



Contents lists available at ScienceDirect

Journal of Business Research

journal homepage: www.elsevier.com/locate/jbusres

The effects of circular format on store patronage: An Italian perspective

Lucrezia Maria de Cosmo^a, Luigi Piper^{b,*}, Rajan Natarajan^c, Luca Petruzzellis^a

^a Department of Economics, Management and Business Law University of Bari Aldo Moro, Bari, Italy

^b Department of Management and Economics, University of Salento, Lecce, Italy

^c Department of Economics, Auburn University, Auburn, AL, USA

ARTICLE INFO

Keywords:

Circular format
Store patronage
Store image
Self-congruity
Retail brand experience
Italian consumer/retail

ABSTRACT

The circular format is a cluster of heterogeneous stores under the same brand within the city center through the store-outside-a-store strategy. The purpose is to demonstrate that the circular format has a positive impact on store image, self-congruity, retail brand experience, and store patronage. Shopping values were also considered as moderators. Three studies conducted in Italy reveal that: a. the consumers of the circular format have higher store patronage than those of the traditional format; b. such patronage is moderated by hedonic shopping value; and c. the relationship between the circular format and store patronage is mediated by self-congruity and retail brand experience through store image.

1. Introduction

Broadly put, the retail format is the offline or online “store package” that the retailer presents to shoppers and where vendors and customers interact along predetermined touchpoints (Enders & Jelassi, 2000). It would be relevant to mention that the retail literature has referred to the retail format as an agglomeration format, retail agglomeration, or retail agglomeration format, and all such formats as agglomerations (e.g., Teller, 2008; Teller & Reutterer, 2008; Teller et al., 2016). However, since the word agglomeration means an assemblage or a collection (of things; specifically, retail stores in the context of this research) and the retail format refers to a collection of retail stores arranged in a certain manner, the qualification “agglomeration” seems unnecessary as it is implicit in the term format in the context of retailing. In other words, in this paper, in the interest of simplicity and clarity, we will refrain from adding this qualification and thereby shorten the term “retail agglomeration format” to the pithy “retail format”.

This format encompasses elements of the retail mix, such as assortment, pricing, and promotion, as well as the store’s look and layout (Levy & Weitz, 2009). Needless to state, the retail format has been evolving particularly with commercial spatial developments in city planning and design. In this context, store brands are seeking to satisfy consumers’ functional and hedonic needs by undertaking a horizontal development strategy: that is, placing different, but complementary stores in close proximity (Grewal et al., 2017). The circular format is an

innovation within this context. Aiming to satisfy different but complementary needs (for example cultural, tourist, recreational, and food & wine needs), it is composed of various stores under the same brand concentrated in a small place within the city center. Unlike other retail formats, the circular format is typically the result of an occupation of public spaces (e.g., streets, public squares, parks etc.) and thereby turning them into market spaces. A typical scenario would be the extension of a parent brand via core and extra-core services outside of a pre-existing store within a small public place (e.g., a public square), thus enacting a new *store-outside-a store* strategy.

In Italy, the circular format is growing in adoption by companies in the hospitality sector and recently in retailing (Paniccia & Leoni, 2019). However, to our best knowledge, the circular format, unlike the traditional format, is yet to receive serious attention by researchers in retailing. Specifically, the mechanisms that lead consumers to choose the circular format are yet to be analyzed in a focused manner.

The aim of this paper is to investigate the link between consumers and the circular format, and by extension, whether the format choice is justified. To this end, we ran three studies in Italy to understand whether the circular format had a positive impact on store image, self-congruity, the retail brand experience, and store patronage. We additionally considered whether hedonic/utilitarian shopping value exerted any moderating influence.

* Corresponding author at: Department of Management and Economics, University of Salento, via Monteroni, Lecce 73100, Italy.

E-mail addresses: lucreziamaria.decosmo@uniba.it (L.M. de Cosmo), luigi.piper@unisalento.it (L. Piper), natarra@auburn.edu (R. Natarajan), luca.petruzzellis@uniba.it (L. Petruzzellis).

<https://doi.org/10.1016/j.jbusres.2021.11.013>

Received 6 May 2021; Received in revised form 29 October 2021; Accepted 4 November 2021

0148-2963/© 2021 Elsevier Inc. All rights reserved.

2. Theoretical background: From the store-within-a-store strategy to the store-outside-a-store strategy: The circular format

The store-within-a-store strategy can increase in-store traffic and profitability by combining complementary businesses into a single space, while retaining their autonomy in terms of price and in-store services (Banerjee & Drollinger, 2017; Netemeyer et al., 2012). In this way, a store brand can grow and generate positive effects on its overall image and store patronage, provided there is a logical fit between the parent brand and the extension (Chebat et al., 2006). Very often this extension is represented by a corner inside a large independent store belonging to a different brand (Fig. 1a). However, this strategy creates a complex retail environment where customers have to assimilate and process two or more stores simultaneously. Brands with a poor image have a negative effect on the retailer carrying them (Collins-Dodd & Lindley, 2003). However, if the smaller partner of the store-in-store agreement has a stronger image, it does not improve the image of the larger retailer (Banerjee & Drollinger, 2017). In other words, the host retailer can be negatively impacted by brands with a poor image, but not necessarily helped by brands with a strong image.

By contrast, the store-outside-a-store strategy involves the concentration of different stores under a single brand outside a pre-existing store, but within a small public space, which is what the circular format does (Fig. 1b). This strategy is similar to the horizontal brand extension strategy which considers an existing brand name to introduce a new product either in a similar or different product category (Kim et al., 2001). Recently, some marketers have focused on the use of this strategy to introduce extended service brands, showing that it is less risky than a vertical strategy (Ahn et al., 2018).

In accordance with the brand extension literature (Netemeyer et al., 2012), it would be reasonable to expect that the circular format generates a correspondence between the parent brand and the extension, thus creating the perception that different stores under the same brand will operate similarly. Furthermore, by appropriating a public space (e.g., a public square), the circular format enhances the coherence and complementarity between stores, allowing the brand to better meet consumers' needs (functional, experiential, and identity-based) and ideally improve the store's overall image and patronage. To ascertain the foregoing, we investigated the effects of the circular format on consumer responses, while also considering the influence of shopping value and age.

3. Study 1: The general effects of the circular format

3.1. Overview

The attractiveness of retail formats is often assessed via store patronage, which can be measured through a series of behavioral variables (Srivastava & Natu, 2014). In line with that, our study is an initial attempt to evaluate the differences between the circular and traditional formats in terms of store patronage. To this end, we define the determinants of choice—linked to the functional and psychological characteristics of the format—while considering store image as a cognitive mediator between the format and store patronage. In short, Study 1 was designed to demonstrate the influence of the format on consumers' store patronage, as well as determine if store image mediated this relationship.

3.2. Hypotheses development

Researchers have highlighted that consumers are particularly attracted to the functional and perceptual advantages associated with retail formats (e.g., Teller et al., 2016). Such attractiveness of retail formats to consumers can be measured through behavioral variables that define store patronage (the process by which consumers choose specific retailers), namely: visits, buying behavior, purchase value, and word-of-mouth (Srivastava & Natu, 2014). In particular, the visit includes the return rate or the intended patronage; the time spent during the visit or the retention proneness (Teller & Elms, 2012; Teller & Reutterer, 2008), while buying behavior includes purchase intention (Baker et al., 2002).

Teller and Elms (2012) have investigated intended patronage and retention proneness through a mix of factors related to distribution (i.e., accessibility, parking, orientation, and infrastructure), assortment (i.e., tenant mix, atmosphere, variety and value of the goods), and communication (i.e., public relations, promotion, and advertising). Clulow and Reimers (2009) have considered retail concentration, pedestrian areas, proximity, visibility, and center size as variables that might affect store patronage. Other authors have examined variables such as the type of retail format, atmosphere, store experience, and store image (Liao & Liaw, 2011; Teller & Elms, 2012). Bitner (1992) coined the term *Servicescape* to indicate a physical environment in which a market exchange is performed, delivered, and consumed within a service organization. The *Servicescape* is a holistic environment composed of various stimuli that influence the consumer response. According to Bitner (1992), the

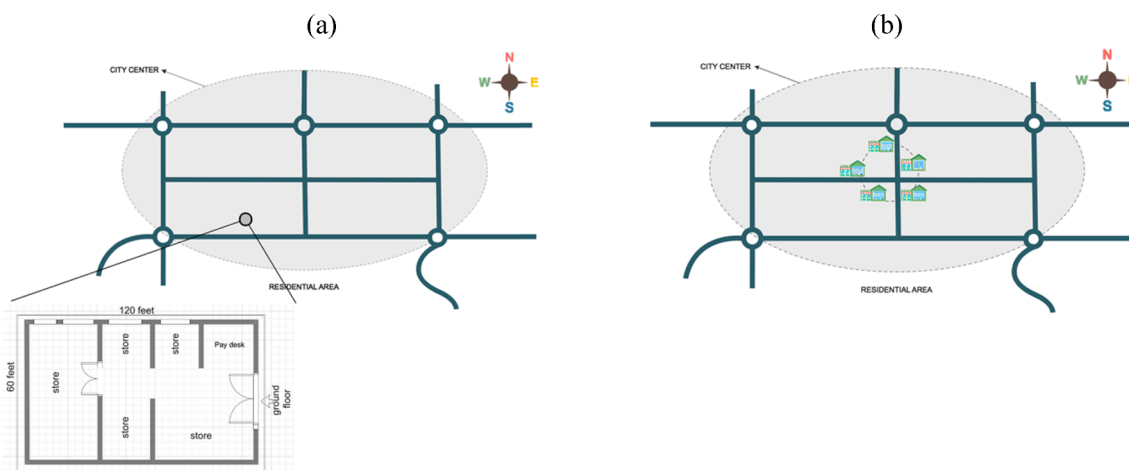


Fig. 1. Contrasting the two retail formats. (a) *Store-within-a-store strategy*: Traditional format. This format combines complementary businesses into a single private space (grey dot with enlarged detail). (b) *Store-outside-a-store strategy*: Circular format. In a small public space (e.g., in the city center; the grey shaded area) different stores exist under a single brand (buildings in green). (For interpretation of the references to colour in this figure legend, the reader is referred to the web version of this article.)

physical environmental stimuli (which are controllable by the company) co-exist with the social, symbolic, and naturalistic stimuli that are beyond the company's control (Rosenbaum & Massiah, 2011). We believe that the circular format activates all the environmental stimuli described above, with a consequent increase in store patronage. Hence, we hypothesize that:

H1: *Compared to the traditional format, the circular format exerts a positively greater influence on store patronage.*

A number of studies substantiate that store image is an important component of store patronage (Sirgy, Grewal, & Mangleburg, 2000). Store image has been described as a set of perceptions that consumers hold about a store's functional and psychological characteristics (Chebat et al., 2006; Sirgy, Grewal, & Mangleburg, 2000), which serve to make a store feel different from others. Stores contain various cues that customers perceive, which ultimately influence their overall purchase intention (Baker et al., 2002). Ailawadi and Keller (2004) measured store image through five key dimensions: access, atmosphere, price and promotion, assortment breadth, and assortment depth. Chebat et al. (2010) used those same dimensions to measure the image of shopping centers, demonstrating that they all exert a positive influence on store patronage and word-of-mouth. Any format, including the circular format, can generate a different image according to the perception of its characteristics, and therefore can influence consumers' choices in a different way. Therefore, we hypothesize that:

H2: *Store image mediates the relationship between format and store patronage.*

3.3. Method

The research setting consisted of two stores, one of which had adopted the traditional format and the other one, the circular format. Both were owned by an independent retailer, and both were in the same city center of a city in southern Italy. The traditional format store covering a total area of about 8000 sq. ft was in a single two-storied building and consisted of a traditional bookstore, a children's bookstore, and a restaurant-café. The circular format store comprised a traditional & generalist bookstore, a children's bookstore, a bookstore with typical products of the food and leisure sector, and a restaurant-café. Each store covering an area of 1000–1500 sq. ft was in a separate building, and the four stores covered a total area of about 6000 sq. ft.

For this study, we presented a structured questionnaire to a sample of consumers obtained from using a *convenience sampling* technique. Trained interviewers randomly intercepted these consumers inside and outside the stores that were part of both the circular and traditional formats (under the auspices of a large independently owned retailer) and asked them if they were available to fill out a questionnaire that took about 10 min to complete. Needless to mention, only those who agreed to do this task were chosen as subjects for this research. To maintain respondent anonymity and to reduce evaluation apprehension (Podsakoff et al., 2003), the questionnaire had a statement that assured respondents that their responses will remain anonymous and that there were no right or wrong answers. A screening question ("Do you usually (at least once a month) go to ... stores?") was used to determine whether the respondents habitually visit the format (traditional or circular). Data were collected over a period of two weeks: Monday through Saturday, from 10 a.m. to 6p.m. (Sudman, 1980).

All variables were measured through multi-item, five-point Likert scales. Store patronage was measured through the scales on intended patronage (2 items), retention proneness (2 items), and purchase intention (3 items) (Teller & Reutterer, 2008). The 17-item store image scale (Chebat et al., 2010) considered the following elements of a store: access, atmosphere, price/promotion, cross-category assortment, and assortment within the category. All items were translated into Italian to match the residents' spoken language. Respondents' socio-demographic

data were collected via relevant items at the end of the questionnaire.

The sample consisted of 373 participants: 167 males and 206 females, with an average age of 32.06 years (SD = 18.44). Of this total, 60.5% had completed a university degree, while 39.5% had a high school diploma or lower. About half (52.6%) were residents of the city in which the store was located.

We identified two groups: the traditional format group (coded with the value 0), composed of participants who habitually visit the traditional format ($N_{TF} = 139$), and the circular format group (coded with the value 1), composed of participants who habitually visit the circular format ($N_{CF} = 234$).

We assessed the threat of Common Method Variance (CMV) via Harman's one-factor test (Podsakoff et al., 2003). Then, we evaluated the internal consistency of each scale by means of Cronbach's α coefficient and assessed the reliability and validity of constructs.

We ran an ANOVA to test the differences in store patronage between formats. To calculate the level of store patronage, we averaged the values of the items representing the intended patronage, retention proneness, and purchase intention scales, which gave us one value per scale (Diamantopoulos et al., 2012). Then, we performed a mediation analysis with store image as the mediator (as in Fig. 2) by using Model 4 of the PROCESS macro for SPSS (Hayes, 2018).

3.4. Results

The results of Harman's one-factor test revealed that no single factor accounted for more than 43.5% of variance explained for the sample, which suggested that CMV bias was not an issue in this study (Podsakoff et al., 2003). The two scales showed high reliability as Cronbach's α coefficients (store image $\alpha = 0.81$, and store patronage $\alpha = 0.86$) were higher than the recommended threshold of 0.70 (Nunnally, 1978). Construct Reliability coefficients (CR) were higher than 0.70, and Average Variance Extracted (AVE) indices were higher than 0.50 (store image: CR = 0.95, AVE = 0.51; store patronage CR = 0.81, AVE = 0.53). Moreover, the CRs were higher than the AVE. This suggested a robust convergent validity of the measurement model (Fornell & Larcker, 1981; Hair et al., 1998). Additionally, the square roots of the AVE of store image (0.71) and store patronage (0.73) were higher than their respective correlation coefficients with other constructs, thus indicating the presence of discriminant validity (Fornell & Larcker, 1981).

The participants intercepted in the circular format showed a higher store patronage compared to those intercepted in the traditional format ($M_{TF} = 2.39$, $M_{CF} = 3.18$, $F = 40.443$, $p < .01$, $\eta^2 = 0.611$), thus verifying H1 (Table 1).

A similar result was obtained for store image ($M_{TF} = 2.83$, $M_{CF} = 3.79$, $F = 28.252$, $p < .01$, $\eta^2 = 0.746$) (Table 2).

The mediation analysis (Table 3) showed that the format had a significant and positive impact on store image ($B = 10.363$, $SE = 1.958$, $t = 5.291$, $p < .01$, CI: 8.521 to 14.214), which, in turn, had a positive effect on store patronage ($B = 0.411$, $SE = 0.027$, $t = 15.372$, $p < .01$, CI: 0.358 to 0.463). Moreover, the format had a significant positive direct effect on store patronage ($B = 3.866$, $SE = 1.044$, $t = 3.722$, $p < .01$, CI: 1.833 to 5.939). Finally, the indirect effect ($B = 4.212$, $SE = 0.965$, $t = 2.930$, $p < .05$, CI: 2.333 to 6.136) supported H2.

3.5. Discussion

The results show that the circular format has a stronger impact on store patronage than the traditional format. This is due to not only the inherent benefits of the format itself (e.g., reduced shopping time, more eateries) but also the atmosphere invoked by the historical, cultural, and architectural aspects of the surrounding locale. Moreover, the image of the different stores under the same brand produces a similar perception between the main brand and the extension, which then affects behavioral responses in terms of patronage intention, retention proneness, and purchase intention.

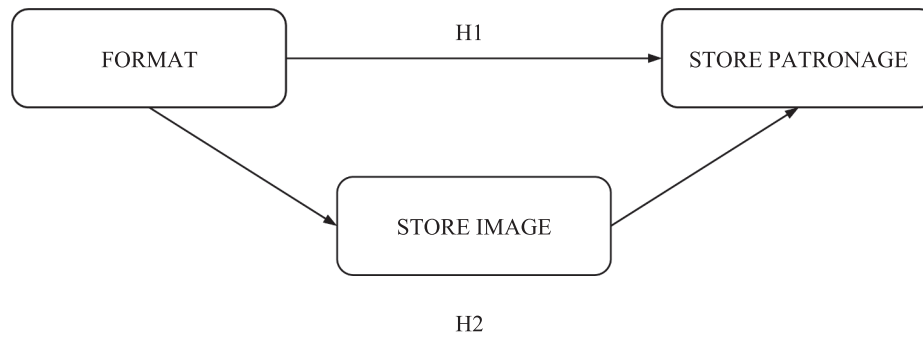


Fig. 2. Conceptual framework underlying Study 1.

Table 1
ANOVA results: Traditional format Vs. Circular format on store patronage.

Format	Mean	St. Dev.	LLC	ULC	ANOVA	
					F	p
Traditional Format	2.39	0.99	2.22	2.56	40.443	0.000
Circular Format	3.18	0.76	2.97	3.37		
Total	2.75	0.90	2.67	2.85		

Note: $\eta^2 = 0.611$.

Table 2
ANOVA results: Traditional format Vs. Circular format on store image.

Format	Mean	St. Dev.	LLC	ULC	ANOVA	
					F	p
Traditional Format	2.83	0.94	2.19	3.01	28.252	0.000
Circular Format	3.79	0.81	3.17	3.88		
Total	3.06	0.89	2.91	3.69		

Note: $\eta^2 = 0.746$.

Table 3
Mediation analysis: Partial and Direct effects.

Pathway	B	SE	t	p	LLCI	ULCI	R ²
Format → Store Patronage	3.886	1.044	3.722	0.000	1.833	5.939	0.450
Format → Store Image	10.363	1.958	5.291	0.000	8.521	14.214	0.270
Store Image → Store Patronage	0.411	0.027	15.372	0.000	0.358	0.463	0.450

Note: n = 373.

The high visibility and commercial attractiveness of the circular format increase the perception of the stores' functional and symbolic characteristics in consumers' minds. The commercial attractiveness derives from the marketing stimuli generated by the concentration of different stores under the same brand. Many of these stimuli are already a part of the retailers' marketing mix(es), i.e., the set of coordinated tactical tools that retail managers use to enhance patronage and influence sales, profits, and return on invested capital (Hogreve et al., 2017). The circular format simply makes it easier to utilize these already existing tools, which have both a direct and an indirect impact on patronage intention and behavior (Blut et al., 2018).

4. Study 2: The mediation effects of self-congruity and retail brand experience through store image

4.1. Overview

A strong store image allows customers to identify with the retailer, establish a sense of belonging, and, ultimately, become co-producers in the value creation process when the store environment creates a retail brand experience (Healy et al., 2007). Thus, we expected that a sequence of mediators related to self-congruity and retail brand experience would have an impact on store patronage. Therefore, Study 2 was designed to demonstrate that the relationship between the circular format and store patronage was mediated by self-congruity and retail brand experience through store image.

4.2. Hypothesis development

The literature contains many studies that have analyzed the antecedents of store patronage. In line with the theory of self-congruity (Sirgy, Grewal, & Mangleburg, 2000), consumers have more favorable perceptions of stores that they consider to be congruent with their self-image. These perceptions lead to both positive behaviors and preferences (Branaghan & Hildebrand, 2011).

Previous studies have found that self-congruity mediates the relationship between mall image and store image (Chebat et al., 2006) and, in effect, positively influences mall patronage (El Hedhli et al., 2017). Furthermore, consistent with the studies of Escalas and Bettman (2003), consumers identify with the brand when it generates, through its image, strong and favorable associations—a process called self-brand connection.

Another factor that affects store patronage is the retail environment. Most studies do not distinguish between a general shopping experience and that specific to, for example, a mall (Gilboa et al., 2016). However, the shopping experience could be defined as a multidimensional, or higher-order, construct that derives from the interaction between the mall environment and customers' cognitive, emotional, and social reactions (Gilboa & Vilnai-Yavetz, 2013). The overall brand experience, which reflects consumers' experience with a brand (Brakus et al., 2009), is seen as inclusive of consumption experience (Bäckström & Johansson, 2006), shopping experience (Bäckström, 2011), product experience (Hoch, 2002), and services experience (Vázquez et al., 2001). In line with that, the retail brand experience can be conceptualized as the sum of responses evoked by retail brand-related stimuli pertaining to retail store design, service interface, packaging of own private labels, communications, and environments (Khan & Rahman, 2015).

In essence, the dynamic elements of the experiential environment depend on the self-congruity that develops through the store image. And in fact, store image can operate as a mediator of brand experience (Xu et al., 2011), while the relationship between self-congruity and behavioral intention is mediated by the retail brand experience (Musa & Putit, 2013). This explains how the cognitive perception of any retail format

affects self-congruity, which in turn, impacts the retail brand experience.

From the foregoing, we can infer that store image, self-congruity, and the retail brand experience mediate the retail format-store patronage relationship. In other words, we hypothesize that:

H3: *The relationship between the circular format and store patronage is mediated by store image, self-congruity, and the retail brand experience.*

4.3. Method

For this study, a new sample of 350 participants was obtained in the same way as in Study 1. This sample consisted of 166 males and 184 females, with an average age of 27.44 years (SD = 15.39). Of this total, 50.3% had completed a university degree while 49.7% had a lower degree, and 77.1% were residents of the city. In this sample, the N_{TF} was 181 and the N_{CF} was 169.

Same as in Study 1, we measured store patronage, store image, and socio-demographic data. We measured self-congruity using two scales: the self-brand connection scale (7 items) by Escalas and Bettman (2003), which evaluates the relationship between the store and its customers, and the self-congruity scale (3 items) (Sirgy, Grewal, & Mangleburg et al., 1997), which measures the overlap between respondents and regular consumers of that store. We adapted the 12 items of the brand experience scale (Brakus et al., 2009) to the retail context. As in Study 1, all items were translated into Italian to match the residents' spoken language.

After a preliminary analysis (pertaining to CMV, internal consistency, reliability, and validity of constructs) to evaluate the causal sequence proposed in Fig. 3 (format → store image → self-congruity → retail brand experience → store patronage), we conducted a sequential mediation analysis with the three mediators as per Model 6 of the PROCESS macro for SPSS (Hayes, 2018).

4.4. Results

Preliminary analysis showed that CMV bias was not an issue (no single factor accounted for more than 35.2% of variance explained). Moreover, the Cronbach's α coefficients of all scales were higher than the recommended threshold of 0.70 meaning that the scales were reliable (store image $\alpha = 0.86$; self-congruity $\alpha = 0.88$; brand experience $\alpha = 0.75$; store patronage $\alpha = 0.90$). Finally, results (see Table 4) suggested a good convergent validity of the measurement model as well as the presence of discriminant validity (Fornell & Larcker, 1981; Hair et al., 1998).

The mediation analysis showed that both the indirect effect ($B = 0.096$, $SE = 0.132$, $t = 2.792$, $p < .01$, CI: 0.133 to 0.399) and the direct effect ($B = 2.734$, $SE = 0.835$, $t = 3.273$, $p < .01$, CI: 1.091 to 4.376) were significant, thereby supporting H3 and providing further confirmation of H2. In the interpretation of the partial effects (see Table 5), it appeared that the format had a significant and positive impact on store image ($B = 10.112$, $SE = 2.026$, $t = 4.991$, $p < .01$, CI: 6.127 to 14.097), while there was a positive relationship between store image and self-congruity ($B = 0.336$, $SE = 0.036$, $t = 9.260$, $p < .01$, CI: 0.408 to 0.470). Moreover, self-congruity positively affected retail brand experience ($B = 0.498$, $SE = 0.032$, $t = 15.697$, $p < .01$, CI: 0.436 to 0.561) and retail brand experience positively impacted store patronage ($B =$

Table 4

Discriminant validity matrix, AVE, CR, and Cronbach's α .

Variables	SI	SC	BE	SP	CR	AVE	Cronbach's α
<i>Store image – SI</i>	0.73				0.89	0.53	0.86
<i>Self-congruity – SC</i>	0.15	0.77			0.91	0.59	0.88
<i>Brand experience – BE</i>	0.23	0.15	0.76		0.93	0.58	0.75
<i>Store patronage – SP</i>	0.12	0.20	0.37	0.74	0.93	0.55	0.90

Notes: n = 350; CR = Construct Reliability coefficients; AVE = Average Variance Extracted; The square root of AVE for each variable is reported in italics along the diagonal.

0.054, $SE = 0.055$, $t = 3.998$, $p < .01$, CI: -0.053 to 0.161).

4.5. Discussion

The results show that the relationship between the format and store patronage is influenced not only by the store image but also by the self-congruity and the retail brand experience. This effect depends on the perception of tangible and intangible attributes among the stores in the circular format, such as the access/visibility guaranteed by the easy identification of the format, a coherent atmosphere inside and between the adjacent stores, the customizable price/promotion through the loyalty card, and the assortment of and within categories owing to the presence of different yet complementary stores. Furthermore, these perceptions towards the circular format facilitate identification with the retail brand, resulting in positive self-congruity. This congruence is certainly greater than what arose for the traditional format developed through the store-within-a-store strategy. This may be because the circular format satisfies original and/or typical needs through a novel aggregation of services and product categories. Finally, the identification with the retailer creates a sense of belonging that, in turn, impacts the retail brand experience.

The sensorial affective dimensions of the circular format, developed through both self-congruity and the retail brand experience, intensify the impact of this format on consumer behavior and therefore on store patronage. The sensorial dimension occurs through not only each store's visual merchandising but also the external atmosphere that exploits the artistic and historical beauty of the surrounding locale. Concurrently, the circular format's affective dimension promotes a coherent experience around the internal, external, informative, and hedonic services that recall and reinforce a brand identity. Lastly, the behavioral dimension, in terms of store patronage, arises from the clear integration of all the stores' physical and virtual touchpoints.

5. Study 3: The moderating effect of shopping value

5.1. Overview

That hedonic and utilitarian consumers exhibit different perceptions not only of aspects of the retail sector but also toward behaviors pertaining to shopping and buying has been well established in the retail literature (e.g., Babin et al., 1994; Kang & Kim, 1999; Kim, 2006; Jones et al., 2006). It is therefore of interest to know as to how these two

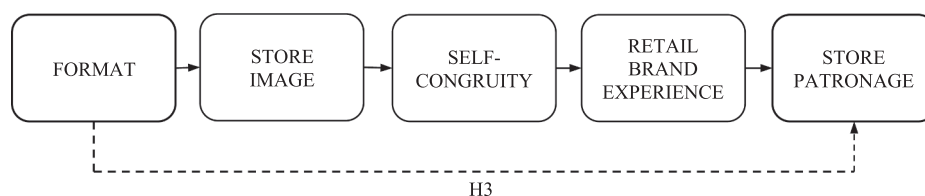


Fig. 3. The complete mediation model between format and store patronage.

Table 5
Mediation analysis: Partial effects.

Pathway	B	SE	t	p	LLCI	ULCI	R ²
Format → Store Image	10.112	2.026	4.991	0.000	6.127	14.097	0.260
Store Image → Self-Congruity	0.336	0.036	9.260	0.000	0.265	0.408	0.470
Self-Congruity → Retail Brand Experience	0.498	0.032	15.697	0.000	0.436	0.561	0.666
Retail Brand Experience → Store Patronage	0.054	0.055	3.998	0.001	-0.053	0.161	0.668

Note: n = 350.

categories of consumers perceive and act toward the circular format. Accordingly, Study 3 investigated the pertinent moderating variable viz. “hedonic/utilitarian shopping value” to identify the consumer profile that most benefits from the circular format.

5.2. Hypothesis development

The hedonic/utilitarian shopping value has become more pronounced as shopping expeditions have become more multi-functional and people have gained more leisure opportunities (Babin et al., 1994). Consequently, research has taken increased interest in how this value impacts the intention to return, the time spent, and the number of stores visited per trip (Jones et al., 2006).

Utilitarian consumers focus on finding products with high functional value and planning their expenditures to save time and effort (Kim, 2006). In contrast, hedonic consumers seek pleasure and recreation through shopping, and therefore do not see the time dedicated to the activity as an opportunity cost to be reduced (Arnold & Reynolds, 2003). Therefore, the shopping value depends on the shopping task, the product characteristics (Addis & Holbrook, 2001), the shopping context, and consumers’ personal characteristics (Teller, Reutterer, & Schnedlitz, 2008).

Previous studies have compared the shopping motivations toward the retail sector in the urban and the non-urban areas (Arnold & Reynolds, 2003; Kim, 2006; Teller, Reutterer, & Schnedlitz, 2008), and have found that the effects of a format’s retail marketing mix on patronage are moderated by the hedonic/utilitarian shopping value (Blut et al., 2018). Specifically, consumers in the city center have a higher level of hedonic shopping value than those outside the city. In other words, consumers in the city center perceive shopping as an “experiential activity”: a source of stimulus, ideas, well-being, social-interaction, and recreation (Kim, 2006).

Considering that the circular format is found in urban centers, and particularly in places with high symbolic and recreational values, we hypothesize that:

H4: Hedonic shopping value moderates the relationship between circular format and store patronage positively and more significantly than utilitarian shopping value.

5.3. Method

Adopting the same procedure as in the previous studies, we collected a sample of 361 consumers ($N_{TF} = 200$ and $N_{CF} = 161$) consisting of 187

males and 174 females, with an average age of 29.44 years ($SD = 12.82$); of the total, 82.4% were residents of the city and 71.2% had completed a graduate or a post graduate degree.

We measured store patronage as in the previous studies, and shopping values through the Babin et al. (1994) scale, which featured 11 items for hedonic shopping value and 4 items for utilitarian shopping value. As in the prior studies, all items were translated into Italian to match the residents’ spoken language. We asked about age at the end of the questionnaire, alongside other socio-demographic items.

As in the previous studies, we first evaluated the threat of CMV, internal consistency, reliability, and validity of constructs. Then, to understand the moderation effect of hedonic/utilitarian shopping value on the relationship between the format and store patronage (see Fig. 4), we created a moderated regression model using Model 1 of the PROCESS macro for SPSS (Hayes, 2018). Following previous studies, we evaluated store patronage as the average of the item values from the intended patronage, retention proneness, and purchase intention scales. The hedonic items were averaged to get a hedonic shopping value score. The same was done to the utilitarian items to get a utilitarian shopping value score.

5.4. Results

In this study also, CMV bias was not an issue (no single factor accounted for more than 29.8% of variance explained). However, the last item of the hedonic shopping value scale (“This shopping trip was not a very nice time out”; a reverse-score item) was deleted since its factor loadings were less than 0.40 (Byrne, 1998); this did not jeopardize the integrity of the construct. The Cronbach’s α coefficients indicated that all scales were reliable (store patronage $\alpha = 0.83$; hedonic shopping value $\alpha = 0.89$; utilitarian shopping value $\alpha = 0.80$). Finally, the results suggested a good convergent validity of the measurement model and the presence of discriminant validity (store patronage CR = 0.88, AVE = 0.52; hedonic shopping value CR = 0.91, AVE = 0.50; utilitarian shopping value CR = 0.83, AVE = 0.54).

The results of the moderated regression model, as in the other studies, showed a positive direct effect between format and store patronage ($B = 1.989$, $SE = 0.350$, $t = 5.690$, $p < .01$, CI: 1.302 to 2.678). Moreover, the hedonic shopping value positively moderated the effect of the format on the store patronage ($B = 0.349$, $SE = 0.093$, $t = 7.141$, $p < .01$, CI: 0.026 to 0.463). In contrast, the utilitarian shopping value negatively moderated the effect ($B = -0.795$, $SE = 0.269$; $t = -2.953$, $p < .01$, CI: -0.912 to -0.024). This indicated that a higher score

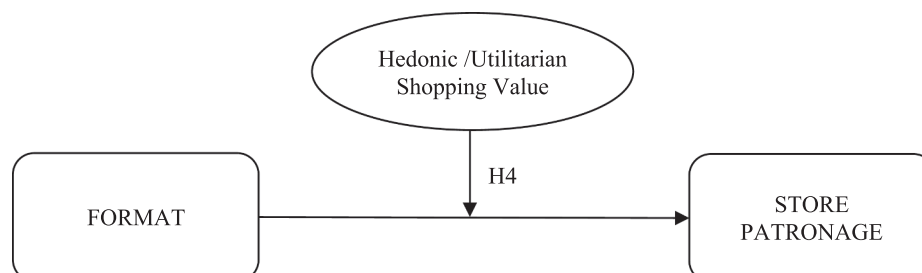


Fig. 4. The moderating role of shopping values in the format-store patronage relationship.

on the hedonic (vs. utilitarian) value implied more (vs. less) store patronage, thereby supporting H4.

5.5. Discussion

In line with previous studies (e.g., [Blut et al., 2018](#)), the results show that hedonic shopping moderates the relationship between the format and store patronage. In agreement with [Kim \(2006\)](#), the hedonic shopping value has a more significant positive impact on consumer choices than the utilitarian shopping value. In other words, hedonistic shoppers who prefer the circular format (both because it encourages exploration and leverages the territory's cultural elements) demonstrate behavioral responses in terms of intended patronage, retention proneness, and purchase intention. Utilitarian shoppers, on the other hand, seem to prefer the traditional format and find the circular one to be less efficient.

6. General discussion

This research aimed to provide a general understanding of the circular format concept and its effects in comparison to the traditional format. Through three studies, we have demonstrated that the circular format encourages higher store patronage than the traditional format. This could be because the circular format exploits the spatial concentration of multiple stores under the same brand in a pedestrian zone within a medium-sized city center. In a sense, the circular format represents a customer-centric organizational culture that seeks to optimize the interactions in a consumer journey. Through the circular format, customers can interact with the internal and external store services, which facilitates a seamless experience that increases involvement ([Verhoef et al., 2015](#)).

The results also reveal that the circular format has a high impact on store image, and by extension, on behavioral responses in terms of intended patronage, retention proneness, and purchase intention. The format's effect on store patronage depends primarily on a strong perception of the tangible and intangible attributes of those stores that comprise the format. We think that this strong perception occurs mainly due to the intangible benefits associated with the locale. In other words, because the circular format is surrounded by cultural landmarks, it can act as an expression of a territory's holistic culture.

Furthermore, the results highlight the synergy between a store's image and the overall image of the circular format because the perception of the store fosters consumers' identification with the retail brand and with the other consumers who visit the circular format. In fact, the concept of self-congruity is used to indicate the congruence between the self-image, the image of the product or the store, and the user image ([Sirgy, Grewal, & Mangleburg, 2000](#)). This congruence is more likely with the store-outside-a-store strategy, where the concentration of different stores under a single brand reduces the risks of negative perceptions. We also believe that self-congruity could be a consequence of effective strategic retailing in which the right positioning and an adequate location play a decisive role. By adequately investing in store-outside-a-store strategy, retailers can achieve greater consonance between positioning and location, which can have a positive effect on retail brand experience.

Indeed, the results of the second study underscore that self-congruity has a positive influence on retail brand experience which activates sensory, affective, and behavioral dimensions in terms of visual perception, feelings & emotions, and active consumer participation respectively ([Brakus et al., 2009](#); [Musa & Putit, 2013](#)). This influence is then reflected in improved store patronage. In particular, the circular format taps into the need for social connectivity, rendering community attachment as more important than the service attributes.

Additionally, the results show that shopping value moderates store patronage. Previous studies had discovered that consumers of city centers exhibited a higher level of hedonistic shopping motivation than non-urban consumers ([Arnold & Reynolds, 2003](#); [Kim, 2006](#); [Teller,](#)

[Reutterer, & Schnedlitz, 2008](#)). Similarly, our study has demonstrated that the circular format attracts higher levels of hedonic shopping value, which improves the relationship between this format and store patronage. This depends on the external context (e.g., surrounding architecture) around the circular format, which shapes customers' perceptions of quality in a co-evolutionary manner.

7. Conclusions

This research investigated the circular format: a cluster of heterogeneous stores within a city center that fall under the same brand, as part of a store-outside-a-store strategy. This concentration of stores in a place with high territorial vocation (e.g., distinctive identities or high touristic traffic) has an impact on store image, self-congruity, retail brand experience, and store patronage. The effectiveness of the circular format derives from not only the functional and complementary relationships among a brand's extensions but also the potential for a new social and cultural exchange experience(s) owing to the surrounding locale. This consonance may attract new consumer segments or create new avenues for tourist/cultural growth by generating positive externalities.

Ultimately, it appears that the retail brand experience within the circular format has a positive impact on store patronage. In other words, consumers seem to have a better overall experience with the circular format than the traditional format. While a global pandemic decreases the attractiveness of enclosed spaces owing to public health concerns, having an outdoor space between stores nevertheless alleviates such concerns for shoppers. Furthermore, the value of hedonic shopping has a greater impact on the relationship between the circular format and store patronage than the value of utilitarian shopping. In evolutionary terms, hedonic shoppers like to 'hunt', and it is possible that they may view the circular format as more conducive for that consumer adventure.

7.1. Managerial implications

The process of commercial modernization and the development of large sales structures have pushed retailers to review their development strategies. The circular format is one such model that has arisen to help evolved retail formats (e.g., city center, shopping street etc.) in alleviating their inherent disadvantage vis a vis created retail formats (e.g., malls) ([Teller, 2008](#)). By adopting this new development model, small and medium retailers have sought to create value and achieve competitive advantage by better embedding themselves in the local economic structure. The circular format, with the store-outside-a-store strategy, needs to invest in new skills for the management of different stores, while ensuring advantages in both inter-type and intra-type competition.

Furthermore, the circular format plays a complex role in the local economy because it typically appropriates an urban space, and thus involves public authorities and other stakeholders. In the interest of smooth overall functioning, the main brand must establish a trusting relationship with those entities. In this regard, the circular format could help to rebuild abandoned locations or improve the quality of life for local communities in a co-evolutionary perspective. After all, benefits that accrue from a revitalization of the surrounding locale would also positively impact the circular format.

In short, the circular format could represent an opportunity for retailers toward viable growth, not just in Italy, but in all those places where it is possible to legally exploit the holistic culture of a territory by adopting it as the locale.

7.2. Opportunities for future research

Our research was confined to only one small city of Italy. Obviously, the associated external validity is quite limited, and one cannot make confident generalizations across even Italy let alone the world. This,

however, presents three opportunities for future researchers. *First*, replicating this research in other places and/or countries may enhance the external validity of the initial findings reported in this paper. *Second*, the structured questionnaires that we administered may have introduced a non-sampling error, mainly related to an error in responses (inaccurate responses from respondents due to fatigue, boredom, misunderstanding, distortions for “social desirability”, self-selection errors, or related to a lack of will or embarrassment). To preclude this error, future researchers could endeavor to not only develop a better instrument but also adopt or design better ways to collect data. *Third*, and finally, future researchers could assess the role of other factors such as store atmospherics and place attachment to gain an even deeper understanding of the relationship between the circular format and store patronage.

Funding

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Acknowledgement

None.

References

- Addis, M., & Holbrook, M. B. (2001). On the conceptual link between mass customization and experiential consumption: An explosion of subjectivity. *Journal of Consumer Behavior*, 1(1), 50–66.
- Ahn, J., Park, J. K., & Hyun, H. (2018). Luxury product to service brand extension and brand equity transfer. *Journal of Retailing and Consumer Services*, 42, 22–28.
- Ailawadi, K. L., & Keller, K. L. (2004). Understanding retail branding: Conceptual insights and research priorities. *Journal of Retailing*, 80(4), 331–342.
- Arnold, M. J., & Reynolds, K. E. (2003). Hedonic shopping motivations. *Journal of Retailing*, 79(2), 77–95.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value. *Journal of Consumer Research*, 20(4), 644. <https://doi.org/10.1086/jcr.1994.20.issue-410.1086/209376>
- Bäckström, K. (2011). Shopping as leisure: An exploration of manifoldness and dynamics in consumers shopping experiences. *Journal of Retailing and Consumer Services*, 18(3), 200–209.
- Bäckström, K., & Johansson, U. (2006). Creating and consuming experiences in retail store environments: Comparing retailer and consumer perspectives. *Journal of Retailing and Consumer Services*, 13(6), 417–430.
- Baker, J., Parasuraman, A., Grewal, D., & Voss, G. B. (2002). The influence of Multiple store environment cues on merchandise value and patronage intention. *Journal of Marketing*, 66, 120–141.
- Banerjee, A., & Drollinger, T. (2017). Store within a store: Matched versus mismatched image perceptions. *Journal of Retailing and Consumer Services*, 36, 53–61.
- Bitner, M. J. (1992). Servicescapes: The impact of physical surroundings on customers and Employees. *Journal of Marketing*, 56(2), 57–71.
- Blut, M., Teller, C., & Floh, A. (2018). Testing Retail Marketing-Mix Effects on Patronage: A Meta-Analysis. *Journal of Retailing*, 94(2), 113–135.
- Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*, 73(3), 52–68.
- Branaghan, R. J., & Hildebrand, E. A. (2011). Brand personality, self-congruity, and preference: A knowledge structures approach. *Journal of Consumer Behaviour*, 10(5), 304–312.
- Byrne, B. M. (1998). *Structural equation modeling with LISREL, PRELIS, and SIMPLIS: Basic concepts, applications, and programming*. Mahwah, NJ: Erlbaum.
- Chebat, J.-C., Sirgy, M. J., & St-James, V. (2006). Upscale image transfer from malls to stores: A self-image congruence explanation. *Journal of Business Research*, 59(12), 1288–1296.
- Chebat, J.-C., Sirgy, M. J., & Grzeskowiak, S. (2010). How can shopping mall management best capture mall image? *Journal of Business Research*, 63(7), 735–740.
- Clulow, V., & Reimers, V. (2009). How do consumers define retail center convenience? *Australasian Marketing Journal*, 17(3), 125–132.
- Collins-Dodd, C., & Lindley, T. (2003). Store brands and retail differentiation: The influence of store image and store brand attitude on store own brand perceptions. *Journal of Retailing and Consumer Services*, 10(6), 345–352.
- Diamantopoulos, A., Sarstedt, M., Fuchs, C., Wilczynski, P., & Kaiser, S. (2012). Guidelines for choosing between multi-item and single-item scales for construct measurement: A predictive validity perspective. *Journal of the Academy Marketing Science*, 40(3), 434–449.
- El Hedhli, K., Zourrig, H., & Park, J. (2017). Image transfer from malls to stores and its influence on shopping values and mall patronage: The role of self-congruity. *Journal of Retailing and Consumer Services*, 39, 208–218.
- Enders, A., & Jelassi, T. (2000). The converging business models of internet and bricks-and-mortar retailers. *European Management Journal*, 18(5), 542–550.
- Escalas, J. E., & Bettman, J. R. (2003). You Are What They Eat: The Influence of Reference Groups on Consumers' Connections to Brands. *Journal of Consumer Psychology*, 13(3), 339–348.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39–50.
- Gilboa, S., & Vilnai-Yavetz, I. (2013). Shop until you drop? An exploratory analysis of mall experiences. *European Journal of Marketing*, 47(1/2), 239–259.
- Gilboa, S., Vilnai-Yavetz, I., & Chebat, J. C. (2016). Capturing the multiple facets of mall experience: Developing and validating a scale. *Journal of Consumer Behaviour*, 15(1), 48–59.
- Grewal, D., Roggeveen, A. L., & Nordfält, J. (2017). The Future of Retailing. *Journal of Retailing*, 93(1), 1–6.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate Data Analysis* (5th ed.). Upper Saddle River, NJ: Prentice Hall.
- Hayes, A. F. (2018). *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach* (2nd ed.). New York: Guilford Press.
- Healy, M. J., Beverland, M. B., Oppewal, H., & Sands, S. (2007). Understanding retail experiences – the case for ethnography. *International Journal of Market Research*, 49(6), 751–778.
- Hoch, S. J. (2002). Product Experience Is Seductive. *Journal of Consumer Research*, 29(3), 448–454.
- Hogreve, J., Iseke, A., Derfuss, K., & Eller, T. (2017). The Service-Profit Chain: A Meta-Analytic Test of a Comprehensive Theoretical Framework. *Journal of Marketing*, 81(3), 41–61.
- Jones, M. A., Reynolds, K. E., & Arnold, M. J. (2006). Hedonic and utilitarian shopping value: Investigating differential effects on retail outcomes. *Journal of Business Research*, 59(9), 974–981.
- Kang, J., & Kim, Y. K. (1999). Role of entertainment in cross-shopping and in the revitalization of regional shopping center. *Journal of Shopping Center Research*, 6(2), 41–71.
- Khan, I., & Rahman, Z. (2015). Brand experience anatomy in retailing: An interpretive structural modeling approach. *Journal of Retailing and Consumer Services*, 24(C), 60–69.
- Kim, H.-S. (2006). Using Hedonic and Utilitarian Shopping Motivations to Profile Inner City Consumers. *Journal of Shopping Centre Research*, 13(1), 57–79.
- Kim, C. K., Lavack, A. M., & Smith, M. (2001). Consumer evaluation of vertical brand extensions and core brands. *Journal of Business Research*, 52(3), 211–222.
- Levy, M., & Weitz, B. A. (2009). *Retailing Management* (7th ed.). New York: McGraw Hill.
- Liao, Y. Y., & Liaw, G. F. (2011). How Cues in the Multiple Store Environment Influence Shopping Mood and Patronage Satisfaction? *The Journal of International Management Studies*, 6(1), 27–32.
- Musa, R., & Putil, L. (2013). Mediating Role of Experiential Value in Self Congruity and Behavioral Intention Relationship. *International Journal of Business and Management Studies*, 2(3), 109–121.
- Netemeyer, R. G., Heilman, C. M., & Maxham, J. G. (2012). The Impact of a New Retail Brand In-Store Boutique and its Perceived Fit with the Parent Retail Brand on Store Performance and Customer Spending. *Journal of Retailing*, 88(4), 462–475.
- Nunnally, J. C. (1978). *Psychometric Theory* (2nd ed.). New York: McGraw-Hill.
- Paniccia, P. M. A., & Leoni, L. (2019). Co-evolution in Tourism: The case of Albergo Diffuso. *Current Issues in Tourism*, 22(10), 1216–1243.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903.
- Rosenbaum, M. S., & Massiah, C. (2011). An expanded servicescape perspective. *Journal of Service Management*, 22(4), 471–490.
- Sirgy, M. J., Grewal, D., Mangleburg, T. F., Park, J.-O., Chon, K.-S., Claiborne, C. B., ... Berkman, H. (1997). Assessing the Predictive Validity of Two Methods of Measuring Self-Image Congruence. *Journal of the Academy of Marketing Science*, 25(3), 229–241.
- Sirgy, M. J., Grewal, D., & Mangleburg, T. (2000). Retail environment, self-congruity, and retail patronage: An integrative model and a research agenda. *Journal of Business Research*, 49(2), 127–138.
- Srivastava, R. K., & Natu, A. (2014). A 7Ps Model of Retail Patronage: A Meta-Synthesis of Contemporary Research. *International Journal of Retail Management and Research*, 4(1), 1–22.
- Sudman, S. (1980). Improving the Quality of Shopping Center Sampling. *Journal of Marketing Research*, 17(4), 423–431.
- Teller, C. (2008). Shopping streets versus shopping malls – determinants of agglomeration format attractiveness from the consumers' point of view. *The International Review of Retail, Distribution and Consumer Research*, 18(4), 381–403.
- Teller, C., & Elms, J. R. (2012). Urban place marketing and retail agglomeration customers. *Journal of Marketing Management*, 28(5-6), 546–567.
- Teller, C., & Reutterer, T. (2008). The evolving concept of retail attractiveness: What makes retail agglomerations attractive when customers shop at them? *Journal of Retailing and Consumer Services*, 15(3), 127–143.

- Teller, C., Reutterer, T., & Schnedlitz, P. (2008). Hedonic and utilitarian shopper types in evolved and created retail agglomerations. *The International Review of Retail, Distribution and Consumer Research*, 18(3), 283–309.
- Teller, C., Wood, S., & Floh, A. (2016). Adaptive resilience and the competition between retail and service agglomeration formats: An international perspective. *Journal of Marketing Management*, 32(17-18), 1537–1561.
- Vázquez, R., Rodríguez-Del Bosque, I. A., Ma Diaz, A., & Ruiz, A. V. (2001). Service quality in supermarket retailing: Identifying critical service experiences. *Journal of Retailing and Consumer Services*, 8(1), 1–14.
- Verhoef, P. C., Kannan, P. K., & Inman, J. J. (2015). From multi-channel retailing to omnichannel retailing: Introduction to the special issue on multi-channel retailing. *Journal of Retailing*, 91(2), 174–181.
- Xu, Y. H., Zhang, M. L., & Tang, S. L. (2011). The Impact of Brand Experience on Relational Benefit: The Role of Brand Familiarity, Brand Image and Brand Personality. *Advanced Materials Research*, 225(226), 103–106.

Lucrezia Maria de Cosmo is Assistant Professor of Economics and Business Management at the Department of Economics, Management and Business Law of the University of Bari “Aldo Moro”. She is lecturer in Strategic Marketing and Destination Management at the same Department. She received his Ph.D. in Business Administration at the University of Bari. Her research interests are in the following areas: Channel and Retail Marketing;

Consumer Decision Making and Choice; Customer and Dealer Satisfaction, Digital Marketing. She is the author of articles published in both national and international journals on topics such as consumer and shopper behavior.

Luigi Piper is contract Professor of Economics and Business Management at the University of Bari and research fellow at the University of Salento where he received his Ph.D. in Economics and Mathematics Statistics. He is the author of numerous articles published in national and international journals on topics such as: consumer behavior and consumer psychology. He also works in the economic and financial field with various companies and banking institutions and collaborates in national and international research projects.

Rajan Nataraajan is Emeritus Professor (Auburn University, U.S.A.) as well as a freelance professor doing academic stints across the globe. He was also the executive editor of the well-known journal *Psychology & Marketing* for a quarter of a century.

Luca Petruzzellis is Professor of Marketing at the University of Bari Aldo Moro. He co-authored a text book on consumer behavior. He has also published in various Italian and international journals, such as *European Journal of Marketing*, *Journal of Consumer Marketing*, *Journal of Brand Management*, *Managing Service Quality*. His research focuses on sensory branding, mass customization, destination branding and cross cultural studies.