kept in the interviews, the customers of both store formats did not only talk about their perceptions regarding the above discussed and pre-defined attributes. In the course of the conversations, the researchers identified other attributes, which were definitely connected to their store image formation as well.

Thereby, there were two additional attributes in relation to traditional store format and five concerning the inner-city store format. Two attributes, which were identical for both formats, were purpose of visit and transparency.

The **purpose of visit** seemed to be an important aspect for the customer in the traditional as well as the inner-city store because it was appearing in many of the conducted interviews. The customers of the traditional store claimed that they came and mostly come to the store for a particular product. They either know exactly what they want or bring a shopping list to search for the products needed. When they come to the store it is mostly planned and involves some time. This is supported by Levy and Weitz (2009) who said that stores located in suburban areas are mainly destination stores. Some customers even named it a 'Day Trip to IKEA'. Smith (1999)

found that people often choose the holiday season to visit stores in the outskirts because it involves more time than shopping in the city. The customers explained this based on the store's suburban location and the usually long travel duration involved. This is linked to what Thang and Tan (2003) found in their study that customers usually choose the store or plan their shopping based on the ease and duration of travel.

In the inner-city store the purpose of visit was quite the other way around. The customers stated they came or often come unplanned for instance, when passing-by the store. Therefore, they do not necessarily have a product in mind when coming to the store. Hence, they explained their purchasing at the store as impulsive buying. Other customers claimed that their main purpose of visit was the visit of the restaurant/café. These visits often only involve the stay in the restaurant e.g. for lunch, coffee or meeting friends and are not combined with a stroll through the store. Again this can be linked to the findings of Kent and Omar (2003) who found that retail locations can also be understood from a social context and be interpreted as a place where people socialize and meet each other. As the traditional stores are located in suburban areas, they are not as attractive as a social place and meeting spot.

The second attribute that customers of both store formats added was **_transparency._** In relation to this attribute, the customers of the two store formats referred to different elements. The customers in the traditional store remarked the way of handling feedback and suggestions. They claimed that they would like to know how their opinion is handled once they entered it into one of the feedback-machines provided for these purposes. The customers in the inner-city store wished for more information concerning the changes made in the new store format and the underlying reasons. Furthermore, the customers remarked the limited transparency regarding the personal information provided for the IKEA Family membership. They would like to know what the store does with the data. The issue of handling personal customer data by retailers was also examined by Morey, Forbath and Schoop (2015).

Moreover, there were three further attributes mentioned by the inner-city store customers, which appeared to influence their store image. The customers mentioned that the aspect of **_innovation_** of the new store and its differences from the known and traditional format increased their curiosity and their attraction to the store. This aligns with the outcomes of the studies of Pantano and Laria (2012) and Aubrey and Judge (2012). The changes in the store evoked overall positive opinions. However, the customers noted that an even further modified version of the traditional store builds their vision of the future. Hence, they suggested something like an 'IKEA Express' only offering small items such as decoration. This aligns with the previously mentioned trends regarding the purchase behavior of the inner-city customers.

The customer's perception in the inner-city store was further influenced by the coverage of the **_IKEA Altona in the media_**. Before the store opened, the media reported about the new store format and many people were demonstrating on the streets. This aspect increased the attention of the public and stimulated a growing curiosity. Therefore, many interviewees still implemented this attribute into their store image. These effects of media coverage on customer behavior have before been examined by Belch and Belch (2003).

Another closely related attribute that was discussed by the customers in the inner-city store is the aspect of **_IKEA Altona in the district_**. Thereby, the customers claimed how important the new store proved to be for the city development. Before the store opened, the district of Altona was characterized by many empty buildings. Hence, the customers stated that the new inner-city store format positively contributed to the embellishment of the street and district. Due to the

increased attractiveness and popularity, other stores opened their business in the street as well and further supported the district development. The contribution of retailers to city development has been confirmed by the study of Mitchell and Kirkup (2003).

5.1.2   Store Image Comparison of Both Store Formats

The preceding discussion of the empirical data revealed how the customers in the traditional and inner-city store perceived the store concerning the store image related attributes, which were defined in the theoretical framework. Next to those previously determined attributes of *merchandise, price, store personnel, service, store atmosphere, store layout, location, clientele* and *promotion*, the customers in both store formats mentioned additional attributes which influenced their store image of the two studied formats.

By researching store image related attributes, several researchers aimed at finding a way to measure the image of a store. As derived from this study and supported by several studies (e.g. Burt & Mavrommatis, 2006; McGoldrick, 2002; Paulins & Geistfeld, 2003), the lists of key determinants for store image are not exhaustive but vary between markets, sectors, customer segments and competitive situations. The results have shown that the attributes included in the study did not represent the full store image of customers. This could be due to the fact that not all studies considered in the theoretical framework were related to general merchandise but other industries. Furthermore, it appeared in the interviews and focus group findings that the customers link various elements to each particular store image attributes. Thereby, the customers of both stores covered the pre-defined attributes of store image by implementing different elements, which constituted their perception regarding that particular attribute. Furthermore, the customers of both store formats came up with additional important attributes, which differed between the two groups as well. The outcome is similar to the findings of Marcus´ (1972) study. He detected significant differences in customer perceptions of store image attributes among two different formats of the May Company in Los Angeles. His findings have further been explained by McGoldrick (2002) who investigated that the underlying reasons for inter-branch differences in store image are related to different locations, layouts, size or staff of the compared branches. Furthermore, it could be linked to a different competitive environment or differences in customer motives and reactions. For this study, it appeared that the main differences of store image in the two IKEA formats are based on the changed location, layout, size and assortment of the store.

All these aspects have thereupon been related to the Research Construct on Store Image developed and presented in the theoretical framework in chapter two (Figure 3). The result is the following model, adjusted for two store formats, implying the presentation of the compilation of the store image in the traditional store as well as the inner-city store. Thereby, the previous section in combination with this model present the answer to sub-research question one.
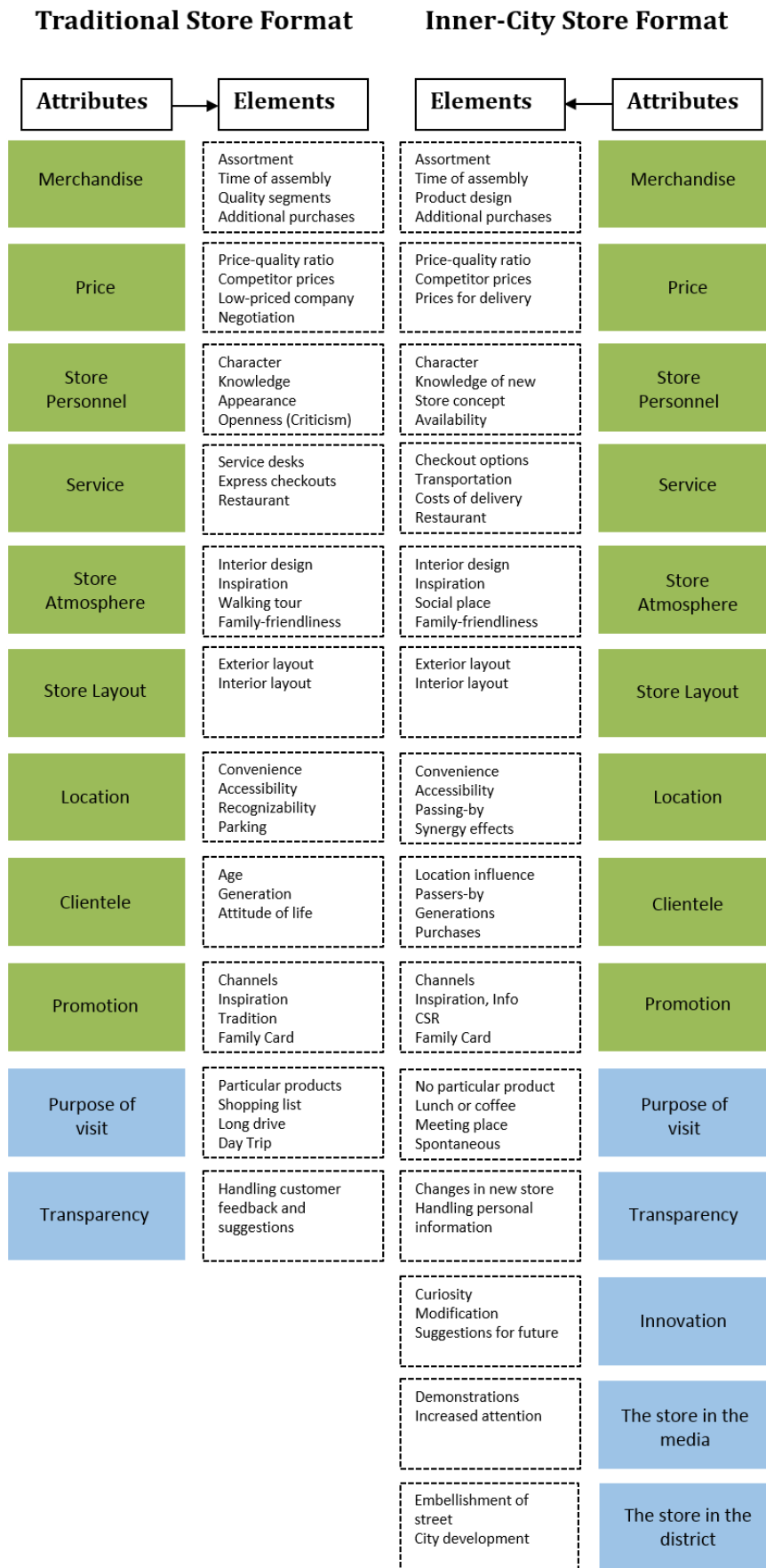
Traditional Store Format   **Inner-City Store Format**

Attributes →	Elements	Elements ←	Attributes
Merchandise	Assortment Time of assembly Quality segments Additional purchases	Assortment Time of assembly Product design Additional purchases	Merchandise
Price	Price-quality ratio Competitor prices Low-priced company Negotiation	Price-quality ratio Competitor prices Prices for delivery	Price
Store Personnel	Character Knowledge Appearance Openness (Criticism)	Character Knowledge of new Store concept Availability	Store Personnel
Service	Service desks Express checkouts Restaurant	Checkout options Transportation Costs of delivery Restaurant	Service
Store Atmosphere	Interior design Inspiration Walking tour Family-friendliness	Interior design Inspiration Social place Family-friendliness	Store Atmosphere
Store Layout	Exterior layout Interior layout	Exterior layout Interior layout	Store Layout
Location	Convenience Accessibility Recognizability Parking	Convenience Accessibility Passing-by Synergy effects	Location
Clientele	Age Generation Attitude of life	Location influence Passers-by Generations Purchases	Clientele
Promotion	Channels Inspiration Tradition Family Card	Channels Inspiration, Info CSR Family Card	Promotion
Purpose of visit	Particular products Shopping list Long drive Day Trip	No particular product Lunch or coffee Meeting place Spontaneous	Purpose of visit
Transparency	Handling customer feedback and suggestions	Changes in new store Handling personal information	Transparency
		Curiosity Modification Suggestions for future	Innovation
		Demonstrations Increased attention	The store in the media
		Embellishment of street City development	The store in the district

Figure 6: Adjusted Research Construct on Store Image

5.2 Management versus Customer Perceptions of the Inner-City Store

Literature argues that retailers always have an intention of how customers should perceive their store (Marcus, 1972). Thus, IKEA's self-definition of the store image of the new store format was identified through expert interviews. In order to investigate whether *the actual store image of the inner-city store as perceived by customers differs from the intended image as perceived by IKEA,* the findings of the semi-structured inner-city customer interviews and focus group were compared with those of the expert interviews. This allows to measure whether there is a gap between management and customer perceptions. For this purpose the Store Image Perception Model (Figure 4) developed in the theoretical framework was leveraged and subsequently adjusted as presented in the end of this chapter.

5.2.1 Store Image Related Attributes in the Inner-City Store

The comparison of the findings of the empirical data clearly indicates that there is mostly no significant gap between the intended and the actual inner-city store images. More precisely, the analysis of the image related attributes of *price, store atmosphere, location, store layout, clientele* and *promotion* shows a very strong accordance among both parties. Even though, customers perceive some elements in a different way than expected from IKEA, the management is aware of this and already acts to restore the minor differences and create a similar image. Therefore, no significant gap is identified in these six attributes.

The remaining three attributes of *merchandise, store personnel* and *service* show small discrepancies. Thereby it is important to mention, that the overall perception of these attributes matches. Only few elements within the attributes were perceived in a different way than intended by customers. These are discussed in the following sections.

Merchandize

Several customers associated the inner-city store with offering a smaller assortment than traditional IKEA stores. They did not expect a broad selection of furniture but rather smaller items such as decoration. This statement is contrary to the intended store image by the IKEA management. The store should be perceived by customers' as having the same functions and assortment as a traditional store. Category killers, such as IKEA, are characterized by a depth of merchandize in a particular category, which in the case of IKEA is home furnishing (Zentes et al., 2011). The different perceptions can be explained by the fact, that people do not associate the inner-city store with a category killer store format anymore. Although it is still a specialized retailer, the changing location from suburban to urban might influence the perception regarding the assortment (McGoldrick, 2002; Zentes et al., 2011). Furthermore, this is supported by Smith (1999) who claimed that customers associate suburban shopping with a bigger assortment of products.

Summarized, due to the mainly corresponding elements of merchandise, which only differ in the assortment perception, the gap of merchandize perception is identified as minor.

Store Personnel

The only relevant difference between the actual and the intended image regarding the attribute of store personnel is due to missing staff in some sections as claimed by few IKEA customers. In contrast, the IKEA management aims at customers finding personnel quickly when they have questions. The discrepancy might occur because the customers are not used to the store and have trouble orientating in the new layout. Thus, they pay more attention searching for store

personnel and consciously perceive less store personnel than in traditional stores. However, the more experience a customer has with a new store, the fewer searches for information are needed (Mazursky & Jacoby, 1986). However, IKEA is aware that the new layout needs explanation for customers entering the new format the first time. Pellegrini (2003) supports this in his study, when he argues that format development goes along with providing better service to a new target group. Furthermore, this is one of the aspects that retailers have to address when re-inventing their physical store (Aubrey & Judge, 2012).

To conclude, most of the store personnel elements lead to a similar perception of actual and intended image. Because of the deviation in the presence of store personnel, the researchers identified the overall store image on service personnel as a gap of minor significance.

Service

The customers valued the additional service options offered by the inner-city store. However, some customers complained about the high prices for delivery. This element was not mentioned by IKEA managers. This can be explained twofold. Firstly, due to the huge number of customers using public transport, there is an increased demand of delivery service for bigger furniture. This is also linked to theory, as urban located store formats attract more people walking or using bus and train (Kim & Ulfarsson, 2008; Schneider, 2015). Thus, it is difficult to transport heavy goods (Mackett, 2003). The gap can be explained by customers of the new format not having used the service at traditional stores. Even though they charge the same (high) prices, they cannot compare them because they usually have transported the products themselves and are not aware of the costs. Secondly, one of IKEA's brand characteristics is the do-it-yourself-principle: People can pick up goods and take them home immediately. Additional services such as home delivery are perceived as expensive because they are compared to the rather low prices of the products. This is due to the fact that IKEA is a category killer, which can use economies of scales to sell low-priced-products but has to charge more money for additional services which are separate from production (Zentes et al., 2011). However, it should be mentioned that the new format offers adjusted services to the city location, which are not as expensive as the delivery service.

Another element which needs short discussion is the restaurant of the new format. Thereby, the only aspect indicating differences is the purpose of visiting the restaurant. Whereas the management wants the restaurant to be perceived as a meeting point (for the neighborhood) but still used in combination with a shopping trip, the customers use and perceive it in a different way. To some extent, customers use the restaurant because it is an attractive lunch or coffee destination itself, which is not necessarily combined with visiting the store. The customer perception is supported by Montgomery (1998) who states that urban stores are places where people meet, socialize and interact with each other. However, stores have to be considered from an economic perspective with the main purpose of selling goods (Montgomery, 1998). In the case of IKEA it can be derived, that IKEA's main aim is to generate sales. The restaurant supports that people feel comfortable while purchasing goods. However, due to its friendly environment, people also use the restaurant without shopping. The new store format and its inner-city location change the purpose of visiting the restaurant and, thus, yield a gap between the actual and intended store image.

Even though, the intended and actual perceptions show discrepancies in the above mentioned element, the overall perception of service is corresponding. Thus, the researchers defined a minor gap in the general service attribute.

Analyzing the empirical data and comparing the intended and actual image it becomes clear that the overall store image matches. Only three attributes show differences in particular elements.

The broad accordance can be explained by the fact that the management expected from the outset that customers will perceive the new store format and location in a different way. It was estimated that customers visiting an inner-city location have different purposes, needs and shopping behavior. Those match with the characteristics of urban stores: Shopping meets social life, leisure and entertainment; usage of public transport or walking; purchase of smaller items (Kent & Omar, 2003; Kim & Ulfarsson, 2008; Mackett, 2003; Montgomery, 1998; Schneider, 2015). Therefore, IKEA adjusted the intended image from the beginning and build and designed the new format adapted to the inner-city location. The decisions were a result of a long planning and development process (Hernández & Bennison, 2000; Zentes et al., 2011).

IKEA's adaption of the intended image of the inner-city store is supported by Marcus (1972). He argued that retail stores aim and, thus, make a lot of effort to create a store image perceived by management, which matches with the image that the store's target customers have. This explains why the perceptions of the inner-city store have only a few minor gaps. Discrepancies between the management and customer perceptions of all store image related attributes are expected to be small (Gilmore et al., 2001; McGoldrick, 2002). The expert interviews indicated that IKEA is aware of most of the existent differences of the intended and actual perception. In order to eliminate the discrepancies, IKEA purses an ongoing learning process, which is two-sided. On the one hand, IKEA tries to improve where the customers' perception is lower than expected. For instance, when the inner-city store opened, the interior design offered many shortcuts which led to confusion and difficulties in the orientation. Since the management noticed this in an early stage, they reduced the number of shortcuts and designed them in a way that aids orientation. Thus, IKEA adjusted its appearance in order to meet the customers' expectations. On the other hand, the inner-city store tries to match the gaps between intended and actual image from the customer perspective. The above mentioned different purposes for visiting the restaurant are one example. IKEA is conscious that the restaurant attracts many people without the intention of shopping. However, IKEA questions to which extent they can tolerate customers blocking seats and refilling coffee for a whole afternoon without making any purchases in the store. Although IKEA is aware that they cannot avoid this issue, the new format is struggling with it and still did not find an answer. This example indicates that IKEA tries to adapt the customers' perceptions of the restaurant towards its intended image in the future. Nevertheless, it can be assumed that the adaption will not result in a 'drawback' for one of the parties but rather a mutual agreement.

To sum up, the inner-city store constantly operates with the intention to create one corresponding store image reflecting the perceptions of customers and management. This thought is confirmed by Marcus (1972) who stated that the retailer directly controls the intended image as it is presented in the internal retail stimuli. However, the examples show that customers have a huge influence on building the overall image and act as co-constructor of store image (Burt et al., 2010).

5.2.2   Application of the Store Image Perception Model

The analysis of the findings and following discussion identified that there is an overall agreement of the actual and intended store image perceptions with slight discrepancies. Six out of nine attributes do not show a significant gap. However, three attributes, namely *merchandize*,

store personnel and *service* were perceived in a different way than intended by the management. Thus, they show minor gaps.

In the interest of simplification, the discussed outcomes will be applied to the Store Image Perception Model (Figure 4) introduced in chapter two. Thus, the model is adjusted and highlights where and how the intended image, as perceived by management, differs from the actual store image, as perceived by customers. Thereby, the previous section in combination with this model present the answer to sub-research question two.

Figure 7: Adjusted Store Image Perception Model

The outcomes of the discussion and answers to sub-research question one and two build the basis to answer the overarching research question. Hence, the findings will be applied to make generalizations on the effects of format development of a generalize merchandize retailer on store image.

6 Conclusion

The purpose of this thesis was to examine the effects of format development on the store image of an original single-format general merchandise retailer. In order to derive at sufficient results and shed light into this phenomenon, secondary as well as primary sources have been considered. The researchers decided to investigate the issue under study on the basis of a very relevant and contemporary case, the IKEA inner-city store in Hamburg Altona, Germany, which opened in June 2014. This focus led to the identification of two sub-research questions, which dealt with *how an inner-city store is perceived compared to a traditional IKEA store by customers* and *how the actual image of the inner-city store as perceived by customers differs from the intended image as perceived by IKEA* and have been discussed and answered in chapter five*. The case of the IKEA inner-city store as unit of analysis and its customers and management as embedded units, contributed to comprehend the phenomenon of *how format development of an original single-format general merchandise retailer affects store image*. Thereby, the case can be described as an instrument to reveal relevant perceptions in order to make practical as well theoretical contributions to the fields of format development and store image.

6.1 Answering the Research Question

By conducting 30 semi-structured customer interviews, one customer focus group and four semi-structured expert interviews with IKEA store managers a comprehensive set of store image attributes was compiled. These aligned partially with the Research Construct on Store Image (Figure 3), which had been created based on existing theory and utilized as a framework for the data collection. Within the attributes various elements where identified, which illustrated customer and management perceptions. The result were two adjusted models, namely Adjusted Research Construct on Store Image (Figure 6) and Adjusted Store Image Perception Model (Figure 7), which can be bridged to answer the overarching research questions. As format development at IKEA happened in the context of a suburban to urban environment, the generalization made from the case have the same focus. However, most format development takes place in relation to suburban and urban places and therefore, increases the relevance of the generalization (Meyer, 2014).

Based on the data gathered from the customer interviews and focus group, it was found that companies that pursued the same format for several years have to take a change in store image into account when developing a new format. The characteristics, shopping purposes and behavior of customers in urban and suburban environments differ substantially.

The outcomes show that the new location in an urban environment causes customers to re-consider their purchases at the general merchandise retailer. Even though, they visited the store for bulky products such as furniture in the suburbs, they now prefer buying smaller items such as decoration. This is due to two reasons. On the one hand, the competitive landscape in the city is different to the suburbs. Customers shop for more frequent goods and look for the best price-quality ratio. Thereby, the general merchandise retailer, especially a category killer, can make use of his economies of scale and offer products for a much lower price than smaller retailers in the city center, which offer similar products. On the other hand, accessibility of the store plays an important role. Whereas, suburban environments offer convenient connections to highways, urban locations are rather reached by public transport. Customers adjust the amount and size of their purchase to the chosen mode of transport. Furthermore, customers generally associate the urban location with a smaller assortment. Therefore, the establishment of the store involves a learning process, which can result in customers choosing the store for bigger products as well.

With regards to this aspect, it is essential for a general merchandise retailer to reconsider service concerning transportation options. As a majority of customers approaches the store by public transport or by walking, additional options to transport bought merchandise is highly appreciated. Generally, the findings unfold the fact that suburban formats are considered to be destination stores, whereas urban formats are rather described as impulsive purchase destinations.

The findings further revealed that format development to an urban area often affects the layout of the store, which is another attribute influencing customer´s store image. Whereas, general merchandise retailers located in the suburbs have enough space and thus, often pursue a big box format, an urban format has to be adapted to less room and the city environment. However, retailers have to find a way to adjust exterior and interior without harming the recognition value. As customers are used to the traditional layout, a change causes irritation and difficulties in finding products. However, an increased insertion of store personnel to aid customer orientation helps to reduce negative customer perceptions.

A general merchandise retailer can utilize the development of its format to broaden its clientele by attracting new target groups. This includes customers who could not access the store in the suburbs because they do not own a car as well as customers who are reached through synergy effects by combining shopping at other stores with a visit at the general merchandise retailer. Furthermore, urban formats benefit from the city being a more viable place meaning customers interpret the store from a functional as well as social perspective. Thereby, offered services such as a restaurant or café in the store can assume new dimensions.

Considering these facts and the data gathered from the expert interviews, it shows that a general merchandise retailer that is developing a new format has to be aware of the differences between the two chosen environments, in this research suburban and urban. Thereupon, it is necessary for the retailer to acquire the necessary know-how to operate in the new retail format. It has to be understood that due to the different location characteristics, a change in store image is indispensable. The retailer should create an intended image, which should preferably reflect and match the customer´s store image once the new store opened. Hence, by considering all attributes related to store image carefully, the retailer will be able to detect the occurring differences and resulting perceptions. However, it is challenging for a retailer to create an intended image which completely aligns with the customer´s perceptions on all attributes. Thus, it is important for a retailer executing format development to continuously measure the actual store image against the own expectations. This way, the retailer is able to restore major gaps immediately and does not risk harming the store image of the new format in the long term.

Generally, it can be understood that if retailers plan their growth through format development well, it will not affect store image negatively. In contrast, it can even have positive effects if the format is well adjusted to the changing needs of target customers. However, it has to be taken into account that the store image will change in respect of adapting to the new environment and circumstances. Therefore, general merchandise retailers that pursued one and the same format for many years cannot expect that customer will not react to a changed format.

Format development might appear more risky than other growth strategies such as market penetration or market expansion for single-format retailers because it implies the adjustment of the retail marketing mix, which defines the core of the retail strategy (Pellegrini, 1995). Furthermore, established general merchandise formats often have a high recognition value and habits that customers associate with the store (Zentes et al., 2011).

However, in times of fast changing-customers and a growing online environment and e-commerce, format development will be one effective way for general merchandise retailers to increase their market share and expand their innovative advantages (Ahlert et al., 2010; Pellegrini, 2003). Furthermore, the retailer can use the new format to reach particular target groups, which did not shop at the store before (Warner, 2013). Therefore, this growth strategy aligns with the future trends of retailing and helps retailers in their desire to differentiate and respond to innovative technologies that cause shifts in the retailer´s distribution channels (Ahlert et al., 2010).

6.2 Theoretical Contribution

The study at hand is a theoretical contribution to the research field of format development, store image and especially, the combination of both domains. According to the best of the researcher´s knowledge, this study is the first that explored these two fields and is framing it for the retailing area of single-format general merchandisers. Therefore, it does not only close the gap in research but also moves the topic of store image into a new and future-oriented dimension of format development.

In line with existing research in other industries, the outcomes of the study support that store image is dependent on various store image-related attributes and its corresponding elements, which have to be considered in relation to the particular customers, market and format studied. The knowledge in the field of store image has thereby been broadened by the revelation of additional key attributes (and elements) for the measurement of store image of general merchandise retailers. The Adjusted Research Construct on Store Image developed for format development from suburban to urban environment, is the first contribution to measure the effects of format development on store image. Furthermore, a second model, the Adjusted Store Image Perception Model, has been developed. It guides the measurement of and discrepancies between the intended image as perceived by management, and the actual store image as perceived by customers. This model can be utilized to further support future studies in relation to format development and store image.

Format development is a very contemporary topic which increasingly gains in importance due to the in section 6.1 mentioned trends and facts in retailing. The effects of format development on store image, thus, contribute relevant knowledge and furthermore, open up this field of academia for future research. The researchers do not claim that the thesis provides the absolute means of comprehending format development and its effects on store image but may offer one step to further enlightening this phenomenon.

6.3 Managerial Implications

The case of the study, the inner-city IKEA store in Hamburg-Altona, showed that format development becomes an increasingly important growth strategy, even for retailers that pursued a single format for many years. This movement emphasizes that retailers in various industries have to re-consider their growth strategies in order to respond to changing customer needs, a more demanding market and the overall competitive landscape. Market penetration and market expansion might no longer be sufficient to keep up with growing trends of online environments and e-commerce.

As customers are often used to the traditional store format and associate particular habits and purposes with the store, changing the format appears to be a risky strategy for retailers.

However, the outcomes of the study and framework developed contribute to the comprehension and predictability of format development and its effects on store image. Thereby, it has specially been adjusted for general merchandize retailers.

The two developed models (Section 5.1.2 and 5.2.2) are based on an industry-related and contemporary case, which makes it suitable for other general merchandise retailers pursuing format development as well. Both models provide retailers with store image related attributes and their corresponding elements and thus, show exactly which determinants to review when developing the format. Thereby, its utilization can be twofold. On the one hand, it can aid in measuring the store image of both formats after the new store has opened. On the other hand, it can be utilized by management to estimate which attributes of image are prone to be perceived differently after the format has been developed. Thus, the intended image can be easier adapted from the outset.

In this context, it can be said that, format development might appear risky and not suitable for current strategies at first sight but considering the changing market and customers, it might be worthy after all. The case of IKEA which pursued the same format for over 50 years and now developed the format of an inner-city store illustrated this phenomenon. Thereby, the findings of the study showed that if format development is carried out effectively and thought through from the beginning, it does not necessarily have negative effects on store image. It even can turn into positive effects when implementing continuous store image measurement into the learning process and adapting discrepancies in the customer image immediately.

6.4 Limitations and Direction for Future Research

During the course of ten weeks, the researchers were able to familiarize with the topic of format development and its effects on store image, managed to find answers to the posed sub- and research questions and concluded the project successfully. Yet, it has to be taken into account that the study was facing certain limitations, which have to be considered when referring back to the research. The restricted time frame impacted the depths of the collected data as well as the variety of data analysis. Before conducting the empirical data collection, the researchers built a theoretical framework, which was used for the structured part of the customer interviews. During the search for relevant sources, it was recognized that the main content on store image had been unchanged since the last centuries and still consists of pioneer studies from the 20th century. After careful consideration, the researchers decided to still leverage these studies because of their valuable thoughts on the topic. Furthermore, the relevance and credibility of the sources was increased by the fact that recent textbooks on retailing cite the same sources as well. For future studies it is therefore suggested to conduct a thorough review of the literature but it is still assumed that these pioneer studies are inevitable for a study involving store image.

Generally, the qualitative nature of the study includes limitations in relation to the quality and external validity of the findings. The researchers decided to conduct a qualitative study because they were interested in in-depth insights and comprehension and aimed at new information concerning the store image attributes. This was successfully achieved and the researchers were provided with rich opinions regarding both store formats. However, if a longer timeframe would have been given, the researchers would have chosen a mixed method study by conducting a quantitative survey backed up by qualitative interviews. Thus, future studies should keep that in mind and consider the phenomenon using mixed methods. Furthermore, the researchers conducted customer as well as manager interviews, which were later compared and functioned to identify gaps in the perceived store images. However, the limited time frame of the field study

did not allow carrying out all customer interviews before the expert interviews. For this reason, not all additional attributes mentioned by customers could be included in the manager interviews. Thus, for some attributes there are no overlaps and subsequently, no sufficient comparison possible. Future studies on the same topic that involve identification of a gap should, therefore, aim at conducting all customer interviews first in order to implemented the gathered data into the expert interviews and use it as food for thought. Another limitation, which the researchers were facing regarding the work with attributes, was that due to the semi-structure of the interviews the attributes were not discussed in a fixed order. Furthermore, some attributes were discussed in combination. Hence, in some cases it was challenging to clearly differentiate between attributes and identify codes and themes for the analysis.

Owing to the fact that the issue of format development and its effects on store image were explored based on a case, involves some limitations as well. The chosen case of the new IKEA inner-city store presents a very relevant and suitable case as elaborated in chapter three. However, IKEA is a very popular general merchandise retailer with an outstanding and unique concept. Therefore, the findings are specific for this researched case and only generalizable to some extent. The outcomes were transferred to the general effects of format development on store image of an original single-format general merchandise retailer. However, all generalizations have to be regarded with caution as only one case was considered. Thus, external validity cannot be guaranteed. Moreover, the case of IKEA's format development involved two specific areas, urban and suburban, both characterized by territory-related advantages and disadvantages. Hence, the outcomes are dependent on these areas. Furthermore, the study only considered format development in terms of physical stores. However, in times of a growing importance and usage of the Internet and a drastic movement to businesses increasingly acting in digital environments, future studies could expand the study on format development and make it future-oriented by implementing the online and e-commerce landscape as well. A focus could be on format development from physical brick-and-mortar stores to multi-channel presence.

Based on the location of the inner-city store and in order to avoid influences of cultural bias solely German IKEA customers have been included in the study. This fact limits the generalizability of the study only in regards to other countries and cultures. Thereby, cultures close to the German can still be expected to having delivered similar results. Nevertheless, in order to conclude the phenomenon of format development´s effects on store image in broader terms, future studies should not focus exclusively on a German case.

All this shows that the researchers are aware that limitations come along with every research project. Considering these, the researchers did not intend to provide an exhaustive study, which includes all possible angles but rather a study adjusted to the time frame of ten weeks. Hence, future research is indispensable.

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APPENDICES

Appendix A – Interview Guide – Traditional IKEA Store (Hamburg-Moorfleet and Hamburg-Schnelsen)

Preparation

- Introduction of interviewers
- Ask interviewee to fill in declaration of consent
- Shortly explain purpose of project and interview
- Explain interview process
- Make sure interviewee is comfortable with interview situation
- Ask if interviewee has questions before interview starts
- Ask for permission to record the interview

Interview

Each interview implements photo-elicitation. The interviewers utilize picture collages based on store image related attributes. The picture collages are shown <u>one after another with</u> <u>sequence adjusted to conversation and flow of talking.</u>

➤ **Merchandise + Price**

➤ **Location**   *Moorfleet*

Schnelsen

> **Layout + Store Atmosphere**

> **Restaurant**

> **Store Personnel + Service**

> **Clientele**

Appendix B – Interview Guide – Inner-city IKEA Store (Hamburg-Altona)

Preparation

- Introduction of interviewers
- Ask interviewee to fill in declaration of consent
- Shortly explain purpose of project and interview
- Explain interview process
- Make sure interviewee is comfortable with interview situation
- Ask if interviewee has questions before interview starts
- Ask for permission to record the interview

Interview

Each interview implements photo-elicitation. The interviewers utilize picture collages based on store image related attributes. The picture collages are shown <u>one after another with</u> <u>sequence adjusted to conversation and flow of talking.</u>
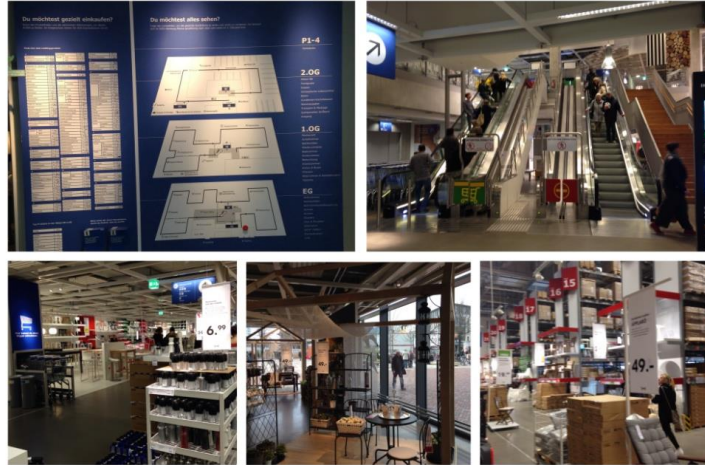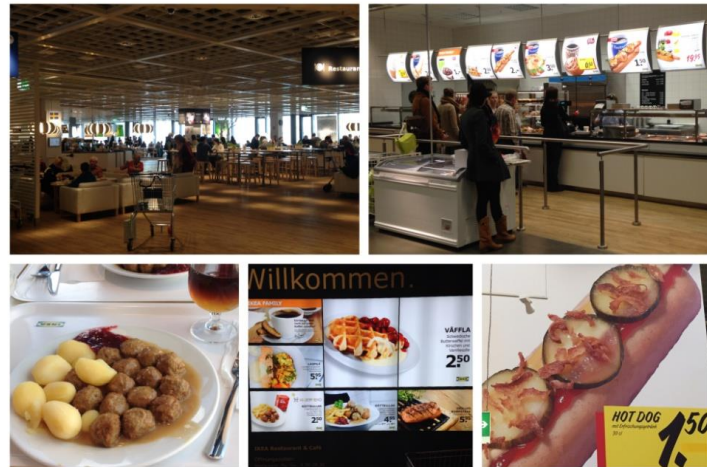
➢ **Merchandise + Price**

➢ **Location**

➢ **Layout + Store Atmosphere**

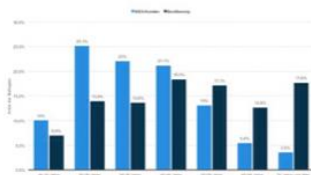➢ **Restaurant**

➢ **Store Personnel + Service**

➢ Clientele

Appendix C – Declaration of Consent – Interview

Hej und vielen Dank, dass Sie sich bereit erklärt haben an unserer Kundenbefragung teilzunehmen. Wir sind Leonie Wolf und Aylin Wispeler, zwei Studentinnen der Lund Universität in Schweden. Dieses Interview führen wir im Rahmen unserer Masterarbeit zum Thema: Kundenwahrnehmungen des IKEA inner-city Stores Altona im Vergleich zu einer traditionellen IKEA Filiale.

Das Interview wird zwischen 15 und 30 Minuten dauern und Ihren Eindruck von dieser IKEA Filiale abfragen. Das Interview wird aufgezeichnet um es zu einem späteren Zeitpunkt reproduzieren zu können. Dabei werden Ihre Angaben und Antworten vertraulich behandelt. Auf Ihren Wunsch kann das Interview anonymisiert werden.

Für statistische Zwecke beantworten Sie bitte vorab die folgenden Fragen.

Name: _____ **Alter:** _____

Geschlecht: ☐ weiblich   ☐ männlich

Berufsstatus: _____

Familienstatus: ☐ Verheiratet/In einer Beziehung   ☐ Ledig   ☐ Geschieden

Kinder: ☐ Ja   ☐ Nein

Welche IKEA Stores haben Sie bereits besucht:

_____

_____

Haben Sie ein Auto?   ☐ Ja   ☐ Nein

Wie ist Ihr monatliches Nettoeinkommen (in Euro)? (*freiwillige Angabe)*:

☐ < 1000   ☐ 1000 – 2000   ☐ 2001 – 3000   ☐ 3001 – 4000   ☐ > 4000

- -

Ich bin damit einverstanden, dass mein Vorname und gekürzter Nachname (z.B. Leonie W.) ggf. für Zitate in der Arbeit verwendet wird:

☐ Ja   ☐ Nein

Ich möchte nach Abschluss eine Kopie der Masterarbeit erhalten:

Email: _____

Datum und Unterschrift: Hamburg, den _____

Vom Interviewer auszufüllen
Interviewer: ☐ Aylin   ☐ Leonie
IKEA Filiale: ☐ Altona ☐ Moorfleet ☐ Schnelsen   Interview Nummer:

LUND UNIVERSITY

Appendix D – Declaration of Consent – Focus Group

Hej und vielen Dank, dass Sie sich bereit erklärt haben an unserer Kundenbefragung teilzunehmen. Wir sind Leonie Wolf und Aylin Wispeler, zwei Studentinnen der Lund Universität in Schweden. Diese Fokusgruppe führen wir im Rahmen unserer Masterarbeit zum Thema: Kundenwahrnehmungen des IKEA inner-city Stores Altona im Vergleich zu einer traditionellen IKEA Filiale.

Die Fokusgruppe wird ca. 1 Stunde dauern und Ihren Eindruck des neuen inner-city Formats Altona im Vergleich zu traditionellen Filialen thematisieren. Die Fokusgruppe wird aufgezeichnet um sie zu einem späteren Zeitpunkt reproduzieren zu können. Dabei werden Ihre Angaben und Antworten vertraulich behandelt.

Um die Ergebnisse so vielfältig wie möglich zu gestalten, seien Sie nicht zurückhaltend und stellen Sie Ihre Gedanken/Eindrücke/Ideen zur Diskussion. Bitte versuchen Sie dabei allen Teilnehmern die Chance zu geben sich an der Gesprächsrunde zu beteiligen.

Für statistische Zwecke beantworten Sie bitte vorab die folgenden Fragen.

Name: _____ **Alter:** _____

Geschlecht: ☐ weiblich ☐ männlich

Berufsstatus: _____

Familienstatus: ☐ Verheiratet/In einer Beziehung ☐ Ledig ☐ Geschieden

Kinder: ☐ Ja ☐ Nein

Welche IKEA Stores haben Sie bereits besucht:

_____

_____

Haben Sie ein Auto? ☐ Ja ☐ Nein

Wie ist Ihr monatliches Nettoeinkommen (in Euro)? (*freiwillige Angabe*):

☐ < 1000 ☐ 1000 – 2000 ☐ 2001 – 3000 ☐ 3001 – 4000 ☐ > 4000

- -

Ich bin damit einverstanden, dass mein Vorname und gekürzter Nachname (z.B. Leonie W.) ggf. für Zitate in der Arbeit verwendet wird:

☐ Ja ☐ Nein

Ich möchte nach Abschluss eine Kopie der Masterarbeit erhalten:

Email: _____

Datum und Unterschrift: Hamburg, den _____

Vom Interviewer auszufüllen
Interviewer: ☐ Aylin ☐ Leonie
IKEA Filiale: ☐ Altona ☐ Moorfleet ☐ Schnelsen Interview Nummer:

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