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Drivers of formal and informal retail patronage in emerging markets

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Abstract

Purpose: This study examines how formal retail formats (FRFs), and informal retail formats (IRFs) may co-exist as substitutes and complements in emerging markets because of store patronage driven by customers' chronic shopping orientations, and differences in salesperson consultation in the two retail formats.

Design/methodology/approach: Using a shopping motivational orientation framework, we develop and test a moderated-mediation model using survey data from 515 shoppers of formal and informal grocery retail outlets in India.

Findings: While task-focused and experiential-focused shopping orientations influence both FRF and IRF patronage, store satisfaction mediates these relationships and crucially attenuates the negative impact of task-focused orientation on FRF patronage. Salesperson consultation moderates the mediating effects of satisfaction in the link between shopping orientation and patronage of both FRFs and IRFs.

Research limitations/implications: The findings suggest that FRFs and IRFs could co-exist as complements and substitutes when patronage is examined as repeated visits determined by shopping orientation, mediated by satisfaction and moderated by salesperson consultation.

Practical implications: For FRFs and IRFs to be complements, both formats must prioritize their distinctive attributes that satisfy a consumers' chronic shopping orientation. Substitution depends on how both retail formats prioritize salesperson consultation and in-store characteristics that appeal to consumers' chronic orientation during specific shopping trips.

Originality: Whilst FRFs must satisfy task-focused shoppers to compete with IRFs, salesperson consultation can inhibit such satisfaction. However, the extent of co-existence between FRFs and IRFs depends on how each format leverages salesperson consultation to enhance satisfaction of experiential-focused shoppers.

Keywords: *Retailing, emerging markets, formal and informal retail formats, shopping orientation, patronage, satisfaction*

Introduction

The retailing sector is a major contributor to the gross domestic products (GDPs) and a key driver of economic growth in most emerging markets (Minimol and Nair, 2020). With large population bases, strong GDP growth, and fast-growing middle class, emerging markets are attractive investment destinations for global retail giants (Singh and Wagner, 2019). In India, food and grocery retailing makes-up 60% of the retail market and remains one of the most promising sectors for launching a retail business (Hiremath *et al.,* 2023). As one of the fastest-growing retail markets globally, the Indian retail sector attracts more than half of FDIs (Minimol and Nair, 2020), and is projected to grow at 9% annually, from $779 billion to $1.8 trillion between 2019 and 2030 (India Brand Equity Foundation, 2022).

Often described as the next retail frontier, emerging markets have attracted global retailers often competing with local informal retailers (Jerath *et al*., 2016). Although, comparatively, global retailers have enhanced retailing capabilities (Kardes *et al.,* 2021), they still face stiff competition from local informal retail formats (IRF) (Dholakia *et al*., 2018; Singh and Wagner, 2019). Thus, while the entry of large supermarket chains into emerging markets has reduced IRF numbers, those remaining IRFs have become stronger competitors of global retail giants (Jerath *et al.,* 2016). Scholars call for further research on factors driving patronage of formal retail format (FRF) and IRF in emerging markets, as new findings challenge traditional retail theories (Dholakia *et al*., 2018; Jerath *et al.,* 2016). This study responds to these calls and examines the drivers of FRF and IRF patronage in an emerging market.

FRFs include licensed supermarkets and hypermarkets with formal operations and salaried employees, while IRFs are mostly family-owned neighborhood shops – commonly known as *kirana* stores in India (Dholakia *et al.,* 2018), and smaller groceries stores closer to residential areas (Goswami and Mishra, 2009). This study conceptualizes patronage as repeated store

visits across formats over time (Uncles and Kwok, 2009). Such patronage behavior can facilitate substitution when consumers switch between FRF and IRF on different shopping trips or complementarity when consumers use both formats during multi-purpose shopping (Bonfrer *et al.,* 2022). To understand these dynamics, it is crucial to identify what motivates consumers in the same segment to patronize either FRF or IRF.

However, prior literature on patronage of FRFs and IRFs in emerging markets has mostly focused on factors influencing consumers from different market segments to choose either format (Maruyama and Wu, 2014; Maruyama *et al.,* 2016). Studies investigating these factors for consumers within the same market segment, often view the impact of these factors on one format as inversely related to the other (Hino, 2014; Kardes *et al.,* 2021; Paswan *et al.,* 2010). Therefore, how consumers in the same segment patronize FRFs and IRFs as substitutes or complements in emerging markets remains less understood. This study advances research in emerging markets' retailing by investigating the mechanisms through which consumer shopping orientation affects patronage of FRFs and IRFs as substitutes or complements for consumers in the same segment.

The balance of this paper proceeds as follows. First, we review the literature on FRF and IRF patronage in emerging markets. Next, we present a conceptual model and hypotheses. Then we discuss the methods, data analysis, and results. Subsequently, we discuss the findings and their implications. Finally, the study limitations and directions for future research are presented.

2. Literature Review

Shopping patterns and market structure analysis of FRF and IRF in emerging markets

Prior research has examined the relationship between FRFs and IRFs in emerging markets (e.g., Hino, 2014; Tran and Sirieix, 2020), from a market structure or evolution perspective by mostly

focusing on how consumers' food-shopping patterns shape the evolving relationship between FRFs and IRFs (see the systematic literature review in Appendix 1). Market structure analysis is a valuable tool for understanding competition and for assessing the substitutability and complementarity of market offerings (Matthe *et al.,* 2022). It also facilitates understanding of cross-shopping behavior and retail format competition including the structure and evolution of FRF and IRF competition in emerging markets (Bonfrer *et al.,* 2022).

From a market evolution perspective scholars used a market entry lens to identify socioeconomic class, retail outputs and consumer economic abilities as key drivers of patronage of FRF (Narayan *et al.,* 2015). Some scholars argue for FRFs to replace IRFs due to modern shopping offered by FRFs but acknowledge that many still prefer IRFs (Maruyama and Wu, 2014; Maruyama *et al.,* 2016). Some scholars differentiate competitive advantage of both formats with environmental factors driving patronage of FRF online (Kardes *et al.,* 2021), and IRFs offline (Dholakia *et al.,* 2018). Thus, FRF and IRF patrons may not be mutually exclusive as customers may shop across both formats to satisfy different motives.

Although some studies measure the effects of cross-shopping behavior on FRF and IRF indirectly through IRFs share of wallet spent (Paswan *et al.,* 2010), and FRF market share (Hino 2014) or directly by modelling consumer choices at both formats to deduce IRF market share and FRF profitability (Jerath *et al.,* 2016), these studies mostly overlook customer motivations driving patronage of both formats. Customer motivation is crucial in identifying store attributes appealing to customers with different shopping orientations and driving patronage of both IRF and FRF. While Dholakia *et al.,* (2018) identified some of these motives with qualitative study, the motives driving patronage of both formats remains underexplored.

3. Conceptual Framework and Hypotheses Development

Prior customer-oriented research employs judgmental, behavioral or motivational approaches to analyze market structures and to determine substitution and complementarity among offerings (Matthe *et al.,* 2022). Judgmental approach uses hypothetical perceptual maps for customers to evaluate substitution or complementarity but overlooks real-world customer choices whereas the behavioral approach uses scanner panel data to analyze customer inter-purchase times and switching behavior, but overlooks shopping motives (Shocker *et al.,* 1990; Yang *et al.,* 2021). Motivation approach evaluates customer motives for choosing between offerings or retail formats as complements or substitutes based on their offerings (Matthe *et al.,* 2022; Satyam *et al.,* 2022). This study adopts motivation approach to examine the drivers of FRF and IRF patronage as substitutes and complements in emerging markets.

According to shopping motivation theorists, the intensity, persistence, and direction of an individual's effort is a result of either extrinsic or intrinsic stimuli (Bonfrer *et al.,* 2022; Deci and Ryan, 1985). Extrinsic motivation emphasizes the reward for attaining a desired outcome, while intrinsic motivation focuses on the reward in the process of undertaking a task (Deci and Ryan, 1985). Thus, extrinsic motivation emphasizes store attributes as key drivers of patronage (Yokoyama *et al.,* 2022), while intrinsic motivation emphasizes consumers' shopping orientation as either task-focused or experiential-focused (Albrecht *et al.,* 2017; Büttner *et al.,* 2014). Task-focused shoppers rationalize shopping through costs-benefits analyses arising from store visits (Yokoyama *et al.,* 2022) whereas experiential-focused shoppers indulge in the shopping process by seeking pleasure, entertainment, and enjoyment from store visits (Elmashhara and Soares, 2019; Djelassi *et al.,* 2018).

Previous studies have identified variations in consumers' chronic shopping orientation, with some leaning towards experiential-focused while others favor a task-focused approach (Buttner

et al., 2014; Ganesh *et al.,* 2007). Kaltcheva *et al.,* (2011) suggest that a consumer's shopping orientation is influenced by the interplay between their chronic orientation and situational factors, with typical store environments prompting the chronic orientation while extraordinary store environments evoke a more atypical orientation. Thus, while consumers generally align their shopping orientation with their chronic preference, situational factors can activate a corresponding situational orientation overriding the chronic orientation (Büttner *et al.,* 2013).

Despite the situational overlaps in the two orientations, this study follows existing retail research dichotomizing the two orientations and categorizes shoppers as either chronically task-focused or experiential-focused (Büttner *et al*., 2015; Kaltcheva and Weitz, 2006). Thus, a consumer can only be either task-focused or experiential-focused but not both. This categorization aligns with the theorization that different attributes of both formats can appeal to the same market segment, inducing consumers, with either orientation as chronic consumer traits, to patronize FRFs and IRFs as substitutes across shopping trips and as complements on multi-purpose shopping.

However, the study argues that either format may appeal to both orientations as chronic orientations because shoppers with different shopping orientations may patronize the same format to satisfy different expectations (Kesari and Atulkar 2016). This argument is consistent with findings in FRF settings that experiential-focused shoppers prefer store atmospherics whereas task-focused shoppers prefer efficient store-layout (van Rompay *et al.,* 2012). Nonetheless, emerging markets' research shows that service personalization through salesperson interactions strongly influences food and grocery retail patronage (Arditto *et al.,* 2020) and the choice of IRF is mostly influenced by salespersons interactions (Dholakia *et al*., 2018; Jerath *et al.,* 2016). Accordingly, we advance a moderated-mediated conceptual model,

in which the effects of shopping orientation on patronage of FRFs and IRFs are mediated by store satisfaction, and this mediation is moderated by salesperson consultation (see Figure 1).

----Insert Figure 1 here----

3.1 Determinants of patronage of FRF and IRF

3.1.1 Effect of Task-focused and Experience-focused Orientation on Patronage

Prior research shows that task-focused shoppers prefer spacious stores, while experiential-focused shoppers favor high-arousing store environments with enjoyable atmospherics (Kaltcheva and Weitz 2006; Van Rompay *et al.,* 2012). Additionally, task-focused shoppers tend to shop less frequently than experiential-focused ones (Baker and Wakefield, 2012). Comparatively, FRFs are located at distant malls, have spacious layouts and extensive assortments that suit occasional shopping because of transport limitations (Jerath *et al.,* 2016). However, IRFs are located close to residential neighborhoods, have limited space, shallow assortments, lower prices, and often require staff assistance and this encourages frequent shopping as well (Dholakia *et al.,* 2018; Maruyama and Wu, 2014). Accordingly, task-focused shoppers may patronize FRFs for spacious layout, while experiential-focused shoppers patronize FRFs to enjoy the store atmospherics (Van Rompay, *et al.,* 2012). Whereas IRFs may attract task-focused shoppers for their lower prices, IRFs may attract experiential-focused shoppers to interact with familiar store staff for shopping intimacy (Baker and Wakefield, 2012; Paswan *et al.,* 2010). As both formats have features that could appeal to both task-focused and experiential-focused consumers, FRFs and IRFs may complement each other. Accordingly, we propose that:

H1: Task-focused orientation has a positive effect on store patronage for both (a) IRFs and (b) FRFs.

H2: Experiential-focused orientation has a positive effect on store patronage for both (a) IRFs and (b) FRFs.

3.1.2 Effect of Task-focused and Experiential-focused Orientations on Satisfaction

Prior research analyzed how shopping orientations affect store satisfaction in brick-and-mortar stores (Kesari and Atulkar, 2016) and discovered that consumers' satisfaction varies based on store attributes (Yokoyama *et al.,* 2022). Task-focused shoppers seeking to save time and money with easy access to products (Kaltcheva and Weitz, 2006), may find satisfaction in FRFs offering prior information on promotions and efficient shopping layouts helping to streamline the shopping task (Büttner *et al*., 2015). Conversely, IRFs may satisfy task-focused shoppers with convenient location and narrower assortment that facilitates quicker decision-making (Maruyama *et al.,* 2016). From market structures and shopping motivation perspectives, task-focused consumers find satisfaction in both retail formats and view them as complements and substitutes. Therefore:

H3: Task-focused orientation has a positive effect on satisfaction with both (a) IRFs and (b) FRFs.

Experiential-focused shoppers, valuing shopping experiences, social interactions, and recreation, may find satisfaction in IRFs because their proximity to residential areas allows for frequent visits (Baker and Wakefield, 2012; Elmashhara and Soares, 2019; Kaltcheva and Weitz, 2006). However, they can also derive satisfaction from FRFs with wider assortments, enabling comparison and enjoyable shopping atmosphere (Calvo-Porral and Lévy-Mangín, 2018). Thus:

H4: Experiential-focused orientation has a positive effect on satisfaction with both (a) FRFs and (b) IRFs.

3.1.3 Effect of task-focused and experiential focused orientation on patronage of retail formats through satisfaction

Prior research has established store satisfaction as a mediator between shopping motivation and patronage, primarily focusing on extrinsic factors like store attributes (Nair, 2018) or situational shopping value (Djelassi *et al.,* 2018). From an intrinsic motivation perspective, task-focused shoppers are likely to revisit FRFs if their expectations on monetary promotions and efficient layouts are met (Büttner *et al.,* 2015; van Rompay *et al.,* 2012). Similarly, they may return to IRFs if their expectations regarding proximity, familiarity with store layout, and quicker decision-making from narrower product assortments are met (Maruyama *et al.,* 2016). Therefore:

H5: Store satisfaction mediates the relationships between task-focused orientation and store patronage of a) FRFs and b) IRFs.

Experiential-focused shoppers are likely to revisit any format as long as their expectations on social interaction and recreation are met during any given visit (Kaltcheva and Weitz, 2006). Such shoppers are also more likely to revisit FRFs because of satisfaction with wider product assortment and enjoyable store atmospherics (Calvo-Porral and Lévy-Mangín, 2018; Djelassi *et al.,* 2018). Accordingly:

H6: Store satisfaction mediates the relationships between experiential-focused orientation and store patronage of a) FRFs and b) IRFs.

3.1.4 Moderating role of salesperson consultation on the mediating effect of store satisfaction

Customer service employee interactions affect perceived service quality and store satisfaction (Söderlund, 2018). Consultation during shopping can be initiated by either the shopper or salesperson (Haas and Kenning, 2014). While some scholars found proactive salespeople to enhance store satisfaction (Söderlund, 2018), others found face-to-face interaction and jokes

by salespersons to inhibit satisfaction (Söderlund and Oikarinen, 2018). Task-focused shoppers approaching shopping with an implemental mind-set (Büttner *et al.,* 2014) would be less inclined to engage in conversations with salespersons. Additionally, salespeople's-initiated interactions may hinder satisfaction and patronage for such customers at both IRFs and FRFs (Söderlund and Oikarinen, 2018). Therefore:

> *H7: Salesperson consultation negatively moderates the mediating role of store satisfaction in the link between task-focused orientation and store patronage for (a) IRFs and (b) FRFs.*

However, experiential-focused shoppers viewing shopping as a recreational or entertainment activity (Albrecht *et al.,* 2017) and approaching shopping with a deliberative mind-set may engage salespeople to discuss issues (un)related to the shopping task to enrich their shopping experience (Büttner *et al.,* 2014). Therefore:

> *H8: Salesperson consultation positively moderates the mediating role of store satisfaction in the link between experiential-focused orientation and store patronage for (a) IRFs and (b) FRFs.*

4. Methodology

4.1 Research context and sample

As India is one of the leading emerging global economies it was selected as the study context to test our model. Data was collected in three tier 1 cities (Mumbai, Bangalore, and Chennai) where several formal outlets co-exist with informal ones. These cities have high presence of IRFs and popular Indian FRFs. Within a kilometre radius, there were around one FRF to 14-17 IRFs (17 in Chennai, 16 in Mumbai and 14 in Bangalore). The three cities were randomly selected from out of eight Indian cities with populations exceeding one million (Lata *et al.,*

2021) to ensure random distribution of the sample. The three cities have comparable per capita income, employment opportunities and are the education, economic and cultural hubs in India.

A qualitative study of 60 shoppers was conducted to inform the questionnaire development for the quantitative study. The questionnaire, developed in English and back-translated to the local language by language specialists for language consistency, was pilot-tested on 30 shoppers in each of the three cities and modifications were made based on their feedback. In the quantitative study, 515 face-to-face surveys were conducted (218 in IFRs and 297 in FRFs). Respondents had to be over 18 year of age and with shopping experience from both FRFs and IRF. A comparison between the respondents and 25 non-respondents with similar demographics on the measurement items for store patronage showed no significant response differences, indicating no non-response bias in the study.

To assess for common method variance (CMV) that can arise from using the same instrument to measure exogenous and endogenous constructs simultaneously, we used the following procedures proposed in literature. First, respondent anonymity and data confidentiality were assured during the data collection. Second, measures from extant literature were used to reduce CMV bias as recommended by Podsakoff *et al*., (2003). Third, during the questionnaire development stage, a marker variable, *"Response to government initiatives"* that was theoretically unrelated to all the study constructs was included in the questionnaire (Podsakoff *et al*., 2003). There were no significant correlations between the marker variable and all the study variables in FRF and IRF sub-samples, thereby confirming no common method bias.

The following are the details of the respondents' profile. 56.9% or the respondents were male and 43.1% female. Most respondents, i.e., 30.9%, were between 35 and 44 years of age, 28.4% were below 25, 22.1% were between 25 and 34, and 18.5% were over 45. 40.2% of the respondents had a higher secondary certificate or below, 36.0% had post-secondary certificates

or diplomas, with 23.4% being graduate or postgraduates. 34.2% of the respondents were located in Chennai, 32.5% in Mumbai, and 33.3% in Bangalore.

4.2 Measures of constructs

The measurement items for task-focused orientation, experiential-focused orientation (Baker and Wakefield, 2012; Büttner *et al.,* 2014; 2015), salesperson consultation (Hass and Kenning, 2014), store satisfaction (Marques *et al.,* 2013) and store patronage (Grewal *et al.,* 2003) were drawn from prior literature. Modifications to the measurement items were made to reduce ambiguity and complexity in interpretation.

Age, gender, education and location were included as control variables, as these demographic characteristics have been identified to affect store satisfaction and patronage in literature (Chang *et al.,* 2023; Grewal *et al.,* 2003). The results indicated no significant effect of control variables on the dependent variable, suggesting homogeneity and no issues with nesting the data. Table 1 shows the measurement items of all the study constructs.

5. Analysis and results

5.1 Analysis

To assess the reliability and validity of the measures, a two-step approach advocated by Anderson and Gerbing (1988) was used. Exploratory factor analysis and then confirmatory factor analysis (CFA) were used to assess the internal and external consistency of the measures. A CFA model was specified for all the major study constructs. The overall fit of the measurement model indicated that the six-factor model had an acceptable fit to the data ($\chi 2/df$ =135.31/117 = 1.15, CFI = .99, NFI = .94) and were all within the acceptable thresholds, suggesting good model fit. The measurement items' standardized factor loadings ranged from .51 to .90, exceeding the .50 cut-off point (Browne and Cudeck, 1993), suggesting convergent

validity (see Table 1). To assess discriminant validity, the average variance extracted (AVE) was examined. The square root of the AVEs were well above the highest correlations of the study (Fornell and Larcker, 1981). While squared root of the AVEs for task-focused orientation, experiential-focused orientation, salesperson consultation and store patronage were well-above the correlations between these constructs, the squared root of the AVE for store satisfaction (.871) was slightly higher than the correlation between store satisfaction and store patronage (.868), still confirming discriminant validity.

The estimated correlation parameter between any pairs of constructs was constrained to unity, and then, after freeing them, the difference between the $\chi 2$ values of the constrained and the unconstrained models were assessed (Anderson and Gerbing, 1988). The $\chi 2$ difference test was significant at the $p < .01$ level, suggesting no perfect correlation between the constructs. Thus, discriminant validity was assumed. Descriptive statistics and bivariate correlation coefficients are shown in Table 1.

The results indicated a correlation between task-focused and experiential-focused orientations ($r = 0.617$). The correlation coefficient less than 0.80 indicates that collinearity is less likely to exist (Kalnins, 2018; Shrestha, 2020). Additionally, the potential existence of multi-collinearity was assessed by calculating the variance inflation factor (VIF) and tolerance; a VIF score below 2.0 and a tolerance score above 0.5 suggests that the results of the regression coefficient is less likely to be affected by the correlation in the independent variables (task-focused and experiential-focused). The condition index score of below 15 further assures that multicollinearity is not a concern in this study (Belsley et al., 1980; Kalnins, 2018).

---Insert Table 1 here---

To examine the moderated-mediation relationships specified in the conceptual model (see Figure 1), PROCESS model 8 (Hayes, 2018) was used to assess if the indirect effects of task-

focused and experiential-focused orientations on store patronage through store satisfaction were significant at low (-1SD), moderate (mean) and high (+1SD) levels of salesperson consultation. The bootstrapping method that is considered superior to the Sobel test for testing mediation effects (Hayes, 2018), was used to assess significance of the indirect effects at 95% confidence interval and 1000 re-samples. Four models were specified to estimate the conditional indirect effects, the direct and mediated effects while the index of the moderated-mediation were used to interpret the results. The results of the direct, indirect effects and moderated mediation analyses are shown in Figure 2 and Tables 2 and 3.

---Insert Tables 2 & 3 here---

5.2 Results

5.2.1 Direct effects

Contrary to our H1 predictions, the results indicate no significant effect of task-focused orientation on patronage of IRF ($\beta = .056$, ns), but shows significant negative effect on FRF patronage ($\beta = -.139$, $p \leq .05$), see Table 2. Experiential-focused orientation had no significant effects on patronage of IRF ($\beta = .096$, ns) and FRF ($\beta = .021$, ns), disproving H2a and H2b. The results indicated significant positive effects of task-focused orientation on store satisfaction with IRF ($\beta = .441$, $p \leq .05$), and FRF ($\beta = .221$, $p \leq .05$), supporting H3a and H3b respectively. Consistent with our predictions in H4a and H4b, experiential-focused orientation had significant positive effects on store satisfaction with FRF ($\beta = .434$, $p \leq .001$) and IRF ($\beta = .144$, $p \leq .001$) respectively.

5.2.2 Mediating effects

The results shown in Table 2 indicate that store satisfaction mediates the link between task-focused orientation and patronage of FRFs ($\beta = .106$, $p \leq .05$) and IRFs ($\beta = .397$, $p \leq .05$),

which support H5a and H5b, respectively. The effects of experiential-focused orientation on patronage through store satisfaction were positive and significant for FRFs ($\beta = .424$, $p \leq .05$) and IRFs ($\beta = .497$, $p \leq .05$). These findings support both H6a and H6b.

5.2.3 Moderating role of salesperson consultation on the mediating effect of store satisfaction

The results involve conditional indirect effects and moderated mediation effects at low, medium and high levels of salesperson consultation (see Table 3). The results show that the index of the moderated-mediation for salesperson consultation regarding the mediation of store satisfaction in the link between task-focused orientation and store patronage was significant but negative for IRF (indirect effects = -.466, boot *SE* = .064, 95% bias corrected CI [-.61 to -.32). Thus, H7a was supported, as bias-corrected confidence intervals did not straddle a zero. However, the index of the moderated-mediation for salesperson consultation regarding the mediation of store satisfaction in the link between task-focused orientation and store patronage was insignificant for FRF (indirect effects = -.189, boot *SE* =.145, 95%CI [-.49 to .06]), Thus, H7b was not supported, as the CIs straddled a zero. These results of the simple slope analysis suggest that the effects of task-focused orientation on store patronage through store satisfaction are weaker at higher levels of salesperson consultation only in the IRF context (see Figure 2).

---Insert Figure 2 here---

Supporting H8(a) and H8(b), the results indicate that the index of moderated mediation effects were positive and significant indicating the moderation effect of salesperson consultation on the mediation effects of store satisfaction on the relationship between experiential-focused orientation and store patronage for IRF (indirect effects = .454, boot *SE* = .076, 95% CI [.32 to .61]) and FRF (indirect effects = .204, boot *SE* = .113, 95% *CI* = [.01 to .43]). These did not straddle a zero. Figure 2 shows stronger conditional indirect effects of experiential-focused orientation on patronage at higher levels of salesperson consultation for both IRFs and FRFs.

6. Discussion

This study examined how shopping orientation influences patronage of FRF and IRF in emerging markets. The results show that both task-focused and experiential-focused orientations have a significant positive impact on store satisfaction in both IRF and FRF, confirming previous research indicating that shopping motivation influences store satisfaction in both online and offline shopping settings (Kesari and Atulkar 2016). From market structures perspective, we contend that while having distinct attributes, IRF and FRF offer asymmetric complementary shopping experiences for task-focused and experiential-focused shoppers because task-focused shoppers exhibited greater satisfaction with IRF, while experiential-focused shoppers perceived greater satisfaction with FRF.

The result suggests that satisfaction fully mediates the relationship between experiential-focused orientation and patronage of IRF and FRF. However, its mediation role between task-focused orientation and patronage of FRF and IRF is respectively partial and full. These confirm previous research that found satisfaction to mediate shopping motivation and store patronage (Djelassi *et al.,* 2018; Nair, 2018) and suggest that both formats can induce patronage from task-focused and experiential-focused shoppers if they satisfy these shoppers.

The negative moderation of salesperson consultation of the mediation role of satisfaction in the relationship between task-focused orientation and patronage of IRF suggests that personalizing services with salespeople can reduce satisfaction and patronage among task-focused shoppers. Thus, although salespeople's presence can enhance convenience and safety (Söderlund, 2016), task-focused shoppers at IRFs may view salesperson interaction as intrusive and time-wasting, contradicting Söderlund's (2018) finding that proactive salespersons increase satisfaction.

Finally, the positive moderation of salesperson consultation of the mediation role of satisfaction in the relationship between experiential-focused orientation and patronage of both FRF and

IRF support previous findings on personalized services enhancing store satisfaction (Söderlund, 2018). However, personalized services benefit experiential-focused shoppers in emerging markets like India, which is contrary to Söderlund and Oikarinen's (2018) findings suggesting that extensive salesperson interaction can inhibit store satisfaction and patronage.

7. Theoretical contributions

Extant research on retailing in emerging markets has examined how FRFs and IRFs serve different customer segments with the same offerings (Maruyama and Wu, 2014; Maruyama *et al.,* 2016), or serve the same segment with different offerings (Hino, 2014; Jerath *et al.,* 2016; Kardes *et al.,* 2021). By demonstrating how task-focused and experiential-focused shopping orientations drive FRF and IRF patronage through store satisfaction, this study shows that *both* FRFs and IRFs can serve the same segment when each of them prioritizes how their offerings satisfy consumers' chronic shopping orientation on specific shopping trips. Conversely, *either* FRF or IRF can serve customers in different segments by prioritizing distinct store attributes satisfying shoppers with different chronic orientations across shopping trips.

However, this study's key contribution involves the role salesperson consultation plays in moderating, the mediating effects of satisfaction in the relationship between task-focused and experiential-focused orientations and patronage of both FRF and IRFs. The study reveals that while salesperson consultation reduces satisfaction and patronage of IRFs for task-focused shoppers, it enhances satisfaction and patronage for both FRFs and IRFs by experiential-focused shoppers. These findings advance knowledge on competition between FRFs and IRFs in emerging markets, as the traditional set-up of IRFs in emerging markets is inherently personalized (Dholakia *et al.,* 2018; Maruyama and Wu, 2014) compared to FRFs (Jerath *et al.,* 2016). The findings suggest that FRFs can compete by adopting less personalized approach

to attract chronic task-focused shoppers across shopping trips while IRFs focus on personalized service offering to attract chronic experiential-focused shoppers across shopping trips.

Second, this study is one of the first to examine the evolving retailing market structure of FRF and IRF around shopping motivation in emerging markets. Extant research has explored how established shopping behaviors for IRF hinder FRF adoption or IRF modernization (Maruyama *et al.,* 2016; Narayan *et al.,* 2015). Some scholars investigate factors driving customers in emerging markets to choose IRF over FRF (Dholakia, *et al.,* 2018) or one format over the other (Hino, 2014; Tran, and Sirieix, 2020). This study examines how task-focused and experiential-focused orientations influence patronage of both FRF and IRF and suggests that adopting a shopping orientation perspective can reveal their complementarity within the same segment when consumers visit these formats on multipurpose shopping trips.

Third, although existing research emphasizes cross-shopping behaviors as key drivers of patronage of either FRF or IRF in emerging markets (Tran and Sirieix, 2020), how cross-shopping behaviors affect patronage of either format has been measured separately through market share of FRF (Hino, 2014) or share of wallet spent at IRF (Paswan *et al.,* 2010). By examining how the same shopping orientation influences patronage as repeated visits to FRF and IRF through satisfaction, this study indicates that FRF and IRF competition may not always be a zero-sum game. Rather, it can be a win-win situation if either format prioritizes customer satisfaction during store visits.

Finally, the study extends market structure analysis in retailing literature from consumer motivation perspective by examining substitution and complementarity between FRFs and IRFs in emerging markets. While store satisfaction serves as the mechanism through which shoppers patronize FRFs and IRFs as substitutes and complements, satisfaction attenuates the negative effect of task-focused orientation on FRF patronage.

8. Managerial implications

This study has several managerial implications for retailing strategy in emerging markets. First, given that both task-focused and experiential-focused orientations influence patronage of both FRF and IRF through satisfaction, both formats can co-exist as substitutes and complements for customers, if they both satisfy customers' shopping orientations. Such coexistence may occur if FRFs focus on store layout, spaciousness, and atmospherics, while IRFs focus on locational convenience, lower prices and store staff interactions.

Second, as experiential-focused and task-focused shoppers exhibit frequent and less frequent store visits respectively, FRF can design loyalty schemes to encourage frequent store visits by experiential-focused shoppers, while designing monetary promotion schemes to induce store visits by task-focused shoppers. IRFs may prioritize convenient location that enable frequent (occasional) visits by experiential-focused (task-focused) shoppers to satisfy their chronic shopping orientations.

Third, salesperson interaction moderates the mediation role of satisfaction on patronage and implies that retailers should promote salesperson interactions as a store-specific or format-specific attribute rather than a situational one. FRFs can use different promotion strategies to induce in-store personal and non-personal interactions respectively for experiential and task-focused shoppers whereas IRFs must differentiate between these shopper types at the store entrance to avoid distraction of task-focused shoppers in the shopping process.

Finally, while task-focused shoppers exhibited greater satisfaction with IRF, experiential-focused shoppers perceived greater satisfaction with FRF. Thus, IRFs should reduce store access costs and limit personalized interactions for task-focused shoppers, while FRFs can

enhance satisfaction for experiential-focused shoppers by promoting group and family shopping atmospherics.

9. Limitations and areas for further research

Like all research, this study has some limitations that could offer directions for future research. First, this study relies on cross-sectional survey data, which limits the generalizability of the findings across time. Future researchers could adopt a longitudinal or experimental research designs to assess causality across the factors identified in the current research. Second, while this study examined how task-focused and experiential-focused orientations determine FRF and IRF store patronage, examining shopping behavior among FRFs is more mainstream. Therefore, future research may examine how task-focused and experiential-focused orientations determine patronage across formal, but different, retail formats. Third, this research focused on shoppers in India, which is one of several emerging market economies. Future research could test the model advanced in this study in other emerging economies. Finally, future research can examine this study's conceptual model in different retail sectors and online retail contexts.

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Figures

Figure 1: Conceptual Model

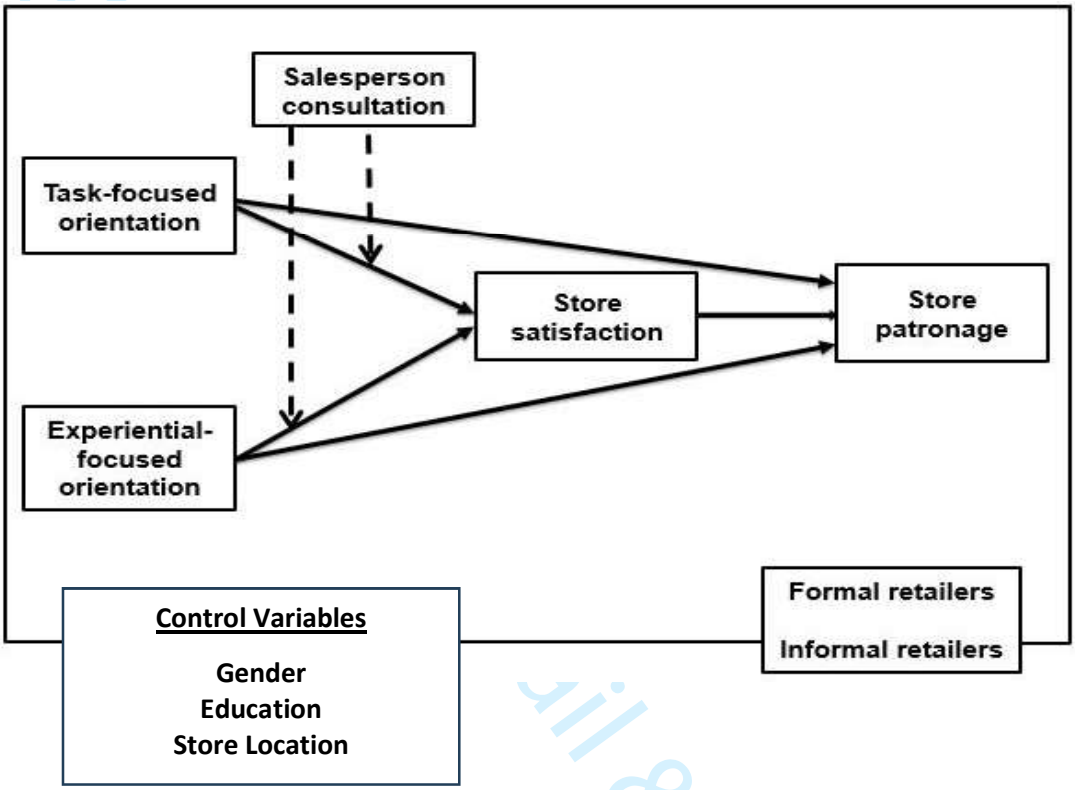
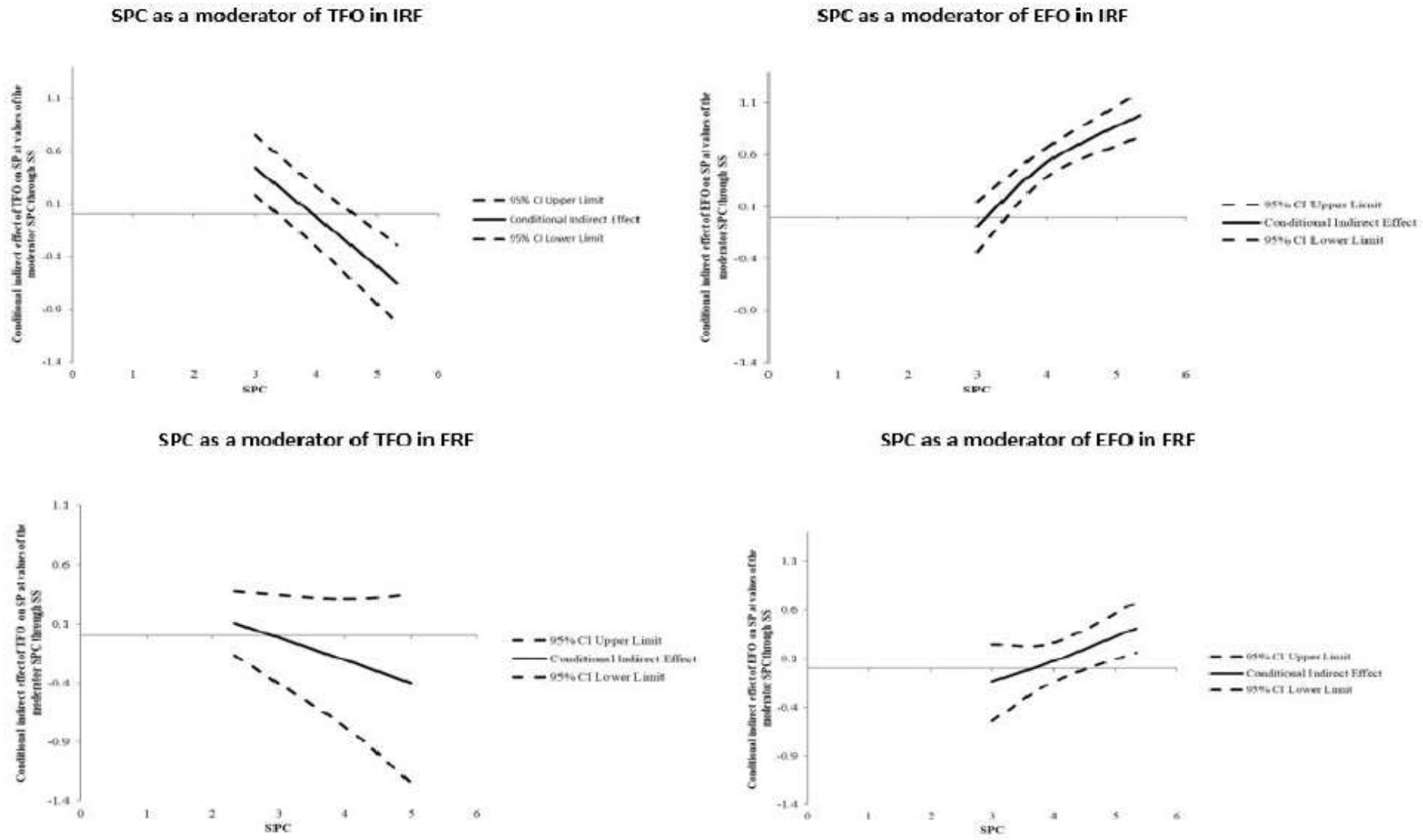


Figure 2: Slope analysis of salesperson consultation as a moderator of the mediating role of store satisfaction



TFO = Task-focused orientation; EFO = Experiential-focused orientation; SP = Store patronage; SPC = Salesperson consultation; SS= Store satisfaction.

Table 1: Confirmatory Factor Analysis, Correlation and Descriptive Statistics

Confirmatory Factor Analysis			Correlation Analysis and Descriptive Statistics							
	SFL	AVE/CR	Task-focused	Experiential-focused	Salesperson consultation	Store satisfaction	Store patronage	Marker variable	Mean	SD
Task-focused orientation										
My primary objective in shopping is get it done.	.678	**CR = .750**	**.764#**	.617**	-.097*	.345**	.315**	–.015	4.209	.878
I concentrate on getting the shopping done.	.764	AVE = .501								
My primary aim in shopping is to complete as planned.	.677									
Experiential-focused orientation										
In shopping, I prefer being immersed in exciting products.	.506	**CR = .843**		**.714#**	-.326**	.444**	.403**	–.052	4.225	1.068
In shopping I prefer to explore and touch different products	.927	AVE = .583								
In shopping, I like to consider wide selection of products.	.834									
In shopping, I expect joy and pleasure.	.723									
Salesperson consultation										
The store employed enough salespersons.	.733	**CR = .910**			**.821#**	-.296**	-.237**	–.057	3.925	1.265
Salespersons are friendly.	.625	AVE = .674								
Salesperson responds well to requests and questions.	.910									
Salesperson is honest.	.943									
Salesperson is trustworthy.	.850									
Store satisfaction										
I preferred to shop at this store/ market.	.880	**CR = .926**				**.871#**	.867**	–.037	4.687	1.231
I feel happy when I shop at this store/market.	.831	AVE = .758								
My shopping experience at this store/market have always been pleasant.	.866									
I am very satisfied with this store/market.	.905									
Store patronage										
I will visit the store/market in the future.	.892	**CR = .925**					**.868#**	-.001	4.793	1.290
I will shop at this store/market in future.	.834	AVE = .754								
I consider this store/market as my first choice.	.852									
I intend to keep shopping at this store/market.	.894									
Marker Variable									2.654	0.989

*_ p≤.05; #_ Square root of average variance extracted; SFL - Standardized Factor Loadings; CR – Composite Reliability; AVE – Average Variance Extracted; LLCI - Lower Limit Confidence Interval ; ULIC – Upper Limit Confidence Interval

Table 2: Direct, Mediated and Moderated Mediation Effects

	Store Satisfaction			Store Patronage		
	Co-efficient	**LLCI**	**ULCI**	**Co-efficient**	**LLCI**	**ULCI**
Direct effects						
H1a: Task-focused (Informal)				.056 (ns)	-.210	.201
H1b: Task-focused (Formal)				–.139 (P≤.05)	-.234	-.007
H2a: Experiential-focused (Informal)				.096 (ns)	-.182	.040
H2b: Experiential-focused (Formal)				.021 (ns)	-.287	.329
H3a: Task-focused (Informal)	.441 (p≤.05)	.142	.479			
H3b: Task-focused (Formal)	.221 (p≤.05)	.054	.268			
H4a: Experiential-focused (Informal)	.144 (p≤.05)	.012	.156			
H4b: Experiential-focused (Formal)	.434 (p≤.05)	.231	.539			
Mediating effects (Indirect Effect) through store satisfaction						
Store satisfaction (Informal)						
Store satisfaction (Formal)				.795 (p≤.05)	.725	.874
H5a: Task-focused (Informal)				.860 (p≤.05)	.796	.923
H5b: Task-focused (Formal)				.397 (p≤.05)	.149	.603
H6a: Experiential-focused (Informal)				.106 (p≤.05)	.041	.349
H6b Experiential-focused (Formal)				.497 (p≤.05)	.187	.673
Moderated Mediation effect (Salesperson Consultation as a moderator)				.424 (p≤.05)	.165	.638
H5a: Task-focused (Informal) X Salesperson Consultation Store satisfaction -> Store patronage				-.466 (p≤.05)	-.610	-.320
H5b: Task-focused (Formal) X Salesperson Consultation Store satisfaction -> Store patronage				-.189 (p≤.05)	-.489	.060
H6a: Experiential-focused (Informal) X Salesperson Consultation Store satisfaction -> Store patronage				.454 (p≤.05)	.316	.612
H6b Experiential-focused (Formal) X Salesperson Consultation Store satisfaction -> Store patronage				.204 (p≤.05)	.014	.431
Control Variables						
Gender (Informal)	.0481 (p≤.05)	.006	.090	.003 (ns)	-.022	.027
Location (Informal)	.012 (ns)	-.023	.047	.014 (ns)	-.006	.035
Education (Informal)	.065 (ns)	-.018	.149	-.019 (ns)	-.077	.038
Gender (Formal)	.0472 (p≤.05)	.005	.089	.005 (ns)	-.020	.029
Location (Formal)	.010 (ns)	-.025	.045	.0154 (ns)	-.006	.036
Education (Formal)	.069 (ns)	-.014	.154	-.017(ns)	-.075	.041
R^2 (Informal)	.322			.798		
R^2 (Formal)	.525			.881		

*_ p≤.05; #_ Square root of average variance extracted; LLCI - Lower Limit Confidence Interval ; ULIC – Upper Limit Confidence Interval; ns – not significant

Table 3: Conditional moderated mediation indirect Effect

Salesperson Consultation as a Moderator	Effect	SE	LLCI	ULCI
Task-focused (Informal) X Salesperson Consultation Store satisfaction -> Store patronage				
Low	.438 (p≤.05)	.14	.282	.756
Medium	-.082 (ns)	.15	-.306	.263
High	-.649 (p≤.05)	.19	-1.039	-.292
Index of moderated mediation	-.466 (p≤.05)	.06	-.610	-.320
Task-focused (Formal) X Salesperson Consultation Store satisfaction -> Store patronage				
Low	.104 (ns)	.14	-.168	.372
Medium	-.210 (ns)	.22	-.771	.311
High	-.399 (p≤.05)	.40	-.945	-.348
Index of moderated mediation	-.189 (p≤.05)	.15	-.489	.060
Experiential-focused (Informal) X Salesperson Consultation Store satisfaction -> Store patronage				
Low	-.085 (ns)	.12	-.337	.149
Medium	.525 (p≤.05)	.07	.384	.668
High	.976 (p≤.05)	.11	.775	1.192
Index of moderated mediation	.454 (p≤.05)	.07	.316	.612
Experiential-focused (Formal) X Salesperson Consultation Store satisfaction -> Store patronage				
Low	-.131 (ns)	.20	-.542	.044
Medium	.072 (p≤.05)	.10	.136	.261
High	.412 (p≤.05)	.13	.162	.345
Index of moderated mediation	.204 (p≤.05)	.11	.014	.431

LLCI - Lower Limit Confidence Interval; ULIC – Upper Limit Confidence Interval; SE – Standard Error

Appendix 1: Systematic Literature Review

Research publication	*Methodology*	*Evolution of competition between FRF & IRF*	*Determinants of patronage*		*Modelling the drivers of consumer patronage patterns*			*Measurement of format patronage*			*FRF & IRF comparison in the same study*		
			Same for FRF&IRF	*Different for FRF&IRF*	*Independents*	*Mediators*	*Moderators*	*Format output*	*Format choice*	*Format trips*	*FRF*	*IRF*	*Both*
Goldmana Ramaswami and Krider (2002)	Behavioral modelling	Barriers to the advancement of modern food retail formats		✓	✓		✓		✓		✓		
Goldman and Hino (2005)	Survey	Barriers to FRF market share growth		✓	✓				✓				✓
Maruyama and Trung, (2007)	Survey	Preferences between IRF and FRF		✓	✓				✓				✓
Hino (2010)	Survey	Market entry by FRF and consumer adoption of FRF		✓	✓	✓			✓		✓		
Paswan, Pineda, and Ramirez (2010)	Survey	How consumer preference to shop from IRF is affected by patronage of FRF	✓		✓	✓	✓	✓				✓	
Maruyama and Trung (2010)	Survey	Consumer choice between FRF and IRF		✓	✓				✓				✓
Amine and Lazzaoui (2011)	Qualitative	Consumer reaction to FRF emergence		✓					✓				✓
Dholakia, Dholakia, and Chattopadhyay, (2012)	Qualitative	Co-existence between FRF and IRF		✓						✓			✓
Maruyama and Wu (2014)	Survey	Patronage of IRF as a barrier to FRF adoption		✓	✓				✓				✓
Hino, (2014)	Survey	How consumer patronage of FRF is affected by patronage of IRF	✓		✓	✓		✓			✓		
Narayan, Rao and Sudhir (2015)	Household panel data	Socioeconomic class likely to adopt FRF and the impact of IRF		✓	✓				✓		✓		
Hino (2015)	Survey	How food consumers patronize FRF and IRF	✓		✓					✓			✓
Maruyama Wu and Huang (2016)	Survey	Role of consumer in modernizing food retailing through patronage of FRF and IRF		✓	✓				✓				✓
Jerath, Sajeesh, and Zhang (2016)	Behavioral modelling	How consumer patronage behaviors affect market share of IRF and profitability of FRF	✓		✓			✓					✓
Dholakia, Dholakia, and Chattopadhyay, (2018)	Qualitative	How consumer patronage patterns for FRF and IRF reveals IRF dominance over FRF		✓						✓			✓
Anderson, Iacovone, Kankanhalli, and Narayanan (2022)	Experiment	How modernization of IRFs affects patronage of IRFs		✓	✓				✓			✓	
Current research	Survey	***How consumer patronage behaviors reveals co-existence between FRF and IRF***	✓		✓	✓	✓			✓			✓