

Antecedents to Local Store Loyalty: Influence of Cosmopolitanism, Culture and Price

Abstract:

Developing economies like India are seeing increasing cosmopolitanism yet are culturally rooted. The two opposite phenomenon of keeping the traditional culture with accepting newer values has a tendency to affect consumer behaviour. The current research investigates if cosmopolitanism is affecting Indian customers or culture still plays the dominant role in determining loyalty. It was found that culture and price affected local store loyalty directly. Cosmopolitanism was not found to have direct effect on loyalty. Within cultural dimensions, Masculinity emerged as the most dominating trait. Minor modifications in cultural scale and major modifications in local store loyalty and cosmopolitanism is recommended for Indian consumers.

Keywords: Cosmopolitanism, long term orientation, masculinity, power distance, price, local store loyalty

Indian Retailing Sector:

Indian retail sector has undergone several changes in recent years. Liberalization policies pursued by Indian government have attracted investment from global retailers. New retail formats that were popular in big cities are increasingly finding their way in smaller towns and cities (Srivastava, 2008). Organized retailing has grown steadily in northern and western parts of the country. Earlier, organized retail in grocery and food had been more popular in South India. In recent years, with saturation of organized retail formats in metropolitan cities, many private firms have tried to exploit retailing opportunities by targeting consumers in smaller cities. Indian consumers' are willing to experiment with one-stop shopping formats. Lapoule

(2010) states growth of organized retail is affected by political climate of the region. Political parties have been vociferous about protecting interests of small retailers as organized retailing is likely to affect the fate of small retailers. Given the popularity of small stores, Indian consumers prefer to shop from stores located within 2-3 km range from their homes. The small retail stores constitute ninety percent of Indian retail sector (Ramkrishnan, 2010). Traditionally Indian retail industry was predominated by unorganized sector comprising of drug stores, medium and small grocery stores. The entry of organized retailers post liberalization has brought several changes in terms of retail formats. Organized retail sector remained dormant largely due to poor infrastructure, low product variety, and conservative Indian consumers. Organized retailing contributes 70-80 percent of total retail trade in developed countries (Goswami and Mishra, 2009); however, its share in India is very small (Sengupta, 2008).

With substantial reforms taken up by government, organized retailing is expanding at an annual rate of 25.1 percent, and is expected to touch sales of \$162 billion by 2020 with total retail share of 12.4 percent (Sen, 2013). Reardon and Minten (2011) analyzed evolution and growth of modern retail formats in India. The organized retailing has been characterized by government owned retail chains, cooperative retail chains, and private retailers. All these retail formats continue to co-exist. Small retail formats are popular among consumers due to convenience and accessibility.

Prasad and Aryasri (2011) examined Indian consumers' preference for retail formats in food and grocery segment. Shoppers' age, education, occupation, income, family size, and distance traveled to store influenced retail format choice. Shopping values, lifestyles, and shopping orientation were useful for segmenting grocery and food consumers. Similarly, Roy and Goswami (2007) state that psychographics affected retail and product choices among Indian college students. Yun and Pysarchik (2010) posit that Indian consumers' 'expected

value' for new food items was affected by intrinsic and extrinsic cues. Indian consumers' are accustomed to purchase fresh foods and it was difficult for them to perceive benefits in 'value-added foods'. This attitude would affect their decision to purchase food items from organized retailers. Extrinsic search cues like 'brand names, prices, and packaging' and intrinsic search cues like shelf life can be important for communicating value to consumers.

Gupta, Yang, and Speece (2002) state local retailers have a strong local touch. They understand demand for products and are able to assess products that sell based on their familiarity with local tastes, consumer preferences, and consumption patterns. According to Aggarwal (2000), local stores in India have an edge over supermarkets for many reasons. Indian housewife is reluctant to go further than nearest local store for purchase of items of daily use. Local stores promise free home delivery and accounts are settled at consumers' convenience at interest free rates. Proximity, customized service, and low price are important determinants of local store popularity (Business Today, 1999). In another research on retail store loyalty, Yun, Pysarchik, and Dabas (2012) found that self congruity is important determinant of food store loyalty and patronage. The results suggest that for small retail stores, food product assortments, services, and facilities were not important in predicting patronage behaviour. However, sales promotions and store experience were important for consumers. The relationship between Indian consumers and local retailers was important driver to store loyalty. The local retailer not only caters to daily grocery needs of the local community but also provides a place for social interaction. The local retailer is a part of the community and consumers feel bounded by social affiliation. The sales promotions and discounts offered by local stores make it difficult for consumers to switch to other retail formats. However, in case of supermarkets, food product assortment was important predictor of store loyalty. Organized retail must draw away shoppers from road-side-hawkers and local

stores to supermarkets by focusing on value proposition (Anand and Nambiar, 2003). The current research tries to add to existing literature on Indian retailing by examining influence of cultural values, cosmopolitanism, and low pricing strategies on consumers' loyalty towards local stores. Researches on Indian retail sector have examined influence of demographics, psychographics, and promotions on consumers' retail store preferences. There is limited research to examine influence of these factors in a single study.

Further, it would be interesting to understand influence of cosmopolitanism on store loyalty. Cosmopolitanism is likely to make people open to new retail formats and may motivate people to explore organized retailing options. Cosmopolitan values would have negative impact on local store loyalty behaviour. Equipped with higher income and variety of product options, new generation Indian consumer is likely to be affected by global shopping culture. An examination of extant literature suggests that organized retailing has brought challenges for small retailers who are unable to compete with better resources and expertise of organized retail (Fiorito and LaForge, 1986; Smith and Sparks, 2000; Megicks, 2001; Megicks and Warnaby, 2008; D'Andrea, 2010; Clarke and Banga; 2010). Converging tastes and preferences due to proliferation of global mass media, telecommunication networks, and mobility of people has brought changes in cultural values (Cornwell and Drennan, 2004).

Theoretical Framework & Hypothesis Development

Matsumoto et al. (1996) posit that globalization and economic development have brought changes in cultural values. Collectivist societies like Japan have undergone change in their cultural values. Economic development, increase in income levels, and technological advancements have apparently brought changes in lifestyles and cultural values. Collectivist societies are increasingly exhibiting individualistic tendencies. Researchers attribute these changes to intermingling of cultural values and willingness to accept values of other cultures

(Holton, 2000; Cannon and Yaprak, 2002; Stevenson, 2002; Caldwell et al., 2006; Cleveland and Laroche, 2007). Craig and Douglas (2006) suggest that globalization has brought changes like cultural contamination, hybridization, and pluralism. The changes in lifestyles, values, and attitudes are likely to affect consumption patterns and product, services, and retail choices. The research explores relationship between cultural values, cosmopolitanism, and price on retail choice decisions of Indian consumers. It was assumed that retail choice and loyalty is affected by cultural orientation, availability of retail formats, influence of cosmopolitan values, and pricing strategies employed by retailer. The research draws from local store loyalty researches in western societies to investigate the relationship between these variables. Cosmopolitanism as a variable has not been adapted to understand Indian consumers' store loyalty behaviour.

The variables considered for research are examined in following sections.

Cultural values & consumption decisions:

Research has emphasized role of cultural values on various consumption related decisions. Cultural values have been classified as collectivism, masculinity, power distance, long term orientation, and uncertainty avoidance (Hofstede, 2000). Hui and Triandis (1986) define collectivism as concern about others' actions and behaviours. People are willing to accept interference of others in their life and conformance with social norms is important. It relates to sharing of material and non-material benefits, willingness to accept other people's opinions, concern about loss of respect or face, and interdependence of one's outcome with others' outcomes. In individualistic cultures people exhibit less concern for others. In high collectivist societies, consumers' acceptance of products is influenced by social groups. Hofstede's (2000) cultural dimension of 'power distance' suggests society's acceptance of hierarchies and differences among individuals. Individuals are comfortable obeying orders,

social norms, traditions, and show respect to people in high positions. It explains society's acceptance of unequal power distance. Individualism implies that people in individualist cultures are focused towards their own welfare. In collectivist cultures, group identity and conformance to social systems is important (Markus and Kitiyama, 1991). Uncertainty avoidance suggests individuals' desire for structured policies and procedures. They adhere to social systems and norms in order to avoid ambiguity and uncertainty. In countries with high uncertainty avoidance, people place lot of importance on financial security and written laws.

Masculinity relates to society's acceptance of masculine values like success, money, status, and accomplishments. Countries with high feminism scores place kindness, generosity, and tenderness as dominant values (Hofstede and Bond, 2004). Long-term orientation reflects extent to which a society exhibits a pragmatic, future-oriented perspective. Individuals value perseverance, peace of mind, relationships, and thrift (De Mooij and Hofstede, 2002). These cultural values have been applied to understand consumers' predispositions towards products, brands, innovations, and retail. Consumers from different cultures exhibit different consumption patterns and choices.

Hulten and Vanyushyn (2011) compared grocery shopping behaviour of Swedish and French households. French shoppers were influenced by in-store displays, promotions, and two-for-the price-of-one offerings, while Swedish consumers exhibited impulsive tendencies. Cleveland et al. (2011a) examined influence of cultural values on cosmopolitanism among Canadian and Turkish consumers. Differences in collectivist or individualist orientation did not affect levels of cosmopolitanism. Global consumer segments were found to exist despite religious and conservative value systems in Turkey. Hoare and Butcher (2008) examined influence of Chinese cultural values on satisfaction/loyalty and service quality dimensions for diners. Service quality dimensions like food appeal, interaction quality, and performance were related with customer loyalty. In another research, Murali et al. (2005) investigated

influence of interpersonal influence on French and English Canadian consumers. Individualism had a negative effect on consumers' susceptibility to interpersonal influence. French Canadians were more susceptible to interpersonal influence than English Canadian consumers. Cultural values affected consumers' ability to be influenced by group norms.

Singh (2006) studied influence of culture on adoption of new products. Cultures characterized by small power distance, uncertainty avoidance, and masculinity would exhibit tendencies to adopt new products and innovations. Consumers belonging to collectivist cultures, with high power distance, femininity, and uncertainty avoidance are likely to be slow in adopting innovations. They would be more susceptible to interpersonal influence and normative influence would play an important role in convincing them to try new products. Social interactions, cultural values and traditions influenced consumers' adoption of innovations (Dwyer et al., 2005; Yalcinkaya, 2008). In context of online retailing, Singh et al. (2006) opine that culture influenced attitudes and perceptions towards online shopping websites. Culture influences consumers' interpretation and perception of symbols, colours, layout, and design of shopping website. Kim and Chen-Yu (2005) reported differences among Korean and American customers' attitudes towards discount retail store attributes, evaluation, and satisfaction. These differences were attributed to cultural differences among consumers. However, no difference was found with respect to shopping orientation and store patronage. In a research on Indian consumers, Khare (2013) found that demographic factors like education, age, and gender moderate influence of cultural values on Indian consumers' preference to shop from local retail stores. Consumers' familiarity with local stores reduced their perceptions of risk related to product purchase. Women and younger consumer groups preferred to shop from local stores.

Cultural values play significant role in consumers' evaluations of products and brands. Social influence was more apparent in collectivist cultures. Teimourpour and Hanzaee (2011) examined influence of culture and religion on Iranian consumers' evaluation of luxury value. Consumers belonging to collectivist cultures purchased products according to social norms and group affiliations. They experienced high level of conformist motivations while purchasing luxury products. Fashion and luxury products communicate status in collectivist cultures as hierarchies and power distance are readily accepted. Yun, Verma, Pysarchik, Yu, and Chowdhury (2008) examined the role of individual/personal and group level factors on Indian consumers' adoption of new food products. Indian consumers' perceptions like relative advantage, compatibility, observability, and complexity of new food items affects its adoption. Collectivism and social norms affected decision making. People exhibiting innovative tendencies were likely to purchase new food products. Although global values have weakened traditional cultural values, social norms still influenced adoption of new products.

However, globalization has brought about a change in consumers attitudes. Piron (2006) found that Chinese consumption values have undergone change and people preferred products that enhance self interest, status, and materialistic values. Products were used to suggest affluence and establish connection with local community. Overlapping of collectivist and individualist values was apparent. Meng (2011) examined influence of culture on American and Chinese consumers' price perceptions. Consumers in collectivist and long term orientation cultures are more value conscious as compared to consumers from individualist cultures. Long term orientation made them focus on saving money for future and they are prone to sales and price comparisons.

Cosmopolitanism and consumer behaviour:

Global mass media has brought about several changes in local culture. People have become sensitive towards cultural values of other countries (Thompson and Tambyah, 1999; Brennan, 2001; Cannon and Yaprak, 2002; Stevenson, 2002; Caldwell et al., 2006; Cleveland and Laroche, 2007; Cleveland et al. 2011a). Cosmopolitanism reflects individuals' openness and acceptance of diverse views and cultural values (Holton, 2000). Demangeot and Sankaran (2012) found that immigrants adopt different approaches to adjust in foreign country. They may be quick to assimilate diverse cultural values, food, music, and lifestyles or may follow a cautious approach. Assimilation of foreign culture and lifestyle is possible by giving meaning to foreign values within existing traditional value system (Eckhardt and Mahi, 2004). Foreign mass media, brands, clothes, cuisines representing diverse values are assimilated in existing cultural structures while upholding local cultural values. Cultural compatibility and transformability is important part of cosmopolitanism (Yoon et al. 1996; Cleveland and Laroche, 2007; Cleveland et al. 2011a).

Cleveland et al. (2012) examined linkages between acculturation, religiosity, ethnic identity, individual values, and consumption related values (materialism and ethnocentrism). They found that levels of ethnocentricity and religiosity varied according to ethnic identity. Jin and Kang (2011) found that Chinese consumers were influenced by western values. Collectivist cultural values were being increasingly replaced by individualistic values. Conformance to social norms, face saving and group conformity was less important in purchase decisions. Nijssen and Douglas (2008) state that globalization has led retailers to focus on 'world mindedness' and 'social mindedness' trends. Consumer social mindedness leads consumers' to prefer stores emphasizing ethical concerns by supporting farmers and artisans across the globe. Consumer world mindedness reflects consumers' favourable attitudes towards stores selling local products from different countries. Canon and Yapark (2011) examined concepts of cultural change, functional and symbolic need construal and patterns of change in cross

national segmentation. Consumers' in complex cultures are likely to assess products on performance whereas consumers in homogeneous cultures judge products on tradition. Products with superior functional performance would be viewed as symbol of quality and value. People would view such products as symbolizing best in the world. Cleveland et al. (2011b) reported relationship between ethnic identity and adoption of cosmopolitan values among Mexican, Korean, Chilean and Indian consumers. Cultural integration led consumers to imbibe local cultural values along with global values.

Local Store loyalty:

There have been several researches to understand local store loyalty behaviour. Consumers' decision to shop from local store was influenced by secondary and tertiary motivations like availability of shopping time, assortment, accessibility, store operating hours, and distance. The store environment factors were related to facilities like parking space, ambiance, products, service, and other shoppers. Social and functional factors have been reported as important drivers to store loyalty (Hozier and Stem, 1985; Miller and Kean, 1997; Miller et al. 1998; Home, 2002; Landry et al., 2005). Social factors were identified as interaction with other shoppers, relationship with local retailer, and interaction. Personality and lifestyle factors were important in predicting consumers' retail format choices. Jarratt and Polonsky (1993) state that outshoppers were socially more active, extroverts, innovative, have one or more children living at home, and younger than people who shop at their local retail stores. They combined shopping with pleasure and entertainment. Similarly, Jarratt (2000) classified outshoppers as consumers' looking for shopping enjoyment. They were socially active and seek shopping information. However, people preferring to shop in local area placed high relevance to friendliness and helpfulness. They evaluated local retailer on factors like contribution to community and relationship (Papadopoulos, 1980; Bloemer and Ruyter, 1998; Miller, 2001).

Seock and Lin (2011) examined influence of culture on store loyalty tendencies across Taiwan and USA. Collectivist and individualist values influenced consumers' loyalty tendencies. However, American consumers demonstrated higher collectivist tendencies than Taiwanese consumers. Individualistic values influenced evaluation of store attributes of customer care and convenience. Mullis and Kim (2011) examined influence of community attachment, satisfaction with local retailers, and local retailer loyalty behaviour of rural consumers in U.S. Consumers' community attachment and local retailer loyalty influenced their in-shopping behaviour. Prasad and Aryasri (2011) posit that consumers' age, income, gender, occupation, education, family size, and distance traveled to the store have an impact on consumers' intention to shop from local store.

Pricing Strategy of Local stores:

Promotional offers and low pricing strategies are effective in increasing footfalls (Yun and Pysarchik, 2010; Hulten and Vanyushyn, 2011). Consumers prefer local stores because of functional and economic benefits. Sullivan and Savitt (1997) posit that psychographics, patronage practices and income levels are important for local store patronage. Jackson and Stoel (2011) found that store loyalty can be improved by emphasizing on economic benefits. Internal strategies like creating consumer value in terms of cost and social interaction were important for survival of local stores. Deprived or economically backward consumers preferred to use the traditional retail formats for shopping (Williams and Hubbard, 2001). Social, economic factors and personal relationships were as important as locational convenience, family size, age, illness, car-ownership, and employment status. Convenience, quality, price, and range as important factors affecting local store choice (Kirkup et al., 2004). Low income single mothers and elderly consumers placed importance to easy access by foot to local store.

Clarke and Banga (2010) examined economic and social role of small retailers in local communities of UK. Poor consumers with low levels of car ownership preferred to shop from local retail stores. The value propositions combined functional, emotional, economic, and symbolic benefits local stores offered (Rintamaäki et al. 2007). The traditional stores are recognized as economic and social hub where fabrics of daily life of consumers are woven (Goldman et al., 2002; Lenartowicz and Balasubramanian, 2009). The credit facility offered by small retailers was their competitive strength (Amine and Lazzaoui, 2011).

Hypotheses:

Based on the literature review, following set of hypotheses regarding relationship between culture, cosmopolitanism, price and local store loyalty were considered

H₁: Cultural values adherence should increase local store loyalty as the local store is a part of the community and is often relationship oriented.

H₂: Cosmopolitanism should negatively affect local store loyalty as more cosmopolitanism in culture should lead people to try organized retailers and be open to global brands available better with organized retailers.

H₃: Low price should influence local store loyalty positively. Uniquely, In India, as against the developed world, the local store is often cheaper than organized retailers and is often very conveniently located.

Research Methodology:

The objective of the research was to test influence of latent constructs like culture, cosmopolitanism and low price on local store loyalty. The underlying relationship to be tested is graphically presented in Figure I.

[Insert Figure I here]

The exogenous variables of cosmopolitan, culture and price were assumed to have interrelationships.

Instrument Design:

The survey instrument consisted of four scales. The first construct was 'local store loyalty'. The scale developed by Hozier and Stem (1985) was used to measure Indian consumers' local store loyalty. Though this scale had been developed for western culture, it has been adapted to study local store loyalty of Indian consumers (Khare, 2012; 2013). The reliability score in earlier research suggest that scale was applicable in Indian context. It contains ten items which load under one factor in original scale.

The second scale was cultural value scale developed by Furrer et al. (2000). It contained twenty items which measure dimensions of long term orientation, individualism, masculinity, uncertainty avoidance, and power distance. The third scale was adapted from Cleveland and Laroche's (2007) work on acculturation. Only cosmopolitan sub-scale from acculturation scale was adapted for the research. It contained eleven items that loaded under one factor.

Fourth scale contained four items to understand consumers' price perception towards local stores. As mentioned in literature review, one of the important reasons for local store loyalty was the availability of credit facilities and low prices offered by local stores (Sullivan and Savitt, 1997; Miranda et al. 2005; De Vries, 2010; Clarke and Banga, 2010). This was considered an important factor influencing loyalty behaviour. The questionnaire also included measures about income, age, marital status, gender, education, city, and frequency of shopping from local retail store. All responses were taken on a five point Likert scale. Score of 1 meant strongly disagree and 5 strongly agree. Total items were forty five.

Data Collection:

Self-administered questionnaire was used to collect data through 'small retail store' intercept technique. The technique was similar to mall intercept method used by other researchers (Bush and Hair, 1985; Griffin et al., 2000). Consumers' visiting local stores for their household or grocery shopping were approached for the survey. To ensure that a diverse sample was collected which contained representation from small and big cities; both metropolitan and non-metropolitan cities were identified. Both metropolitan and non-metropolitan cities were conveniently selected to reduce sampling biasness. Seven cities were identified for the research. A convenience sampling technique was followed for selecting these cities. Metropolitan cities like Delhi, Kolkata, and Hyderabad and non-metropolitan cities like Guwahati, Chandigarh, Lucknow, and Indore were used for data collection. Different regions of the country were targeted in order to understand attitudes of Indian consumers. The researchers explained purpose of the research to the respondents. In some cases, respondents needed explanation on few items of the questionnaire therefore, explanations were provided. Proliferation of global media and Internet has acted as a binding force and most respondents had exposure to other countries' culture. They were able to relate with scale items. Stores located in residential areas were identified according to density of population in cities. Respondents were contacted at different periods of time in a day and week to reduce sampling errors and biases.

Sample Characteristics:

The sample contained equal percentages of metropolitan (49.4) and non-metropolitan (50.6) respondents. 54.2 percent respondents were males and 45.8 were females (demographic details of sample are presented in Table I). The income and education variables had more representation from middle income groups and educated people. Low and high income categories were not adequately represented. Education qualification comprised of more percentage of respondents with graduation degree.

[Insert Table I here]

Analysis& Findings:

The analysis was divided in two parts. First Confirmatory Factor Analysis (CFA) was run to establish whether the constructs proposed in the hypothesized model was valid in Indian context. Scales from Western studies had been adapted for the research; therefore, their applicability on Indian sample was studied through CFA. First order CFA was conducted for loyalty scale, cosmopolitanism and price as they have been considered unidirectional in literature.

CFA analysis for Price dimension with four variables proved adequately fit. Although, the chi square was significant with p value at .019 but all other fit parameters indicated decent fit. Comparative fit index (CFI), Goodness of Fit Index (GFI) and Adjusted Goodness of Fit Index (AGFI) of .90 or above imply strong uni-dimensionality (Bentler, 1990; Kline, 1998). The root mean square error of approximation (RMSEA) takes into account the error of approximation in the model (Byrne, 2010). This fit index ranges from 0 to 1 and values less than 0.05 indicate good fit (Bentler, 1990).The RMR value was .018 and GFI, AGFI were .994 and .997 respectively. All standardized residual covariance were less than the threshold value of 2.58. The RMSEA value of .065 also indicated a good fit. No change in the Price dimension was done based on the findings. Findings indicated that the price dimension is a single construct with four variables.

Cleveland and Laroche (2007) postulate cosmopolitanism as a single construct with eleven items. CFA results broadly confirmed the hypothesized structure but also suggested some refinement. Chi-square value showed inadequate fit but GFI and AGFI values of .950 and .924 indicated good fit. RMSEA value of .071 was within the accepted range. However, standardized residual covariance between first and second variable were found to be 3.354.

Similarly, for the second and third variables, the value stood at 4.016 indicating error indicating significant correlation. The modification index values were 31.582 and 50.184 for the two pairs respectively. Theory argues for the two pairs to be somewhat related (Caldwell et al. 2006; Cleveland & Laroche, 2007; Cleveland et al. 2011 a). The structure was modified with covariance between two pairs of residuals estimated freely. The modifications showed significant improvement in the fit parameters. The GFI and AGFI values improved to .971 and .954 respectively. RMSEA value improved to .051 and indicated a good fit. This measurement model was retained for further analysis in the structural model.

Loyalty scale is considered unidirectional with all 10 variables comprising a single construct (Hozier & Stem, 1985). Chi square showed inadequate fit and other indexes indicated a moderate fit. The GFI and AGFI values of .892 and .831 indicated a poor fit. RMSEA value of .12 suggested that data and hypothesized one factor model was not appropriate. An examination of the issues revealed several new relationships. Var1 and Var2 were highly correlated and with an MI of 101.68. Similarly, there were correlations identified for other pairs of variables with high standardized residual covariance and high modification index. These variables were Var9 – Var5, Var8 – Var7 and Var7 – Var6. The scale was readjusted with residual covariance among these pairs and recalculated. The modified structure showed considerable improvement over the first one. The GFI and AGFI values improved to .954 and .918 showing moderate fit. RMSEA value with .084 indicated moderate fit but showed an improvement over the earlier model. This modified loyalty scale was used for structural equation modeling. Still, there were strong indications of questioning the validity of considering store loyalty as a single factor.

Culture in literature is a multidimensional construct with five identified dimensions as Power Distance, Individualism, Masculinity, Uncertainty Avoidance and Long Term Orientation (Hofstede, 1980; Donthu & Yoo, 1998; Furrer et al. 2000; Patterson & Smith, 2003; Laroche

et al. 2005; Leung et al. 2005; Hoare & Butcher, 2008). Each of the subscale had four items (Furrer et al. 2000) and CFA of first order was conducted to establish whether subscale were applicable in Indian context. The first CFA was conducted on Power Distance. Although GFI and AGFI values indicated a good fit .988 and .942, still the residual covariance and modification indexes showed a strong covariance between the residuals of variable 3 and variable 4. The two error terms were connected and their covariance freely estimated in the next model. Chi-square showed a model fit. GFI and AGFI values further improved to .999 and .992 suggesting a very good fit. All other subscales viz. IDV, MAS, UAV and LTO conformed to the four variables per factor model (Furrer et al., 2000). GFI values ranged between .987 - 1 for these factors. AGFI was within acceptable range of .93 to .998. RMSEA had a larger range from 0 to .106 indicating a good to moderate fit. The four variable factor structures were found tenable and maintained for the second order CFA for culture. The second order CFA structure for Culture showed a lot of cross loadings and modification were required. Based on literature (Matsumoto et al. 1996; Leung et al. 2005; Wu, 2006; Saran & Kalliny, 2013; Khare, 2013) and indications from data, new second order CFA for culture was established. The standardized residual covariance between c4-c5, c8-c9, c9-c19 and c16-c17 were found to be significant and as such path was formulated between these residuals and covariance freely estimated. The resultant model for culture showed reasonable fit with GFI and AGFI values of .923 and .899 respectively. RMSEA value stood at .061. This CFA model was further used in the structural modeling.

Structural equation model was run to test the hypothesis whether latent variables of culture, cosmopolitanism and price would influence local store loyalty. Exogenous variables were also considered to be related to each other and this hypothesis was also tested.

[Insert Figure II here]

The model indicated only a moderate fit. Chi-square indicated poor fit with the data with p value of .000. The RMR, GFI and AGFI were .059, .860 and .843 respectively indicating only a moderate fit. All alternate hypothesis related to the relationship between culture, cosmopolitanism and price were accepted. All three covariance were significant. Except for H1 (cosmopolitanism) the other two alternate hypothesis were accepted. It was found that culture and price affected local store loyalty but no direct effect of cosmopolitanism was found. The standardized regression weights indicated that price had little influence in comparison to culture on local store loyalty. The weights were .163 and .529 for price and culture respectively. The standardized regression weights were also compared between various Hofstede's cultural dimensions. The values ranged between .689 (LTO) and .948 (MAS). It can be concluded that culture influences local store loyalty behaviour of Indian consumers. The results are similar lines to other researches that suggest influence of cultural values on store preference and assessment of store related attributes (Straughan & Albers-Miller, 2001; Ackerman & Tellis, 2001; Leung et al. 2005; Ngyuen et al. 2007; Ozedmir & Hewett, 2010; Seock & Lin, 2011; Khare, 2013). Cultural factor of Masculinity was found to have maximum influence on store loyalty behaviour, while Long Term Orientation factor contributed the least. The findings differ from earlier research on influence of culture on local store loyalty by Khare (2013) wherein long term orientation and collectivism influenced local store loyalty.

Discussion and Implications

For Researchers

The price scale was fitted the model well. No changes were proposed and it can be used in Indian context for further validation or refinement. For cosmopolitanism scale, two changes are proposed. The following pairs of variables were found to be significantly correlated. Cos1

(I am interested in learning more about people who live in other countries) and Cos2 (I like to learn about other ways of life) seem similarly worded and their high correlation was not unexpected. Similarly, the Cos2 (I like to learn about other ways of life) was also correlated with Cos3 (I enjoy being with people from other countries to learn about their unique views and approaches). There seems to be a case of redundancy in all three variables combined. The first variable discusses about liking other country people; the second, enquires about liking the ways of other country people which has strong linkage with the first item. The third variable is an extension of the second by suggesting that the others' way of life is unique. The cosmopolitan scale may be revised for Eastern culture. One of the three variables may be dropped for a better scale fitment. The loyalty scale requires considerable modifications. The two variables ls11 (I will pay slightly more for products if I can buy them locally) and ls12 (I shop outside my retail area before looking at what they offer locally) were found to be correlated. Ls12 is a reverse coded item and high positive correlation value indicates significant negative correlation. It makes intuitive sense that the first variable indicates loyalty as the person is even ready to pay more to local stores whereas the second variable indicates disloyalty so both were found to be negatively correlated. Similarly, ls16 (Shopping at local stores is enjoyable experience) indicates loyalty and ls17 (I will increase my interest in local stores when more products are available through them) indicates poor loyalty. Ls17 was reverse coded and both variables showed high negative correlation. The scale reported significant covariance among the four variables. It suggests a strong case for either of sub factors to be identified within loyalty dimension or reduction in scale items based on redundancy. Hofstede's cultural scale is well established. However, Power Distance dimension showed considerable interrelationships between the scale items. The variables c1 (Inequalities among people are both expected and desired) and c2 (Less powerful people should be dependent on the more powerful). Similarly, c3 (Inequalities among people should

be minimized) and c4 (There must be, and there are to some extent, interdependencies between less and more powerful people) were found correlated. It is reasonable to expect this as the first two variables show high power distances and the last two show reducing power distances. Refinement of scale was suggested.

The final model showed considerable cross loadings with c9 (Money and material things are important and c19 (Traditions should be respected) related. It is hard to explain the relationship between the two but the sample collected may provide some plausible answer. The data was collected from metros and non-metros were reasonably developed cities. The new age Indian is driven by materialistic tendencies of the Western culture and yet wants to preserve their traditional values (Cadwell et al. 2006; Mathur et al. 2008; Durvasula & Lysonski, 2008; Cleveland et al. 2011b; Gupta, 2013). Interestingly, it was found that the last variables of many subscales were related with the first variable of the next subscale. Of this, the pair c8 (People are identified by their position in the social networks to which they belong) of Individualism and c9 (Money and material things are important) relationship is interesting. Both variables indicate power and prestige in Indian society, which supports earlier research (Lindridge & Dibb, 2003; Lindridge, 2005; Banerjee, 2008). Possessions connote power, status and position in Indian society. The modifications suggested in cultural scale may be reexamined and revalidated in different settings to see their applicability. One of the important findings of current study is that Indian culture is different from other Eastern cultures. Lim & Park (2013) had suggested a change in values of Korean consumers, where they exhibited more cosmopolitan traits than American consumers. Similarly, Jin & Kang (2011) posit that globalization has brought changes in cultural values of Chinese consumers and group conformance was no longer important. However, in case of Indian consumers, strong influence of cultural values is still apparent.

For Marketers:

Cosmopolitanism didn't affect local store loyalty directly. In other words, customers' loyalty was not affected by wave of cosmopolitanism sweeping across Indian metros and non-metros. Literature provides sufficient support for robustness of Indian grocery (mom and pop) stores (Venkatesh, 2008; Halpete et al. 2008; Ramkrishnan, 2010). They provide customized and personalized products and services. The convenience and low prices offered by small retailers have contributed to their survival and profitability. The influence of culture was reported to be more than low price on local store loyalty. Understandably, Indian consumers' loyalty towards local retailers is guided by its cultural dimensions of Masculinity, Power Distance, and Long Term Orientation etc. as compared to low price. In fact, the significant covariance between Culture and Price negotiation is indeed indicative of price negotiation becoming a cultural trait of Indians. In fact, so much is its influence that organized retailers like Subhiksha, MORE, and Big Bazaar and MNCs like McDonalds are using it to promote their products.

For Policy Makers

The existing data and our findings support that the local stores in metros and non-metros have an ability to withstand the competition from organized retailers. It calls for a more liberalized regime for international organized retailers to set up their shops in India. Government should support local stores as they provide employment to local people and serve the needs of the community.

Conclusion & Future Research Directions:

Research findings suggest a strong influence of cultural values and low price on Indian consumers' store loyalty behaviour. Western scales have been adapted for testing influence of culture, price, and cosmopolitanism on local store loyalty. Local store loyalty scale developed by Hozier and Stem (1985) proposed two constructs which was different from earlier

research. The reason for changes in the Local loyalty scale can be for two reasons. Firstly, the scale was developed nearly thirty years ago and changes in retail formats, lifestyle, and infrastructure have brought changes in attitudes of consumers. The scale may no longer appropriately define loyalty construct and some refinement may be required. Secondly, the scale was developed for Western sample and may fail to capture the behaviour of consumers in Eastern culture. Similarly, cultural value scale developed by Furrer et al. (2000) may require some refinement to capture attitudinal and cultural values of new age consumers.

The findings of the research need to be further validated on a larger sample. Even though a sample of 710 was taken up for the study, a larger sample may help in capturing the cultural nuances of Indian consumers. Research can also be conducted to understand influence of lifestyle and demographics on store patronage and loyalty. Economic and utilitarian reasons for shopping at local store can be investigated.

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Appendix

[Insert Table II here]

Table I: Demographic Description of Respondents

Variable	Frequency	Percentage (%)
Type of City		
Metro	351	49.4
Non-metro	359	50.6
Gender		
Male	385	54.2
Female	325	45.8
Age		
18-21	85	12
22-25	179	25.2
26-30	138	19.4
31-40	108	15.2
41-50	129	18.2
Above 50	71	10
Marital Status		
Married	411	57.9
Unmarried	299	42.1
Household Income (monthly)		
Below INR 10,000 (below \$218)		2
INR 10,000- 20,000 (\$218-445)		12.3
INR 21,000- 30,000 (\$446-667)		20.7
INR 31,000- 40,000 (\$668-889)		29.4
INR 41,000 – 50,000 (\$890-1112)		29.7
Above 50,000 (\$ 1112)		5.9
Education		
Higher Secondary	56	7.8
Senior Secondary	148	20.8
Graduation	358	50.4
Post-Graduation	131	18.5
Ph.D.	17	2.4

Shop From Local Stores		
Always	153	21.5
Very Frequently	196	27.6
Frequently	181	25.5
Sometimes	140	19.7
Rarely	37	5.2
Never	3	0.4

Table II: Description of Variables

Variable	Description
ls11	I will pay slightly more for products if I can buy them locally.
ls12	I shop outside my retail area before looking at what they offer locally.
ls13	I shop at local stores because it is important to help local people.
ls14	I shop locally because it is convenient.
ls15	I shop locally to support local traders.
ls16	Shopping at local stores is enjoyable experience.
ls17	I will increase my interest in local stores when more products are available through them.
ls18	Because I am more familiar with local stores, I prefer shopping locally.
ls19	I shop at local stores even when product variety is poor.
ls110	I am loyal to my local shopping area.
c1	Inequalities among people are both expected and desired
c2	Less powerful people should be dependent on the more powerful
c3	Inequalities among people should be minimized
c4	There must be, and there are to some extent, interdependencies between less and more powerful people
c5	Everyone grows up to look after himself/herself and his/her immediate family only
c6	People are identified independently of the groups they belong to
c7	Other members in exchange for loyalty should protect an extended family member
c8	People are identified by their position in the social networks to which they belong
c9	Money and material things are important
c10	Men are supposed to be assertive, ambitious, and tough
c11	The dominant values in society are caring for others and preservation
c12	Both men and women are allowed to be tender and to be concerned with relationships
c13	High stress and subjective feeling of anxiety are frequent among people
c14	Fear of ambiguous situations and of unfamiliar risks is normal
c15	Uncertainty is a normal feature of life and each day is accepted as it comes

c16	Emotions should not be shown
c17	Willingness to subordinate oneself for a purpose is normal
c18	People should be perseverant toward long-term results
c19	Traditions should be respected
c20	Social obligations should be respected regardless of cost
cos1	I am interested in learning more about people who live in other countries.
cos2	I like to learn about other ways of life.
cos3	I enjoy being with people from other countries to learn about their unique views and approaches.
cos4	I like to try restaurants that offer food that is different from that in my own culture.
cos5	I enjoy exchanging ideas with people from other cultures or countries.
cos6	I like to observe people of other cultures, to see what I can learn from them.
cos7	I find people from other cultures stimulating.
cos8	I enjoy trying foreign food
cos9	When travelling, I like to immerse myself in the culture of the people I am visiting.
cos10	Coming into contact with people of other cultures has greatly benefited me.
cos11	When it comes to trying new things, I am very open
price4	I normally try to look for a scope to bargain on the price
price1	I prefer local store as they accommodate me on price
price2	I bargain on price with local store
price3	My local store accommodates my request for price

Figure I

Graphical Model representing various Structural Relationships being Tested

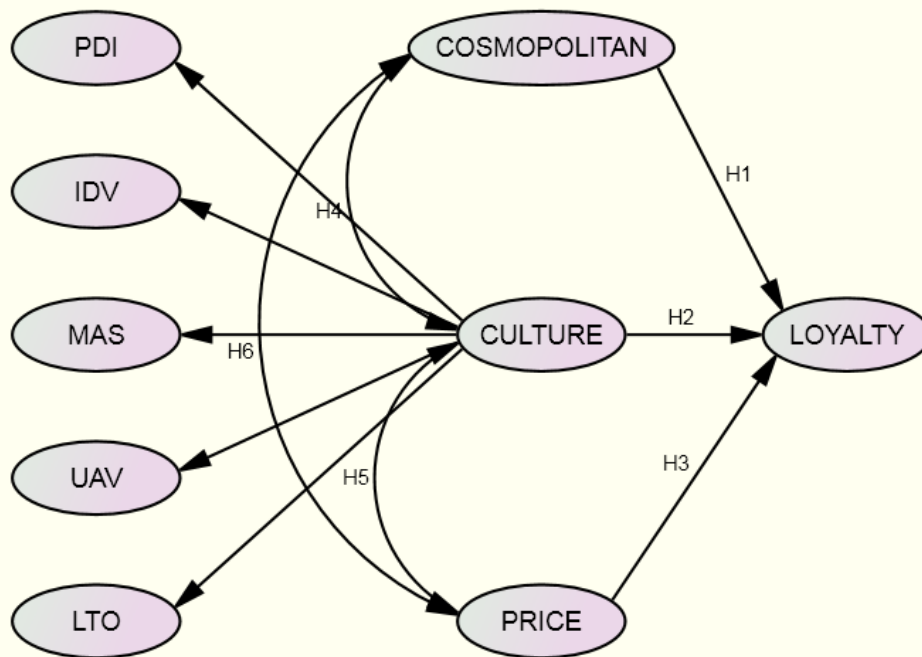


Figure II

Standardized Estimates of the SEM

