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An Investigation of Small Apparel Retailers’ Definition of Customer Satisfaction Using a Naturalistic Approach

Sandra L. Cardillo
University of Nebraska-Lincoln

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AN INVESTIGATION OF SMALL APPAREL RETAILERS' DEFINITION OF CUSTOMER SATISFACTION USING A NATURALISTIC APPROACH

by

Sandra L. Cardillo

A THESIS

Presented to the Faculty of
The Graduate College in the University of Nebraska
In Partial Fulfillment of the Requirements
For the Degree of Master of Science

Major: Textiles, Clothing and Design

Under the Supervision of Professor Rita Kean

Lincoln, Nebraska

August, 1994
AN INVESTIGATION OF SMALL APPAREL RETAILERS’ DEFINITION OF CUSTOMER SATISFACTION USING A NATURALISTIC APPROACH

Sandra L. Cardillo, M.S.

University of Nebraska, 1994

Advisor: Rita Kean

This study uses an inductive research design to approach customer satisfaction from the perspective of the small apparel retailer. Social exchange theory served as a theoretical framework. The small apparel retailers interviewed in this study had businesses in non-metropolitan communities located in counties with an agricultural, trade, or diversified economic base. Using a qualitative methodology, hypotheses were generated for future study of small apparel retailers’ definition of customer satisfaction. The work done in this study proposes that customer satisfaction, from small apparel retailers’ perspective is a dynamic, multidimensional process requiring the constant evaluation of exchanges that take place between the retailer and the customer. These exchanges are related to and often require the balancing of merchandise selection, store policies and procedures, and retailer-customer interaction, both in the store and the community.
Acknowledgements

The author would like to acknowledge the following individuals for their generous support. Special thanks to Dr. Rita Kean, major advisor, for standing firm, offering guidance, encouragement and friendship throughout my graduate program. To Dr. Joan Laughlin, for words of wisdom and challenge in teaching an old brain new ways of thinking. To Dr. Patricia Crews, Dr. John Creswell, and Dr. Shirley Niemeyer for generously serving as committee members. Thank you for your time and support.

To my fellow graduate students and the Textiles, Clothing and Design office staff, thanks for the words of encouragement in all matters of work and life.

To Sandy Burkhardt and Nancy Miller, thanks for listening, both as colleagues and friends.

To my wonderful family, Rocco, Nicole, and Alexis, who did not always understand the process or my reasons. Thank you for keeping me on track, and for making the sacrifices that allowed me to complete this very personal project.

Finally, I wish to acknowledge the Department of Textiles, Clothing and Design, College of Human Resources and Family Sciences and the Agricultural Research Division, Institute of Agriculture and Natural Resources at the University of Nebraska for the financial support provided during this study and throughout my graduate program.

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This thesis is dedicated to my dad and my Great Aunt Ellen.
They taught me that sometimes life's greatest lessons are learned through patient watching and listening.
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CHAPTER I.

Introduction and Background of the Problem

Retailers are regarded as agents of change in the diffusion of popular culture (Hirschman and Stampfl, 1980). The retailer must develop a desire for change as well as establish a rapport embodied in a long, stable relationship with the customer. This process of creating a relationship with the customer requires the retailer to create an environment, including product mix, personnel and service, that satisfies the customer.

With the introduction of discount chains, off-price merchandising, catalog shopping and television shopping networks, retailers' traditional interaction with the customer has changed. This change in the retail environment has altered the position of the small, independent retailer in the community. For example, a recent study (Stone, 1989) concentrating on the explosive growth of Wal-Mart in rural areas, indicated a definite impact on small, local retailers. Small apparel retailers have experienced a significant decline in business. Customer outshopping purchases for apparel include Wal-Mart as well as other discounters. The small apparel retailer, once considered the backbone of many communities, has met with continued struggles in maintaining and growing a profitable business.

Ayres, Leistritz, and Stone (1992) studied small communities (population less than 5,000) in Indiana, Iowa, and North Dakota. They found community leaders often requested technical assistance and business support in the area of customer relations. The retailer-customer relationship was perceived as highly important to the community retail trade sector. Responses also indicated that retailers paid little attention to
available training or seminars regarding customer relations. Part of the problem may be in understanding factors influencing customer relationships and satisfaction other than those motivated by price.

**Foundation for the Current Study**

This study will build upon current work being completed through the regional research project Rural Retailing: Impact of Change on Consumer and Community (NC-192). The NC-192 project studied retailers and consumers in rural communities with a goal of expanding the knowledge base upon which rural retailing decisions are made.

Phase two of project surveyed retailers in regard to retail planning activities, management activities, and competitive strategies, among others. Initial data analysis of the responses from Nebraska retail participants regarding strategic and operational planning activities affirms that determining customer satisfaction on an ongoing basis is an important component of planning activity. In particular, the author became interested in discovering what customer satisfaction meant to rural retailers. This study is a result of that curiosity.

**Statement of the Problem**

Results from regional research project, NC 192, indicate that the retailer places importance on tracking customer satisfaction. Emphasis on customer satisfaction makes sense in a market driven economy. Consumer behavior and marketing literature
are replete with definitions and empirical analyses of satisfaction from the customer perspective (Cardoza, 1965; Hughes, 1977; Oliver, 1980; Westbrook, 1981).

What is not clear in the literature is how the retailer defines customer satisfaction. What are the criteria retailers use to determine when and if a customer is satisfied?

**Purpose and Goal Statement**

The purpose of this study is to investigate the concept of customer satisfaction from the small apparel retailer’s perspective. Conceptual and methodological work in satisfaction/dissatisfaction literature concentrates on issues related to consumerism and public policy, price and product as seen from the customers’ perspective (Anderson, 1973; Bearden and Teel, 1987; Day, 1977; Hunt, 1977). The retailer is recognized as a vital part of the channel that moves product from the manufacturer to the consumer (Kotler and Armstrong, 1987; Samli, 1990; Speth and Bonfield, 1978). However, there is little work to date grounded in retailers’ understanding of customer satisfaction/dissatisfaction.

The goal of this research is to enhance the understanding of how the small apparel retailer defines customer satisfaction. An inductive research design is used to generate hypotheses for future work. Pragmatically, it is hoped that information gained from this study will be used for education and work in small business development.
Research Question

The research question for this study is: How does the small apparel retailer define customer satisfaction?

Research Objectives

The objectives of this study are as follows:

1. To describe, according to the small apparel retailer, the customer shopping in his/her store.

2. To describe the interaction, as perceived by the small apparel retailer, between himself/herself and the customer, both in the store and the community.

3. To describe, according to the retailer, how customers respond during the transaction process.

4. To determine how the small apparel retailer defines customer satisfaction.

5. To develop hypotheses concerning customer satisfaction.
Definition of Terms


Consumer Behavior - the study of decision making units and processes used in acquiring, consuming and disposing of goods and services (Mowen, 1990).

Channel - the organized system through which goods move from production to final consumption (Kotler and Armstrong, 1987).

Customer - an individual who seeks and buys goods or services from a retail business.


Interaction - social activity involving at least two persons, in which interpersonal communication takes place (Blau, 1964; Homans, 1961; Roloff, 1981). In this study interaction will specifically pertain to the process of greeting and working with a customer with the intention of selling merchandise, answering a complaint, or building good will.

Market - system or place where goods are exchanged.

Pull Factor - a measurement of county or community per capita retail sales as compared to state per capita retail sales. Pull factor is used to indicate the economic strength of an area in acquiring sales activity relative to population (Johnson and Young, 1988).

Satisfaction - the act of being satisfied. Satisfaction requires being satiated with the differences (profits) between the rewards and the costs of exchange (Homans, 1961).

Satisfy - to give an individual what she wants, needs, or desires.
Assumptions

1. Apparel retailers have merchandising, management, and customer service techniques that are different from stores that do not carry apparel.

2. Small apparel retail stores have less personal and financial resources available than larger chain stores in the same or nearby communities.

3. Small apparel retailers are members of the community in which the store is located.

Limitations

1. This study is limited to small apparel retailers in Nebraska.

2. This study has a small sample size. A purposive sample (Kerlinger, 1986; Touliatos and Compton, 1988) will be used for this study due to the methodological approach chosen. There may be limitations regarding conclusions that can be drawn. Theory building in naturalistic research recognizes the contribution each person makes to understanding the phenomena (Lincoln and Guba, 1985).

Guiding Framework

The intent of grounded theory is to build substantive theory that fits the phenomena being studied. An overlying theoretical framework is not always declared in a qualitative study. However, the researcher believes that a guiding framework of
exchange theory is beneficial to theoretical sensitivity. Constructs of exchange, both social and economic, will serve to guide the study.

Research Design

A naturalistic research design has been selected for this study. A naturalistic approach has a number of defining characteristics (Lincoln and Guba, 1985). They include:

1. **The natural setting.** Research is carried out in the natural setting because the researcher believes the question at hand cannot be answered out of context (Lincoln and Guba, 1985). The individual or group, when observed naturally, will yield the most holistic impression of what is actually taking place. It is the holistic impression that most concerns the naturalistic researcher.

2. **The use of the human instrument.** The researcher is the data gathering instrument in naturalistic research (Lincoln and Guba, 1985). The human instrument is capable of grasping and understanding the nuances of meaning in various situations. The human instrument is capable of bringing a certain language or understanding to the research setting, thereby strengthening the research.

3. **The use of implicit knowledge.** Naturalistic research is about understanding the phenomena being studied. Intuitive knowledge may influence the meanings of the interaction. The researcher and the subject often share subtle exchanges of meaning, necessary for understanding what is taking place in the setting.

4. **Qualitative methods.** Qualitative methods of data collection and analyses
are generally used in naturalistic inquiry. Qualitative methods may include field studies, focus groups or in-depth interviewing. Lincoln and Guba (1985) suggest that qualitative methods are more sensitive to the meanings, values and patterns taking place during the data collection process.

5. **Purposive Sampling.** In a naturalistic study, the researcher wants to understand a particular phenomenon or group. Therefore, the choice of subjects must be purposefully directed toward identifying a group most representative of the sample being sought. Purposive sampling will maximize the researcher's ability to build a substantive fit between data and theory (Lincoln and Guba, 1985).

6. **Inductive Data Analysis.** Naturalistic research is about understanding. Data collection methods seek to construct the fullest description of the multiple realities (Lincoln and Guba, 1985) found in the subject matter. Inductive methods of data analysis seek to make sense of the wide range of units of raw data gathered from the research setting. Theory is built through processes of unitizing (breaking down) and categorizing (re-building) raw data. The intent is to fully understand and explain meanings shaped by interactions, that is, build a substantive theory grounded in the data (Lincoln and Guba, 1985).

7. **Grounded Theory.** A naturalistic researcher seeks to build a substantive fit between the data and the explanation (Lincoln and Guba, 1985). Through a reciprocal process of comparing data to related research and emerging data from new sample subjects, theory is "grounded" in the context from which it came.

8. **Emergent Design.** While certain *a priori* decisions are made in the research
process, naturalistic research seeks an open ended, unfolding design. The researcher cannot always predict the information exchange that will take place (Lincoln and Guba, 1985). Naturalistic research design allows the researcher to keep going, until satisfied that all categories and meanings are explored.

9. **Negotiated Outcomes.** Naturalistic inquiry relies on the nature and quality of the interaction between the subject and the researcher (Lincoln and Guba, 1985). Theory is built through the process of assessing and comparing outcomes between data and related literature.

10. **Trustworthiness.** Trustworthiness in naturalistic inquiry is established through credibility, transferability, dependability, and confirmability (Lincoln and Guba, 1985).

Naturalistic inquiry is commonly used in sociology and anthropology. Marketing researchers are discovering the merits of a naturalistic, inductive approach to understanding consumer behavior (Hirschman, 1986; Hirschman and Holbrook, 1992). Retailers are often asked to describe how they know what to buy and merchandise for an upcoming season. The answer to the question generally includes "listening to the customer". However, as any merchant will attempt to describe, the process of keeping the customer satisfied and the business profitable is an ongoing, comprehensive process. This process functions within a greater social system, as Hirschman and Stampfl (1980) describe, a holistic system in which culture is diffused, with the retailer playing a significant part in the movement of goods. Using
naturalistic inquiry, the intent of this project is to explore definitions and meanings of customer satisfaction as seen and understood by the small apparel retailer within the context of his/her social system - the retail store within the community.
CHAPTER II

Review of Literature

The Use of Literature in Inductive Work

Literature in inductive work is used to stimulate theoretical sensitivity toward a particular phenomena. Strauss and Corbin (1990) describe two types of literature in grounded theory. Technical literature (Strauss and Corbin, 1990), consisting of research studies and theoretical papers, is used for comparison of actual findings. Nontechnical literature may consist of records, reports, journals and other materials used to support primary data. For example, in this study, sales and promotional materials discussed by small apparel retailers will be considered nontechnical literature.

Both technical and nontechnical (Strauss and Corbin, 1990) literature are used in grounded theory to stimulate questions and direct theoretical sensitivity. Categories developed in the initial review of the literature were used to frame and guide the interview process.

The review of technical literature for this study is divided into four sections. First is a discussion of exchange, both social and economic. Second, customer satisfaction is examined. The third section is concerned with customer satisfaction with retail stores. The fourth section focuses on the retailer-customer interaction that takes place in the store and community.
Exchange - Social and Economic

This study used a guiding conceptual framework of exchange theory. Exchange is the process of transferring something, either tangible or intangible, between two or more individuals (Blau, 1964; Homans, 1961; Mowen, 1990; Thibaut and Kelly, 1959). Exchange can be either social or economic. Blau (1964) contends that exchange can also happen on more than one level at a given time, involving both social and economic transactions.

Social exchange involves two or more persons in an interpersonal relationship (Blau, 1964; Homans, 1961; Thibaut and Kelly, 1959). Two conditions are necessary for social exchange behavior. First, the behavior must be exhibited as part of a goal that is only achieved through interaction with other persons. Secondly, the behavior seeks ways that may be adopted to further attainment of the goal (Blau, 1964).

Social exchange behavior may be studied in a dyadic relationship (Thibaut and Kelly, 1959) or in larger groups (Blau, 1964). Social exchange is viewed as a voluntary transference of an object or behavior for another (Blau, 1964; Roloff, 1981). Social exchange may reflect behavior that is concerned with compromise of social goals and obligations. Social exchange is based upon trust, and the negotiation and compromise of sometimes unspecified commitments (Blau, 1964; Homans, 1961; Roloff, 1981).

Economic exchange, asserts Blau (1964), differs from social exchange, although both may be taking place within the same interaction. In general, economic exchange involves specific obligations between people. Economic exchange may also
involve a specific time frame in which to complete the obligation. Economic
exchange is generally more impersonal, involving legal arrangements or contractual
agreements.

Exchange, whether social or economic, involves a transference of resources.
These resources include goods, services, information, status, or money (Foa and Foa,
1972). For example, in a retail environment, the shopping transaction may include a
discussion of recent events in the community, personal details concerning a recent
occurrence in a customer's life, or the weather. Information is exchanged during the
meeting, with or without an exchange of money.

Transference of resources may be happening on several levels during the
exchange event. Three concepts are key to this transference. They include interaction,
rewards, and costs.

Interaction during exchange requires interpersonal communication. Individuals
communicate with each other, in a social relationship, within a social context. Blau
(1964) contends there is a functional purpose to exchange interactions. However,
during exchange, individuals may communicate with each other, produce products for
each other or simply behave in each other's presence (Thibaut and Kelly, 1959). In
the retail environment one customer may be looking for items, actively seeking the
retailer's help during the selection process. Another customer may be interacting on a
purely social level, reporting personal or community affairs to whomever is listening.
A third individual could be waiting to show the retailer an item she is making in her
home and wishes to market through the store.
Interaction behavior takes place in a sequence or set. There is ongoing behavior, in which the current interaction is measured against all previous interactions. Building a sequence, an interactive set is constructed. Each particular interaction becomes part of the set of behavior that move individuals toward the final goal or obligation of the interaction (Thibaut and Kelly, 1959).

Interactions are the result of needs, both social and economic. In a social exchange, needs are less formally defined, originating in feelings of personal obligation, gratitude and trust. In a rural community these feelings may be strong, having developed over time and possibly generations. Interactions in an economic exchange are generally more formally defined, possibly involving legal or contractual arrangements or exchange of money (Blau, 1964).

Rewards are the consequences, or profits of an exchange. Rewards are valued objects or activities (Roloff, 1981). Thibaut and Kelly (1959) describe rewards as the pleasure, satisfaction or gratification an individual receives from an interaction. Rewards may be negotiable, for example, acceptance into a particular social group. Rewards may also be non-negotiable, dependent upon certain contractual arrangements made prior to the exchange. Rewards, in exchange, are assumed to be positive reinforcement, leading to increases in the behavior with which they are associated (Roloff, 1981).

Rewards related to customer satisfaction may include customer purchase and use of quality apparel, a tangible reward. Social interaction, happening as part of the transaction process, may also be seen as a reward for the customer. The customer
could be seeking information regarding events in the community and uses the store as a place in which to gather information.

Conversely, the retailer derives business as a result of efforts or costs of doing business. This business may or may not always be profitable on an individual transaction basis. However, as a result of social interaction with the customer, the retailer could be rewarded through other means. The retailer may receive information regarding a particular event in the community that could be used to build future business. The retailer may also increase his/her status simply as a result of being the gathering spot for information exchange among community members.

Blau (1964) contends that certain rewards involve a cost. Investment costs involve the time and energy an individual makes in developing the skills or products that are present in the exchange. Direct costs are the tangible objects or resources given to each other in the exchange (i.e. money). Opportunity costs represent rewards relinquished as a result of choosing one exchange over another.

Profit, in exchange relationships, is the difference between rewards and costs (Homans, 1961). Profit in an exchange relationship, is directly related to the continuance of the behavior. The more frequently an individual profits from an activity, the more often the activity will be repeated. In the case of a small apparel retailer embedded in a community, the activity that generates a profit may be multidimensional. The retailer will want a profitable monetary relationship between the community and his/her business. Financially, the store needs a profit to survive over time. However, part of the profit generation can also be social, intangible activity. A
retailer may see increased traffic as a result of a particular non-profit activity in the community (i.e. a charity fashion show) as a measure of store profit. While the event does not generate direct financial profits, increased traffic as a result may generate increased sales in the future. The retailer may also see increased status in the community as a result of recognized participation as profitable. The cost of producing a fashion show is outweighed by the good will produced.

Emotional behavior, a possible result of the measurement of profit, is responsible for satisfaction with the exchange. Homans (1961) suggested that for each exchange there is a point of satiation, generally referred to as satisfaction. Satisfaction, as measured by rewards and profits, will reach a point where the individual has received enough from the particular activity. Upon reaching this point of satiation, the frequency of that particular reward seeking activity will decrease. However, in further discussion of this idea, Homans (1961) asserted that while the particular behavior may decrease, it could also be modified, allowing for adjustments in rewards. This may be especially true in relationships where there is considerable investment - either in quality, or over time. An example is a retail store that has been in the community for a number of years, perhaps through several generations. History in the community may alter the means by which satisfaction with the business on a yearly basis is evaluated.

Satisfaction with an exchange may be measured either in levels or quantity (Homans, 1961). Satisfaction, measured by level, is evaluated over time. An example is the behavior associated with an individual's satisfaction with the pay they receive
for performing a particular job. While the pay at the outset may be satisfactory, as
time and experience on the job accumulates, the level of satisfaction may change.

Conversely, satisfaction measured as a quantity involves the amount of reward
an individual will accept in a given exchange (Homans, 1961). Although the results
of the interaction may be rewarding, the individual sees that reward as falling short of
expectations.

Customer Satisfaction

There is little research to date regarding retailers' understanding of customer
satisfaction. Studies that have measured retailers' understanding of satisfaction have
been grounded in the customer's point of view (Schmidt and Kernan, 1985;
Westbrook, 1981). Research regarding customer satisfaction has generally focused on
satisfaction regarding a particular brand or situation.

Original work in customer satisfaction is most often ascribed to Cardoza's
(1965) measurement of the concept he originally called customer effort and
expectation. Cardoza (1965) maintained that neither marketing nor economics had
paid attention to discussion or definition of customer effort and expectation within the
marketplace. He conducted a laboratory study of customer effort and expectation,
building hypotheses from two branches of psychological thought - contrast theory, and
cognitive dissonance theory.

Cardoza (1965) hypothesized that contrast theory implied that a customer who
receives a product less valuable than expected will magnify the difference between the
product received and the product expected. Conversely, Cardoza (1965) believed that persons expecting high value products and receiving low value products would recognize the disparity, experiencing dissonance. Upon experiencing dissonance, Cardoza (1965) surmised those individuals would seek ways to lessen the disparity, perhaps changing the original evaluation of the product.

Cardoza found satisfaction with a product depends not only on the product itself, but the experience surrounding the shopping process. Results of the experiment demonstrated that effort and expectation influence both product evaluation and the shopping experience. As a result, Cardoza (1965) asserted that customer satisfaction may be a global concept, involving evaluation of the entire process and the product.

Research in customer satisfaction began in earnest in the late 1970's through the efforts of H. Keith Hunt and Ralph Day. Hunt and Day realized that profit may not be the only measurement of success in marketing management. The original intent of the Consumer Satisfaction/Dissatisfaction and Complaint Behavior conferences was to develop the concept and measurement of satisfaction that could be used as a "warning system" (Hunt, 1977, p.2) that all was not well in the marketplace.

The majority of the research to date in customer satisfaction/ dissatisfaction concentrates on the expectancy/disconfirmation model. Other models do exist, however, most of the work in customer satisfaction refers at some point to the use of expectations and disconfirmation in judgements of satisfaction.

Within the expectancy/disconfirmation paradigm, the customer is believed to have certain expectations prior to the purchase of a product or service (Anderson,
The customer compares product usage postpurchase to expectations held prior to purchase. If the product performed better than expected, positive disconfirmation occurs. Product performance worse than expected results in negative disconfirmation. Confirmation results when products meet expectations (Bearden and Teel, 1983; LaBarbara and Mazursky, 1983; Oliver, 1980).

Further study concentrated on the source of expectations. Oliver (1980) argues that satisfaction is reached through expectations confirmed or disconfirmed through prior attitudes. This contention is built upon the Howard and Sheth (1969) model which suggests that satisfaction is an integral part of attitudes affecting future expectations from a product or experience, as well as the postpurchase evaluation.

Tse and Wilton (1988) assert that perceived performances regarding products may outweigh expectations in certain customer judgements. For example, in the case of nondurable products, customers may learn from experience and expectations may change.

Customers will also use various other bases of comparison in making satisfaction/dissatisfaction judgements. Pre-experience norms may have a part in decision making (Swan and Trawick, 1981). Norms serve as reference points of evaluation. Customers may have brand based norms (one brand dominates decisions) or product based norms (Woodruff, Cadotte, and Jenkins, 1983).

Other research suggests that the customer satisfaction/dissatisfaction model may actually be a multiple process model (Tse, Nicosia, and Wilton, 1990). Processes in this model include product use over time, purchase decisions made both singularly and
sequentially, and the marketplace environment. Customers make multiple comparisons, either sequentially or simultaneously to make satisfactory judgements. Satisfaction studied as a process recognizes that association with a product takes place through various levels of consumption activity. These activities include purchasing, storing, maintaining, using, and disposing of the product.

Attribution models have been used to explore customer satisfaction (Folkes, 1984). Customers tend to look for causes of product success or failure. Attribution theory has been used most often in examining postpurchase behavior when a product fails.

Customer satisfaction/dissatisfaction judgements have also been studied from the perspective of equity theory. Adherents of this theory believe customers make satisfaction judgements based on the equity perceived during an exchange (Oliver and Swan, 1989). The customer sees the exchange, and judges various factors related to fairness. These factors might include price, benefits, time and effort, or personal service. Equity models may offer the richest source of information regarding customer satisfaction/dissatisfaction judgements (Erevelles and Leavitt, 1992; Oliver and DeSarbo, 1988).

**Satisfaction with the Retail Store**

In regard to retail stores, satisfaction has been found to be directly related to preshopping expectations and attitudes. Swan (1977) hypothesized that continued customer patronage of a retail store was the result of positive disconfirmation
regarding expectations. He surveyed customers about to make their first visit to a new department store in the community. Customers whose preshopping attitudes were rewarded with the fulfillment of their expectations were found to have increased satisfaction.

Satisfaction with the retail store is found to be both process and environment related. Westbrook (1981) asserts that satisfaction with a retail store can be seen as an emotional reaction to an evaluation of the total relationship behavior set accumulated through interaction with the retailer. The set of expectations and satisfaction may be broader than store image and change over time (Westbrook, 1981; Samli, 1990).

Eight factors were found to be important to customer satisfaction with a retail store (Westbrook, 1981). The factors, identified from the customer point of view, include:

1. Salespersons.
2. Store layout, including lighting and spaciousness.
3. Store merchandising practices, primarily selection and assortment.
4. Service orientation of the store.
5. Satisfaction with the product purchased in the store.
6. Store clientele, particularly in neighborhood stores.
7. Perceived value added, generally concerned with quality and price.
8. Store sales and promotions, especially newspaper.

Retailers attach importance to expectations regarding satisfaction differently
than customers. Schmidt and Kernan (1985) found that "satisfaction guaranteed" at the store level may not mean the same to retailers and customers. Focus groups and a questionnaire were used to develop a scale for understanding how customers understand satisfaction guaranteed. While the retailers and customers generally agreed on the same dimensions of satisfaction, the importance attached to items varied by group. Customers believed that post purchase efforts and procedures (e.g. complaint behavior, exchange and return policies) guarantee success. Retailers attached importance to prepurchase dimensions, for example, well stocked stores, correct pricing, respectful and knowledgeable salespersons.

**The Retailer - Customer Interaction**

Hirschman and Stampfl (1980) suggest that the interaction between the retailer and the customer is the critical influence in the diffusion of a product in popular culture. In this process of interaction, retailers may take on a combination of possible roles: change agent, gatekeeper, opinion leader or innovator (Hirschman and Stampfl, 1980).

A retailer acting as a change agent purposefully and directly influences movement of a product in the marketplace. Using positive influence, the interaction involves directly promoting products and the store itself. Negative influences, involve interaction that promotes non-adoption of competitive products or services (Hirschman and Stampfl, 1980).

Acting as a gatekeeper, the retailer makes specific choices about merchandise
chosen from the wholesale marketplace. In the case of the small apparel retailer, the wholesale market is generally regional (i.e. Kansas City, Omaha or Kearney). Interaction in this case means working from a set of predetermined items available for customer choice. Sales figures may reflect the customer accepting what is offered, rather than seeking further alternatives (Hirschman and Stampfl, 1980).

As an opinion leader, the customer perceives the retailer as a source of criteria used in evaluating taste level and current trends (Hirschman and Stampfl, 1980). In apparel retailing the interaction involves information seeking, with heavy emphasis on what is fashionable and acceptable at the time.

Retailers function as innovators when they purchase a product ahead of other retailers (Hirschman and Stampfl, 1980). From a customer's perspective, this involves seeing the risk the retailer is willing to extend in having trendy merchandise in the store. Words, such as "new" or "the latest" used in the interaction process may strengthen this perception both on the part of the retailer and the customer.

As a channel member, the retailer interacts with both the production and the consumption centers. The owner/manager is frequently the boundary person in the organization, responsible for putting together all sources of information regarding product, store and customer (Speth and Bonfield, 1977). In a small independent retail apparel store the owner/manager is frequently also the buyer and primary sales person (Fiorito and Fairhurst, 1993). For the small store apparel buyer, interaction with the customer is the primary source of information used in making buying decisions (Arbuthnot, Sisler, and Slama, 1993; Fiorito and Fairhurst, 1989; Hawley, 1990).
Civic projects in the community (for example, fashion shows, club sponsorship, and service activities) are also seen as important interaction with the customer by the small apparel retailer (Fiorito and Fairhurst, 1993).

Service is an integral part of the interaction taking place between the retailer and the customer. Marquardt, Makens and Roe (1979) assert that service as well as sales is a necessary component in the ultimate goal of satisfying the customer. Service may consist of willingness to exchange, fairness of adjustments, or credit and charge accounts (Westbrook, 1981). Service in retailing may also include alterations, special purchases for individual customers, personalized service by sales associates or home delivery.

In small retail apparel stores personalized service is seen as an important part of the business (Arbuthnot, et al., 1993). Small retail store apparel buyers and managers appear to be more hands on than their large store counterparts (Fiorito and Fairhurst, 1993). Serving the needs of individual customers helps to strengthen ties between the retailer and the community (Hawley, 1990).

In summarizing a review of the literature regarding customer satisfaction, a key question remains: What is the position of the retailer? How does the retailer define customer satisfaction? As Hirschman and Stampfl (1980) propose, the retailer plays an integral part in the diffusion of goods into the consumer marketplace. This diffusion takes place in an exchange environment, where customers make choices regarding products, store environments and service. Satisfaction with those elements may result from confirmation or disconfirmation of the customer's expectations formed
prior to the exchange. Customer expectations may relate to norms and attributes developed through prior experience.

In review, there appears to be a gap in the customer satisfaction literature as related to the position of the retailer. One limitation of the literature within the knowledge base regarding customer satisfaction would appear to be concerned with how the retailer defines customer satisfaction. Retailers maintain a degree of responsibility for diffusion of product in the consumer exchange process. Research regarding retailers' understanding of the customers' satisfaction with the marketplace would add to the body of knowledge.
CHAPTER III.

Methods and Procedures

A grounded theory methodological approach as defined by Glaser and Strauss (1967) is used in this study. Grounded theory, states Strauss and Corbin (1990), is "inductively derived from the study of the phenomena it represents...Data collection, data analysis and theory stand in reciprocal relationship with each other" (Strauss and Corbin, 1990, p.23).

The aim of grounded theory is to achieve a substantive theoretical "fit" (Strauss and Corbin, 1990). Grounded theory, when properly constructed, represents reality (Glaser and Strauss, 1967; Strauss and Corbin, 1990). Theory emerging from the data should make sense and be understood by both the individuals studied and those studying the phenomenon. As evidenced in the review of literature, research to date in customer satisfaction is primarily modeled from the customer perspective. What is not clear is how the retailer "fits" into the present literature.

Use of grounded theory enables the researcher to actively participate in the accumulation of data generated through theoretical sampling. Theoretical sensitivity, awareness of the subtleties of meaning in the text (Glaser and Strauss, 1967; Strauss and Corbin, 1990), is approached as a ongoing process in building grounded theory. The process of developing theoretical sensitivity unfolds through the use of literature, personal experience, and the ongoing analytical process conducted through the research study (Strauss and Corbin, 1990). It is a reciprocal relationship, with a constant comparison of textual data, categories in literature and personal experience. Strauss
and Corbin (1990) contend that the more professional experience of the researcher, the richer is the knowledge base from which to draw insight in the inductive process.

Blinders, that is, researcher partiality, result when professional experience blocks the researcher’s ability to see, interpret, or understand particular categories or meanings in the data (Strauss and Corbin, 1990). Auditing of transcripts and other data is one form of dealing with blinders. Audits in this study were conducted by the researcher’s major advisor. All transcripts of interviews, journals, and observational notes were reviewed to enhance theoretical sensitivity on the part of the researcher, as well as eliminating blinders created through professional experience.

Data Collection Methods

Data collection through the semi-structured interview is the primary method of generating text for analysis. Semi-structured interviews start with a general framework of questions geared toward the language of the participant. The semi-structured interview allows open expression on the part of the subject. Rapport is established between the researcher and the subject during initial explanation and description of the study (Spradley, 1980).

The interview protocol (see Appendix E) consisted of fifteen questions used in the general framework of each interview. Questions were organized on individual sheets of paper that allowed the author to comfortably take notes without disturbing the interview. Each subject was asked to initially respond to the same questions.

The probe technique explored subjects’ comments during the interview. Probes
are questions used by the researcher to follow up or clarify information given by the research subjects. Probes enable the researcher to ask for explanations of descriptions or assumptions shared during the interview (Taylor and Bogdan, 1984). The semi-structured nature of the interview, while operating within a general framework of categories and questions, allows for the successful use of probes, delving into comments for deeper meaning. If approached for advice, the researcher thanked the respondent for asking, stating that was not her intention to inform, but to be informed.

A tape recorder, in full view of the subject, was used to record the interview with each respondent. Tape recording provides complete and unbiased records of the interview. Permission to tape the interview was secured during the opening introduction of the interview. Each informant signed a consent form stating they understood the nature of the research and the need for tape recorded interviews.

In addition to audio tape of interviews, data were collected through a journal containing personal notes on the retail store, the community and the research process. The researcher attempted to arrive in each community location one to three hours before the scheduled interview in order to place the retail store within its natural context. One assumption of holistic research design involves establishing familiarity with the contextual setting in which the interview takes place. Time spent prior to and following the interview in the store and community enabled the researcher to observe the interaction of retailer and the consumer, thereby increasing credibility of the recorded interview. Observational notes were recorded following the interview and observation time, for use in cross comparison with the data gathered through the tape
recorded interview.

**Sampling**

The sampling procedure for this study used a non-probability method of purposive sampling (Kerlinger, 1986; Touliatos and Compton, 1988). Purposive sampling involves selecting respondents who appear to be representative of the population of research interest (Kerlinger, 1986; Lincoln and Guba, 1985; Touliatos and Compton, 1988). Purposive, non-probability sampling is appropriate for naturalistic research using a small sample.

Theoretical sampling is fundamental to the process of discovery in grounded theory. In its purest form, theoretical sampling permits the researcher to keep going, approaching individuals for sampling on a cumulative basis, until categorical saturation is reached.

Sample selection criteria used in the study are comparable to the criteria used in NC-192, Rural Retailing: Impact of Change on Consumer and Community. Qualifying criteria for participating retailers included:

1. Economic base of the county and community in which the small apparel retail store is located. Pull factor ratios (Johnson and Young, 1988) were used as the parameter for selection by Standard Metropolitan Statistical Area (SMSA) and non-SMSA counties.
2. Size of the community in which the retailer is based. Communities with a population of under 30,000 persons were involved in this study.
3. Remoteness was altered to meet the purposes of the proposed study. All counties in the eastern one-third of Nebraska were explored for available subjects, regardless of the adjacency to a Standard Metropolitan Statistical Area (SMSA).

4. Only small independent apparel retailers were sampled. Persons who either own or manage a Standard Industrial Code (SIC) #5621-01 "womens' apparel and accessory" business were included.

The sample for this study was chosen from small apparel retailers in the state of Nebraska (See Appendix A). Retailers were targeted by community, from the Nebraska Business Directory (American Business Directories, 1992), women’s apparel (SIC Code # 5621-01) retailer category. The targeted sample size was ten retailers. Initially nine retailers agreed to participate. However, the information from one interview had to be deleted from analysis due to equipment failure. Final sample size was eight retailers, representing all three economic base categories - agricultural, regional trade, and diversified counties.

Letters to targeted retailers (See Appendix B) describing the nature and the purpose of the study were followed by a telephone call requesting participation in the research study. At that time, the interview schedule was determined.

The established procedures were followed to receive clearance from the University of Nebraska Institutional Review Board for Human Subjects Research. Approval for the present research study was received from the Institutional Review
Data Coding and the Constant Comparative Method

The process of theory building in grounded theory takes place through the ongoing use of related coding steps. Data, gathered through the transcribed interviews as well as the researcher’s journal and observation notes, were all submitted to the coding process. The process included:

1. Open coding, generally the first step in grounded theory, is the process of breaking down the data into small, discrete parts. These discrete parts, are each given conceptual names, essentially calling it what it is (Strauss and Corbin, 1990). The researcher may borrow theoretical categories from published literature for naming and categorization. Strauss and Corbin (1990) caution that care must be taken in determining whether there is truly a conceptual match between the literature and the text.

2. Dimensionalizing (Glaser and Strauss, 1967; Strauss and Corbin, 1990) of the open coded categories continues the process of abstraction. The discrete parts of the text, the steps of placement on a continuum and reduction of properties, are organized and clarified by conceptual categories.

3. Axial coding (Glaser and Strauss, 1967; Strauss and Corbin, 1990), the second stage of the coding process, is the procedure for putting the fractured text back together. Used successfully, axial coding will enable the researcher to examine data in new ways. Categories and correspondent subcategories are linked through
action/interactional methods of organization (Strauss and Corbin, 1990).

Action/interactional strategies of theory building in coded data require the researcher to inductively look for the ways in which the individuals studied relate to the phenomena. Discovery of the differences between conceptual categories through identification of action/interactional strategies is the core of building grounded theory.

4. Final integration of data requires abstraction at the level above open and axial coding. Once the data are organized and conceptualized, the process of selecting the core category (Strauss and Corbin, 1990) enables the researcher to move to the level of grounded theory. Strauss and Corbin (1990) describe this as the process of creating the "story line", the core category, around which all other phenomena are organized. The theory and related hypotheses are grounded in the text, creating the substantive fit.

Transcription and coding of the data in this study used The Ethnograph (Qualis Research Associates, 1988), a qualitative text analysis program for personal computers. Text analysis programs enable the researcher to code data using their own words to name categories, construct matrices for linking concepts, and print categories within contextual placements (Tesch, 1991).
Building Theory

Data collection, data analysis and theory building occur simultaneously in qualitative study using a grounded theory approach. Theories that are substantive are built by a process of constantly comparing the data collected to the literature reviewed (Glaser and Strauss, 1967; Strauss and Corbin, 1990).

Technical literature is used to stimulate thought regarding concepts or relationships that may emerge from the analysis of the data. However, within the constant comparative method, the researcher must be open to the unfolding design. Flexibility and creativity are essential to the analysis, enabling new or revised categories or relationships to emerge.

A review of the literature is used to develop emerging categories prior to data collection. In this present study, a review of the technical literature and the researcher's past experience in retailing aided in developing the emergent categories that served as preliminary guides in data collection and analysis.

The following is an outline of the preliminary categories and subcategories of analysis:

Categories and Subcategories of Analysis

I. Retailer - Customer Identification

A. Identifying the customer within the context of the community
   1. Community information understood by the retailer
   2. Retailer's understanding of customer segments or groups
   3. Possible individual customer profiles
B. Identifying the retailer

1. Perceived store image
2. Inventory - assortment and investment
3. Community investment

II. Retailer - Customer Interaction

A. Description of the understood needs of the customer

1. Tangibles
2. Intangibles

B. Identification of the retailer's needs

1. Tangibles
2. Intangibles

C. Rewards

1. Perception of the customer's rewards.
2. Description of the retailer's rewards.

D. Costs

1. Perception of the customer's costs.
2. Description of the retailer's costs.

E. Profit

1. How is profit measured?
   a. the retailer
   b. perceptions of the customer

III. The retailer's definition of customer satisfaction
A. Satisfaction related to merchandise.

B. Satisfaction related to store policies and procedures.

C. Satisfaction related to interactions

   1. Store

   2. Community

Exchange relationships in retailing may involve both social and economic exchange. The small apparel retailer is highly involved with the customer, particularly as a source of information regarding merchandise. However, this involvement with the customer may take on forms that as yet have not been fully developed in theory. The small apparel retailer may consult, guide and serve as a gatekeeper in purchasing decisions. The small apparel retailer is also a member of a community. Within the community, the retailer may be interacting both in the store and in the outside environment. Each of these interactions is an exchange situation, involving costs and rewards. Customer satisfaction as defined by the small apparel retailer may involve multiple exchange interactions, both economic and social.
CHAPTER IV.
Results and Discussions

Text data from eight retailer participants were used in analysis. Originally, ten store owners had been contacted and agreed to be interviewed for the study. One store owner was unable to keep appointments on two occasions, despite confirmation from the researcher on the previous day. The retailer was not on location either day, citing "forgetfulness" as the reason. The researcher inferred from this twice avoidance that the retailer was uncomfortable with participating in the project, but equally uncomfortable with appearing uncooperative. It was decided not to try for a third appointment and create undo pressure. The second subject had completed an initial interview. However, due to equipment failure at the time of the interview, the interview was deemed not usable. The subject was eliminated.

The economic base criteria identified for the sample group were maintained. There were two participants each from regional trade area communities and diversified communities. Four participants were from agricultural dependent communities. Community pull factors (Johnson and Young, 1988) for the eight participants ranged from .75 to 1.5. The majority (six) of the participants owned stores in communities with pull factors over one, meaning that the relative economic strength of the area as compared to population was good. The community was able to keep and or "pull" trade into the community from other areas.

All interviews were conducted with the store owners. However, in one instance of a first interview, a full time sales associate who had been the initial
telephone contact in the store also participated in the discussion. She was not present
during the follow up interview at that location.

Six of the eight retail store owners were women. The single male subject
interviewed had been initially contacted through his semi-retired mother, who agreed
to participate over the phone. Upon arrival at the location, she deferred to her son to
complete the interview. The last interview was conducted with a husband and wife
team.

The length of time of store ownership ranged from less than one year to twenty
two years. Two of the subjects were in the first year of ownership, although one of
the two had recently purchased the operation from her mother who had owned the
store for sixteen years. Three of the subjects had owned their stores from nine to
fourteen years. The remaining three subjects had been in business from fifteen to
twenty two years.

Retailers also reported the number of years they have lived in the community.
Results ranged from ten years to over forty years. The respondent reporting ten years
in the community had married into a family that owned another business on the town
square for several generations. Two individuals reported they lived in the community
during their childhood, left and returned. The second respondent with less than one
year's ownership had lived in the community over forty years.

Seven of the eight participants were married. The remaining retailer was
divorced; however, her spouse lives and owns another business in the community.

Seven of the eight respondents have children. The eighth retailer described
with great fondness, her children as "the four legged variety" (dogs). In one case, the teenage daughter of the store owner was introduced as being actively involved in the business. She had day to day operational as well as merchandising and display responsibilities. The owner-mother also reported that the daughter visited wholesale markets with her and was active in buying the junior apparel.

The emergent design following the coding and comparative analysis of the data enabled the researcher to organize the original categories into broader themes, building the story line of the analysis (Strauss and Corbin, 1990). Keeping in mind that the retailer is the unit of analysis in this study, categories were grouped under these general headings: Retailer as Community Member, Retailer as Store Owner, Store Practices and Policies, and Satisfaction. A discussion of each general area with correspondent subcategories follows.

**Retailer as Community Member**

**Personal Community History: Experiences and Reflections**

Each retailer had reported a personal history of time in the community greater than ten years. Generally, this history was connected to family relationships, either biological or marital. Family bonds demonstrated an investment in the community over time. For example,

Well, I was born here and lived in (another state) for 25 years, came back and so I married again and my husband is pastor...Yes, my mother lives here, and my brother, when I first moved out here had the grocery store across the street, and he still lives in (town), so this is where my family comes from.
Another subject relayed her history in the community in this way,

So I mean we were farmers, my dad was a farmer, so I knew more of the country people. My husband was a town person. He knew more of the town people.

Goudy (1990) asserts that length of time is the key variable to assimilation into the local social system in rural communities. Length of time appears to increase social bonds, as well as social sentiments and interest in the community.

The retailers expressed strong sentiments regarding the home communities in which they had invested time, both personal and business. As long standing members of the community, retailers had witnessed economic change in their communities over time.

Johnson and Young (1988) reported troubles in the agricultural sector continue to affect small communities that act as service centers to farming operations. This phenomenon was mentioned by several retailers as responsible for changes in the community. As one retailer stated:

"Well, it was during that time, late seventies and eighties, when I mean we had many farmers go under. We had two banks right here in town go under."

Another retailer maintained,

Those were the good times. The farmers were making money and then we went into that recession and we really haven't come out of it and right now the uncertainty of how much the taxes are going to be and the health plan people have to hang on to their money.

A third retailer offered this perspective,

We can't take care of all the needs of the labor force. A lot of the farm community had it pretty rough. So they supplemented their farm operation by working at one of these places.
All subjects clearly articulated the sentiment attached to changes in the communities as a result of changes in agriculture in the period of the late 1970's through the present. However, retailers in the diversified and regional trade communities did not offer information regarding industry or service when first asked about economic base. With some probing, particularly in regard to how customers in the community earn a living, they were able to identify area industries. Two retailers also mentioned the number of citizens commuting to larger towns or cities to work. For example, citizens of one town are commuting to a recently built utility plant in another community about thirty miles away.

**Community Involvement - Formal and Informal**

Given the history in their respective communities, retailers described a strong sense of community involvement. Community involvement for the subjects was categorized as either a formal or an informal interaction. Formal involvement, as viewed in this study, pertains to elected positions in local government, social clubs with paid membership and structured community business or service groups.

Several subjects reported holding local official political positions. One retailer had served as city clerk. Another had been appointed to city council to finish the term of another female community member who moved from the area. While proudly noting her placement on the council, she did not seek re-election to the position. When asked about this, she cited time as the principal factor.

Social club membership varied by retailer and community. Extension clubs
and the PEO were mentioned several times. One store owner used the back room of her store to sponsor the local TOPS (Take Off Pounds Sensibly) chapter. Another specified membership in the local country club and mentioned she was on the ballot for the governing board. This same individual also served as bookkeeper for the local airport authority.

The local Chamber of Commerce was the most mentioned formal business organization. Subject responses regarding interaction with the Chamber of Commerce were mixed. Only one participant, a male, reported regular attendance at the weekly Chamber meetings. One of the newer retailers, who owned her store less than one year reported receiving help from a local group sponsored by the Chamber. She remarked:

It's a group of retired bookkeepers and accountants and so forth, that just go around helping small businesses get set up with their books and so forth. They've been really good...They - most of them have been in similar business and so they share their experiences.

Conversely, several of the retailers expressed frustration with their interaction with the local Chamber of Commerce:

We all have dues. I don't make it to any of the meetings, monthly. I'd have to leave here for an hour. I don't do that, but I was head of the retail end of the Chamber or whatever, but that has kinda gone by the wayside. We had regular monthly meetings and now, since I'm not doing it, nobody's doing it, again...I think people have a lot of mixed feelings about the Chamber...We get the same five or six carrying the load all the time. If we could just get new blood it would help, but I suppose every town is like that too. It doesn't seem like you can get enough interested. Everybody is busy, but everybody needs to take their turn.

Another respondent mentioned similar frustrations,

I'm not a member of the Chamber of Commerce here...I don't feel they
promote the town in such a way that I should be a member. I do participate when they do certain functions throughout the year...But I'm kinda taken aback by the Chamber here. It's not worthy of my dues, I guess...One of the things that's really tough for me to do is they meet for their monthly meetings on the noon hour and it's really hard for me to get away, especially when I'm by myself.

Within social networks, individuals may exchange intangible, less formalized elements. Less formalized structures or networks do not create obligations in the situation (Blau, 1990). While in most exchange, there is an opportunity for both parties to reciprocate, in less formal or unstructured exchange, the obligation may not be paid back immediately.

Opportunities for the retailers to interact with the community were less structured and more individualized. Informal involvement tended to be less organized around a structured organization. Informal involvement was creative, hobby centered, or purely social. Informal social activities included the interests and needs of both the retailer and some members of the community.

Several of the retailers reported participation in local sporting events. For the male subject, local sports was his major community interaction activity outside of the store. He interacted both as a spectator and a participant, citing membership on a local volleyball team and openly discussing the status of the local school's sports team.

Another retailer has a doll collection which she shares with the community through informal speaking events. She visits nursing homes in the area, speaking with residents about the collection. Her store is decorated with dolls. After the interview, she proudly showed the researcher part of the collection she keeps at the store. She
expressed that it is sometimes difficult to keep her hobbies separate from her business, but she sees it all as a part of her and what she can share with the community.

For another retailer, her personal interest is gambling. She assembles groups of people, arranges for a bus and drives to a bordering state to visit the casinos. She openly discussed her experience with coordinating these trips:

I guess I just asked a few people if they would be interested, and after getting a few yeses that's all it took, and then I ended up with getting enough to fill a bus of forty seven. You know, word of mouth, somebody else gets somebody else. But it was basically people that come into the store that I asked. And they do those tours, you know, places do it, and I thought, if they can do it why can't I do it?

When asked about reaction to the bus trips, she replied,

"Well, I guess they liked it...I just thought it was a good customer appreciation type thing. Well, they love it!"

She went on to describe one customer's response,

"Well, this lady that was in yesterday. One of them that's gone every time, she said her husband said, 'Well, you just went, do you feel you need to go?' She said, 'This is different, though, this is just the ladies. We talk.' And so this is, you know, she enjoys the gambling part as well as the relationship between people.

As members of a community, retailers have built social bonds and social networks with other members of the community. They have built these linkages over time, in some cases since childhood. Retailers have built networks through both formal and informal involvement in the community. These activities have established their position as a member of the social network of the community. This social network remains in place when they participate as a store owner within the economic network of the community.
Retailer as Store Owner

**History of the Store in the Community**

Retailers were able to clearly articulate the history of the ownership regarding their store in their community. History of ownership in the community appeared to follow a pattern of interlocking social and economic relationships. The current store owner had either been related to the previous owner, had worked for the previous owner, or knew the owner in a social context. Each was able to discuss the individuals involved in the transference of store ownership to themselves. The single exception to this was one woman who watched all the apparel stores in the community close, and waited two years before starting her own business.

Stories of ownership transfer were very personal. The exchange of ownership process took on social as well as economic dimensions. For example,

I couldn't stand it. So I think I was retired two years and then I heard Louise wanted to sell this store. She was having some physical problems, so I came in and asked if she wanted to sell the store and in about five days I was owner.

Another retailer described the process,

"This is a family store. Started with my grandfather in 1921."

Family also entered the process for another retailer. She stated,

"See, Mom bought it. Mom worked for (person's name), who owned it, and she come to Mom first, so she bought it."

Transference of ownership involved more than just owners in one case. A retailer with twenty two years experience as the shop owner, spoke of learning parts of the business from an employee of the previous owners:
When I took the shop I inherited a gal who had worked for the two older gals who had owned it for years, and she really gave me a lot of invaluable help...Without her I couldn't have done it. I didn't even know what an invoice looked like.

In this case, transference and separation from the previous owner took time.

The previous owner stayed on in a teaching role, helping in the transition. This same retailer noted,

The two gals who had retired because of health; one lived in this house across the driveway over here, and then this side was an apartment, and the other one lived here...the older gal had a leg amputated and she came home from the hospital and lived in this apartment for awhile...I would come over and visit her in the mornings and she gave me a lot of help. These two older gals were very astute...They cut every corner. They cut a lot I wouldn't even do, but I learned a lot from her...Her saying to me always was, I said to her when I came in here, 'You know if I can make one store go, I'd like to have two or three before I'm done'. And she said to me, 'Sit right here and do a good job of what you're doing'.

Planning for the future ownership also appears part of the continuation of the history of the store in the community. Future planning entered into the conversation with several retailers. One respondent was actively courting her replacement, sharing plans she had made for her "second retirement", now that her spouse was ready to retire. She remarked:

"I suppose I'll try to get (employee's name) to buy the store. She knows. But she has young children and she wants to wait until they're all in school.

Because I hate to see the store close."

In this case the owner appeared to have been grooming her successor for some time. The employee she mentioned had grown up in the community and participated in a distributive education program during her high school years. The store owner had
been her participating partner. She still had the fifteen year old certificate of appreciation hanging on the wall of the store. Even when the younger woman had gone away to study merchandising at a local community college, they had maintained a relationship.

Another retailer expressed frustration with the process of trying to select her replacement. In her case, the approach had not been fruitful and she expressed concern for the continuation of her store in the community:

I'm not a worrier but I think sometimes, gee, I should be looking for a buyer at this point while things are extremely good. Is this when I need to be getting out of this?...On the other hand, I don't want to advertise too much about this. I don't want people to think I'm closing the door for business either. My hope is to find two or one person that is willing to stay in (town). They might be sisters; sisters-in-law, something like that where they could share the responsibility because they're raising a family, you know. I know it wouldn't be easy because I've put in a lot of time and a lot of hours...But the one I thought was the logical person to do this and I approached her one time in the market. We just got to talking about it and she said she was not interested in it at all which really burst my bubble because I was just sure she was the one. I guess I want somebody that it means as much as it does to me.

As a store owner, each retailer was part of interlocking economic and social relationships in the community. Retailers clearly understood the history of the store in the community, whether ownership had transferred through the family or purchased from another member of the community. As a result of being embedded in the history of the community, owners thinking about retirement voiced concern for the continuation of the store in the community. Concern for the future of the store included a feeling of social responsibility to the community. Each retailer recognized their economic place in the history of the store in the community. However, as a business owner, store ownership also took on social obligations in the future of the community.
Prior to discussing the interaction with the customer, each retailer was asked to describe the customer shopping in the store. The retailers could identify customers in three distinct ways: as defined by the wholesale market in terms of sizing and style (i.e. missy, large size, petite, junior); the community environment - both external and internal; and finally by lifestyle.

Size and style were generally described as a "Missy" customer, sizes eight through twenty two. The predominant sales were in the size fourteen and over range. Several retailers mentioned the difficulty of maintaining an assortment for both the large size (eighteen and over) and the petite customer.

Customer style was generally reported as "conservative", "Midwest", "casual", and sensitive to changes in fashion, particularly color. In discussing color, one retailer reported,

"some will accept that, others don't want any part of it. They'll wait for the so called fad to wear out and they'll hang onto their navy blues and browns and blacks."

One retailer described the conservative customer in great detail. She said,

We're extra conservative in (town). The gals here would rather underdress than...I mean they were so afraid of overdressing or wearing something that was different or, I mean I have gals that don't want a red dress because it would be remembered again...or who don't want to wear a pattern because someone will see it twice, they are so conservative in their thinking, so you have to respect that too.

Retailers identified the customer age range as usually twenty five years and older. The younger, junior oriented shopper was not a customer for six of the eight
Several of these six merchants mentioned that the teenage, junior sized customer preferred to leave town and go shopping with friends in major malls in urban centers carrying brand name stores. Two businesses did report a junior customer, however. One of the stores was located in a trade center strip mall next to a major regional junior chain. They had targeted the junior customer as part of refocusing the business.

The other store reporting a younger, junior customer was the operation that included the teenage daughter as part of the buying and management team. The back half of this store was dedicated to younger, currently fashionable junior apparel, including Pepe and Lawman jeans, Guess tops, and Eastland shoes. The daughter spoke openly during the interview of an awareness of the competitive pricing in like merchandise carried at other stores in the area. In addition, this store also accepted all price/percentage off coupons from major retailers for like merchandise.

In regard to internal community descriptions, several retailers mentioned customers not able to get into the store to make purchases. In this case, the retailer usually went to the customer. These customers were always described as elderly, ill or home bound.

Customers were also mentioned as coming from other communities, regions and states. For one retailer, distant customers might be making annual visits to the family and "stop by to say hello". This same retailer reported that when her cousin makes trips from a major urban city in the area, she always brings a "carload of women".
Attractions in the area also bring customers into the community. For example, "They go to (neighboring town). There's a lady there that has a really nice restaurant. It's in an old house and she has a real charm, everything is home made...they go there first, or the other way around".

Another retailer described the attraction in her community as a well known service business on main street:

"A lot of people come down here to this meat market...so if they take this street they're gonna catch the sign."

Another retailer commented,

(Town name) is getting pretty well known for the number and quality of antique shops that we have so we get a lot of overflow traffic from them...sometimes we build a repeat customer out of those, but a lot comes from (metropolitan area).

Much of the discussion of customer description centered on individuals with a history in the community, especially the elderly. Maupin (1992) reported elderly women with decreased mobility seldom travel outside the community to shop for apparel. If an apparel store is available locally, they will remain loyal to that store.

In several instances, retailers in this study noted mobility constraints as significant to customer shopping patterns. For example,

Some of the ladies have physical problems and they have to park so far away and they're afraid of the mall and they don't get the individual attention we can give them, and if they do have a physical problem we do help them get their clothes on and off...We have quite a few that have arthritis or they have a problem with a breast removed and their arm is sore and they have to have one sleeve larger than the other. We have one lady who likes to come in here and walk around who has lost all her hair and she doesn't feel so self conscious coming in here as if she would go into the city, you know it's growing back, but in the mean time she likes to get out and get things.
Another retailer mentioned mobility in regard to shopping in larger stores. She said,

"You know, I cater to a lot of people over 50...They don't like to go to those big malls, because you know, in just one department store...they're all over, and they don't want to do that."

A discussion of consumer lifestyle was also prevalent in the dialogue with the owner of one store that specialized in more expensive, special merchandise. Her customers were from a higher income bracket than other stores included in this study. She also described this customer as loyal, once she decides her needs are being met. She elaborated,

What we really targeted or looked for was the mature women, or a women who has money to spend, wants a quality garment and will pay the money. We're not looking for teeny boppers...I have customers who have been coming in here as long as I've been in business. I know their life story and they know mine.

Social and Economic Interactions with the Customer

Social exchange is distinguished from economic exchange through a single, crucial variable (Blau, 1990). That variable is the unspecified nature of the obligation involved in the social exchange transaction. An economic exchange involves specific obligations, a price, sometimes contractual and generally monetary.

Interactions in a social exchange have no exact price. Obligation in a social exchange may not always be met at the specific time and place of the individual transaction. Social exchange is a process, dependent upon the development and characteristics of the partners in the exchange relationship (Blau, 1990). Trust by the
parties, and commitment over time to the relationship strengthens the bonds of social exchange.

The social situation or context in which the exchange takes place can also influence the outcome. Exchange between individual pairs will differ from an exchange taking place in a larger group.

For the retailers interviewed, the exchange interactions taking place in the store were both social and economic. The customer interaction reported most often, both in the store and in the external environment was highly social and often quite personal. Retailers viewed friendship as an important part of the interaction with the customer, stating that the customer would often "stop in to visit" or "stop by just to chat". A retailer with a newer business described the feeling in her store,

I think a lot of people like coming in here just because they like coming in here. There's a kind of friendly atmosphere and they like to sit and visit for a while. I think they feel comfortable with that...I think they enjoy coming in for the friendship and everything...They browse around you know and if they find anything they like, it's a sale. Lots of times they just stop in just to say hello.

A retailer with a longer history in the store reported,

If they want to stand here and visit for a half hour, I'll visit with them for a half hour. If I have another customer, why I have to continue, but they're all my friends. They come in to visit. They come in daily to check what has come in new or whatever...

When asked, "What do they visit about?", the retailer responded,

Let me tell you what I'm an expert on. An expert on weather and weight. Everybody's going to lose weight. They get in the dressing room and I say...if I've become an expert on anything, it's weather and weight.

Another retailer reported on customers stopping to visit. She said:

Sometimes people wanna come in and visit. And sometimes they'll visit and
get to talking about different things and maybe a spark will fly about something they've been looking for that's in stock now and I'll induce them to buy. Some people just stick their heads in the door to see how I'm doing and vice versa.

She continued:

"Some people don’t want a darn thing when they walk in your door. They just want a little companionship. You know, that’s important, especially in a small town".

For several of the retailers, the relationships have become very personal over time. Customers were often mentioned by name, "Sylvia", "Bob", "Judy" or "Lydia". Patterns have been established in some of the relationships. For example, "Helen", a customer who stops by every week:

So she comes in here like 45 minutes before her hair appointment, sits on the bench and if I have time to talk to her, I talk to her and if I don’t, well, she just sits there until it’s time to go. We say Hi and bye, but at least she’s passed her 45 minutes away.

Trust was evident in one retailer's story. She had built relationships in the community over time and on more than one occasion had described entrusting the store to her customers. She reported,

In fact, I’ve had customers here I know and I ask, ‘I’ve got to go to the post office, will you watch the store?’ and they love that. I take the phone off the hook. It makes them feel like it’s their store.

**Retailer’s Costs and Rewards in the Interaction: Tangible and Intangible Costs**

Costs, in a social exchange, are the time and energy an individual spends in developing skills or products present in the exchange (Blau, 1990). The underlying principle in exchange, however, is that somehow in the process an obligation is
created. To fulfill the obligation, somehow one partner in the exchange must reply to the first in time. Costs, like obligations may be paid in a different manner over time.

Opportunity costs are those relinquished over time as a result of choosing one exchange over another. In the current study, time spent in the store was cited by several retailers as a problem in business. The time spent in the store costs the retailers opportunities for formalized relationships with other members of the local business community. For example, comments regarding noon meetings planned by the local Chamber of Commerce referred to lost opportunities in connecting with other businesses in the community. The retailers expressed frustration with the inability to get away from the store for noon Chamber of Commerce meetings. However, the retailers inferred that they tried to meet their obligation to the community by participation in local events, and in one case, serving on the board. It appeared that the retailers believed the Chamber had not responded to the need for an adjusted meeting time. Opportunities for interaction had been missed, the exchange was not fully satisfied.

Time spent at the store sometimes appeared to have a personal cost. While stressing that it was necessary to be present in the store to monitor events, retailers also expressed frustration as to the lack of personal time. For example,

Sometimes it’s too much to run by yourself. I like to have someone here at least part of the day. It makes it nice to get a lunch hour. But if not then my husband comes up and we have lunch back here.

She continued,

Well, I’m pretty much here. I take Mondays off and them sometimes I’ll take an afternoon or something if I have something special to do. It’s real
demanding when it's a one man operation, you have to be here pretty much all the time to know which stock is going and what's not, what's slipped by you.

Another retailer commented,

"Like I said, I feel I need to be here and be on top of everything and that's the way. I figure some day when I'm out, I'm out."

A third subject expressed frustration in regard to time for home and outside activities:

I don't have time right now. I don't do anything. Right now I go to board meeting at the, well school board meetings...This is awful, but right now, I go home, (spouse) goes home, we just collapse...It's awful, we didn't even go to his cousin's wedding a couple of weeks ago.

**Tangible Costs**

Direct costs are the tangible objects given in an exchange (Blau, 1990). For the retailer, the most obvious example of this is merchandise related. Again, retailers voiced frustration with costs related to merchandise.

Merchandise costs mentioned by several of the subjects pertained to inventory assortment problems when they purchased the store. Generally, merchandise problems involved an overstock situation or improperly balanced assortment in the inventory. As described by one retailer:

The woman that had this store before me had Alzheimer's disease and she did too much ordering. She forgot she had merchandise stored away. So I did a lot of like fifty cents for a pair of socks or two dollars for a bra, because I had four hundred and some bras to go through.

For another retailer, direct costs are related to shifts in the retail environment in the community. Loss of competition was a direct cost mentioned by several retailers.
For one retailer, direct costs related to being the last small apparel merchant in the community. This retailer has watched the competition disappear from the town. A lack of competition in the community is creating a situation where customers prefer to drive into a larger trade area about thirty minutes away to complete their shopping. Although the retailer did not mention how long this process of closing stores in the community had gone on, it did appear that the husband and wife retailing team had not taken steps to adjust for the loss of the surrounding retail community. When asked about doing business in the community, the husband responded:

It's tough...I can't blame some people for shopping in a large city - mainly because of variety. We do not have that variety here in (town). We are now, with the exception of Pamida, we are the last women's clothing store. Yea, there was the Fashion Crossroads, Mode O' Day; there was a Penneys store here in (town). Brown McDonald existed at one time and there were some private, like us, individuals that had clothing stores...they're gone...

At this point, it is important to note that this community was described by Johnson and Young (1988) as a diversified community. Industry as well as agriculture provide the economic base for the community. Population of the community is approximately five thousand. When asked as to whether the loss of competition had helped the individual store's business, the husband again replied:

I don't think it's helped as the last one closed in December...The banker told us years ago it's better to have more of the same type of business than just one, because eventually that one will also fail. I think it's the people are nice enough. They will come in to shop. But we, you know, you can't have a variety. You'd have to have this whole block.

It should be noted in the case of this store, neither the husband nor wife reported working full time in the store. The husband was semi-retired and mentioned
other sources of income. He also mentioned being active in the community with
several volunteer civic duties. The wife worked full time at another job. She did
however, report "doing the books", the buying, and working part time in the store after
4:00 p.m.

Investment costs are important to the social exchange over time. Investments
in social relationships create obligations over time, increasing the value for members
of the exchange (Blau, 1990). Obligations gained through investing in relationships
were apparent for several retailers, particularly those who paid special attention to the
elderly in the community. One subject described the investment in serving the elderly
as follows:

Sometimes, I've delivered to some of the elderly people around town, maybe
just a pair of pantyhose. It doesn't do my business any good. I mean it's not
financially sound for me to do that, but I'll drop by and give them a bit of a
break for the day, you know, and at least they see my face, and know that I'm
willing to do something for them. It might carry some weight down the line,
you never know.

For one retailer, the investment in social relationships was costly on a very
personal basis. She had lived her whole life in the community and spoke of her
customers as family. When referring to the recent death of an elderly customer, she
states,

You get so close to your customers. When I lose one of my customers it's
very sad for me too. Like they come in every week for like ten years or
whatever, and it's just like part of the family.

**Rewards**

Rewards are the result of the association during the exchange. Blau (1990)
maintains that rewards may be spontaneous reactions or calculated actions. Spontaneous reactions are described as intrinsic personal attractions to a person, perhaps approval or respect given for opinions or judgements. In the case of a spontaneous reward, this reward is dependent on the fact that the partners in the exchange do not feel a calculated obligation to please the other party.

Social rewards cannot be bartered. Significant to the social exchange process, is the obligation created over time. If a notion of bartering one obligation in exchange for another enters the process, the notion of reward may be lost (Blau, 1990). In fact, a cost may be created.

To remain a reward of social transaction, the action taken over time by either party must maintain a certain degree of spontaneity and serendipity. Even a stable exchange relationship built over time requires maintenance of some spontaneous rewards. Both partners are rewarded in a stable exchange relationship. However, if one partner feels a greater degree of commitment as a result of loss of some spontaneity, it may constitute an advantage for the other (Blau, 1990).

The subjects were asked to discuss rewards in two ways - as business satisfaction and as personal satisfaction. Business satisfaction related to actual dollar profit generated in the store. Several of the retailers reported business rewards. For example,

"It [the business] surpassed more than I ever dreamed it could...It is totally self supporting. I mean it owns my car, owns my van".

Another retailer reported a less satisfactory business reward situation:
"Oh, depends, we figure we're doing good total store, if we can turn it a couple times a year - women's three to four. That's what we're shooting for. We like to do better".

A retailer in business for the first year described business satisfaction in the following manner:

A big question mark right now. I figure the first year you have to get yourself situated. Because I'm doing a lot of buying and everything and the investment...It's an investment before you start looking up hill you gotta kind a take care of the investment, too.

Retailers often expressed rewards as personal satisfaction with the business. In several cases, reports of personal rewards were as strong or stronger than the business rewards. One retailer who had been in business over fifteen years remarked:

"Well, I probably have more personal satisfaction than monetary. It's really kind of my social life and I enjoy it very much because it...I don't make much money."

She continued later in the interview,

"Well, I guess I'm a people pleaser and I enjoy when a lot of people come in and they're kind crabby and it's fun to see just how pleasant they become just dealing with each other. I enjoy that part of it."

One subject reported personal satisfaction in a different manner. She stated:

I enjoy working with it and the hopes of making some money. And I think it's just the satisfaction, too. I'd been home for a while raising my family for quite a few years and so forth, and I wanted the feeling of the independence that I could still take care of myself and so forth.

Several retailers told stories of customers returning to report a good reaction
from other to purchases made in the store. Retailers appeared to accept these
comments as illustrations of good judgement and service in helping the customer
choose apparel that would be received well and complemented. In these examples,
rewards were gained as a result of reported feedback during return visits. Retailers
reported customers making special trips to the store to report other’s reactions to their
individual purchases. For example,

A lot of our customers travel extensively. They go all over. They go to
meetings. They travel and visit. They go for pleasure. They go for all kinds
of things, and they go in things they’ve bought here. When they’re asked
where they bought it they say ‘Well, I bought it in (town)’. And they’ll say
(town), Nebraska! Like excuse me...like you can’t have clothes in (town),
Nebraska. They expect them to say ‘Oh, I bought it in some big department
store or some San Francisco gal’s store’, you know, Miami or whatever. Then
we always get a chuckle out of that and so does the customer because she’s
telling it back to us.

Another retailer reported receiving a feedback reward in a like manner:

I had a lady come in last night, she works in one of the restaurants, just raving
how everyone had complemented her on her outfit and they wondered where
she got it, and she said, ‘I just did it right here in (town)!’ That always makes
you feel good.

Blau (1990) maintains that social rewards are affected by the social context in
which they take place. Entire social exchanges may be influenced by the group or
environment in which exchange happens. Each partner in the exchange brings a
certain status or set of rules and/or meanings to the exchange. The process is
influenced by that status as well as the social context of a particular exchange
meeting.

For retailers, rewards from transactions were affected by their status as both
community member and store owner. The rewards may have taken place over time.
However, personal and business interaction both in the store and the community influenced the profit that retailers took from the exchange process. One subject summed up her feelings regarding the profit gained from both the personal and business rewards in this way:

I decided right from the beginning I would never...my friends and family live in this town. I don't need to get rich. I don't want to get rich. And I'm not going to get rich. But I'm praying. I pray every morning and night. All I want is to stay on an even keel and pay my bills, and be self supporting for anything I want. Not anything I want, but I'm saying live comfortably. You know, I don't need to get rich. That's not what I'm trying to do. I'm just trying to please the people and do what I do best, I guess.

**Store Policies and Practices**

Store policies and practices that help to create the shopping environment are another part of what retailers use to build a relationship with the customer. Customer expectations of a satisfying shopping experience include the condition of the store environment as well as the policies and procedures which influence presale promotional and/or service activities (Westbrook, 1981). Post purchase activities, especially return and adjustments policies, are also part of this complex system. The customer generally places greater importance on the postpurchase policies, i.e. ease of returns. Conversely, the current literature reports that retailers generally place more importance on the prepurchase environment of the store when discussing customer satisfaction (Schmidt and Kernan, 1985; Westbrook, 1981). There is the possibility that this difference in perspective can create a certain tension in the interaction between the retailer and the customer.

The small apparel retailer's description of store policies and practices that
affect customer satisfaction were present in the following areas: physical space, merchandising and inventory selection, promotional activities, and service. Each component was discussed from the retailer’s point of view, with an eye toward discovering contrasts to the customer’s point of view.

The Physical Space

All but one of the stores visited were housed in older buildings, either on the town square or off a main street. A newer owner had moved the location from the downtown town square area to a new strip center at the intersection of two major highways. The remaining stores were in buildings generally fifty to seventy five years old - usually brick and adjoining other storefronts. One freestanding store was a frame house on a corner near a busy intersection that divided the downtown business district from the residential area of town. Although located on the edge of residential area, it was easily identified by signage both on the store and the front lawn.

Insides, ceilings were high. The older stores were long and narrow. The store in the freestanding house contained rooms that were divided into several small spaces. The brick stores usually contained one room. If divided, it was to house stock and fitting room areas.

Lighting was often uneven, and sometimes quite dim. The usual light sources included natural light from large front windows and ceiling mounted fluorescent light bulbs. The house and the newer strip center location were the only units to make use of track or spot lighting.
Merchandise was displayed on walls and floor racks. The walls in the older, brick stores were generally panelled, using dark brown wood like material. Chrome fixtures and shelving are used to hold merchandise. Display was simple: only one store used mannequins to show merchandise. When display was done, it generally involved the layering of garments, creating a total look. Display of the merchandise reflected an importance being placed on neatness, rather than making a statement. Compared to larger chain and department stores, the stores were generally not as visually exciting.

**Merchandising and Inventory**

Merchandise was usually displayed by category, i.e. dresses, tops, pants, coordinate groups. Visually, stocks appeared highly assorted in most stores with very little duplication of items by size or color. Dresses might be found on the wall, arranged by size. Missy, Half Size and Petite size ranges could all occupy the wall space. Separates, i.e. pants and blouses, were usually on floor racks where they could be easily moved and assorted. If the store carried intimate apparel and/or accessories they were generally in the back half of the store.

The merchandising emphasis appeared to be on creating an illusion of wide assortment and variety. For example, one retailer described her strategy for creating variety as buying all colors she wanted to carry in a particular basic pant, but not carrying all sizes by color. She was able to special order basic pants by color and size from this particular vendor so was able to keep her stock investment at a
minimum.

Another retailer spoke about the importance of finding special manufacturers that other larger stores in the area may not carry. She described her strategy for creating variety in the following manner:

I try to carry some manufacturers from the Carolinas, from Arkansas. I think you get a little bit broader variety that way. I'm dealing with some companies I've worked with for several years now and I'm real happy with them. They're real competitively priced. A lot of people here will be a little bit gun shy to spend too much money for something that they may not wear too often through the year. So they'll go to a lesser dollar item, but still have it looking nice.

Part of maintaining store environments is maintaining the assortment of inventory that customers expect to see while shopping. The inventory is essential to the economic component of the exchange process. Without inventory, the retailer has nothing to offer the customer in the economic exchange.

Maintaining an adequate and properly balanced inventory in the face of growing chain and department store competition has proven to be a challenge for the small apparel retailer. The greatest challenge is finding support in the wholesale marketplace. One retailer elaborated on the problem. She described one of her strategies:

We hand pick every piece of goods so that we have groups that we are the only ones in the market to buy one brand by fours. Nobody else buys fours. We have to keep it a big secret.

When pressed as to what "fours" meant, she replied:

"Four of, four pieces. Because we told her that we will buy a lot more if we can buy variety rather than quote, quantity."
This retailer, as well as several others, discussed the ability to buy in smaller quantity as important to inventory management. Buying more items in smaller quantity is seen as a way to increase assortment and the appearance of variety. The retailer spoke at length about her arguments with vendors at markets regarding reduction in quantity of individual items. She reported,

I don’t know why every company doesn’t do that. They could sell more, but they don’t do that. I’ve preached every time I go to market, it doesn’t make sense. I’m not going to buy a dozen of anything. Why should I take a dozen of anything in a town this size? They’re hurting themselves by their silly rules. But I guess they don’t need (store name). They need (large store) and (large store) and the big... That’s who they’re catering to with their dozens or whatever. Even then I don’t like to walk into a store and see 999 peach sweaters, you know. A store is by color any more and that just really turns me off, I guess. I think variety is more important. Well, it is for here anyway. And they will ask lots of times, ‘How many of these did you have?’ or ‘How many of these did you sell?’ They don’t want to look like everybody else.

Promotional Activity

Customers gather information from retailers in different ways. Promotional activity prior to the sale is one form of helping the customer get information about the product. Information gathered in search process may influence the expectations the customer has prior to the actual exchange transaction. The expectancy - disconfirmation model of satisfaction relies upon the notion that customers form certain expectations of the product prior to purchase (Anderson, 1973; Day, 1977; Oliver, 1980). Expectations may be based upon certain attitudes or experiences (Howard and Sheth, 1969; Tse and Wilton, 1988). Promotional activity conducted during a customer’s external search for a product to meet a need is vital to this process.
External searches require a customer to leave his/her particular frame of reference and attempt to solve a consumption problem (Mowen, 1990). For example, there may be active external searches for a particular article of clothing needed for an upcoming event. There may also be more passive external searches, in which a customer relies on information presented in the general course of events. This passive search for clothing may take place while stopping into the store simply to say hello.

The retailer, through promotional activities, takes an vital part in this search process. For the purposes of this study, any action retailers used to help draw customer attention to the store were considered promotional activities. These activities were planned with store publicity in mind. Retailer’s promotional strategies and activities were found to be in three areas: advertising, special in store activities, and participation in community events.

Retailers generally reported newspaper as the media most often used. Television was not mentioned. Radio was mentioned by several retailers, however current examples of radio advertising were not shared.

Several strategies existed for using print media. The subjects reported use of local newspapers as a key promotional technique. One retailer discussed a tactic she was using to inform customers the store had moved locations and was also changing its’ merchandise mix. She reported:

We don’t just put sale. We have a new brand coming along. We ordered a new Rus by Liz Claiborne and so we featured that in our ad along with the sale...A lot of people will come in to at least look at it. That will bring them into the shop for whatever else. We try to get a little bit of variety for our ad.

As a general rule, percentage off or advertised sales were not the first type of
promotional activity mentioned. Advertised sales were used to clear merchandise, often during the season ending community sponsored sidewalk sales. Retailers expressed frustration with in season percentage off sales events, often noting that the discounts meant very little to the customer in the present competitive retailing climate. They chose, instead to promote the business by other means.

Several retailers mentioned participating in special editions of newspapers or magazines. These special editions were often community based, listing attractions found in the entire community. Advertising in this form allows the retailer a more general approach, investing as a member of the community without having to create a specific promotional event. For example, one retailer supported a special edition that featured her community as a small town within commuting distance of a major urban center. Real estate growth in the community had been evident. She was personally aware because her husband, a residential builder, was currently working on six houses.

The higher end retailer used specialty market magazines to target upper income customers in a nearby urban area. She noted that the advertising was quite expensive and it was difficult to measure true return on investment. She used the magazine when she first bought the business to expand the customer list for the store. Due to the expense, and some resultant problems with shoplifting, she has switched the store's promotional activity to a more personalized service approach.

As previously discussed, a number of retailers mentioned using special events to build more informal relationships with the community. A number of informal gatherings centered on hobbies or personal interest, i.e. the retailer who shared her
dolls for club meeting. Others included providing fashion shows on a request basis for local organizations and charity events. One retailer discussed her participation in local charity events:

I do lots of style shows. I go as far as fifty miles for a style show...I just did one. I do one every year for the senior center to raise money. And they furnish me some of their models because I think a style show is much better having some of their people involved. And then I furnish the other models with things we would like to show off. We're building a library and it was a fund raiser for the library. I don't charge anything to do those shows.

Retailers may use the customers as participants in promotional events. Publicity carried out through active participation in local charitable events allows a retailer to accomplish several things. As an active member of the community, the retailer demonstrates community support and visibility, in short, a responsible, caring citizen. Secondly, the retailer becomes a distinctive assistant in helping the customer complete merchandise searches, whether they be active or passive.

The retailer also acts as an agent of diffusion by promoting merchandise available for the community selection. As a information gatekeeper, a retailer makes specific choices about merchandise available in the wholesale marketplace (Hirschman and Stampfl, 1980). This information is passed onto the customer as they conduct searches. A retailer acts as an opinion leader in the community, serving as a source of fashion information. Customers often perceive retailers as sources of criteria regarding current trends and acceptable styles.

Opinion leadership and gatekeeping activity may occur through visual displays. One retailer mentioned changing the store windows at least once a week. She is located next door to a popular cafe and across the street from the courthouse. Noting
that customers were paying attention to her displays, she reported:

Once they see something in the window, even if it comes in a different color, they usually buy what's presented to them. So you know, and if it looks nice in the window, and maybe they're walking down the street, with a friend, and if a friend comments on it, they'll think twice about it and will come back in and purchase it.

Retailers mentioned word of mouth as another informal promotional activity.

One of the retailers with a junior clientele described the use of word of mouth in this way:

Word of mouth...yeah, word of mouth. It seems like if those kids, they come in here and they buy something from me, and somebody will say 'Where did you get that?' Because that's how Rachael found out and goes 'Like, I've got to have one of those!'

This retailer's daughter also served as an informal model and opinion leader in her local high school. As previously noted, the daughter had gone to the markets with her mother, the store owner. To promote new items she wears the clothing to school and says, "Come on, go to the back room [of the store]."

Several retailers recounted special activities they had developed for their own stores and customers. For one store owner, it was champagne Sundays the weeks prior to Christmas. Another retailer promotes the store by trying to create a homey, comfortable environment in the store. She mentioned that the store was an extension of her home and states: "I've got a sign in the window that says 'Come on in and Browse' and then we've got coffee if they want coffee. Kinda make it home, country store, that kind of thing".

Several retailers devised programs to encourage repeat business. One retailer described a birthday club she started. A birthday card is sent, entitling the customer to
a special discount. She describes this promotional strategy in detail:

When someone comes in I ask them to join my birthday club. It doesn’t cost them anything and when their birthday comes around, I send out this card to them; give them 25% discount off anything regular price in the store for their birthday. They have thirty days to use it. If they can’t get down here in thirty days and want something we kinda bend it a little bit. But if they don’t want to even use it at all, just toss it, and then we’ll know not to put them in next year; that they don’t want a part in the birthday club...I’ll tell you, very few people toss it.

Another retailer described a punch card system she had instituted early in the business. She needed to learn customer’s names and began a system to track and reward repeat customers. She describes the system in these words:

Any merchandise they purchase at regular price, we punch out each dollar and when it’s all punched out, they get twenty five dollars free in merchandise, and it’s only on regular priced merchandise...They keep track of their punch card...They know exactly when it’s filled or I’ll tell them if they have one filled.

The above retailer mentioned that she was not sure if the return cards had helped the business. She did however show the researcher eight shoe box size cartons of the punch cards she had accumulated over ten years of doing business. She mentioned that the promotional card activity keeps growing every year. In her system the customer is allowed twenty five dollars of free regular price merchandise after accumulating purchases of two hundred fifty dollars. In what amounts to a ten percent discount on regular price purchases, the retailer gave away three thousand dollars in regular price merchandise last year as a result of this program.

The store owner serving the higher end customer discussed a new concept that will promote the store as well as provide a service to the customer. She is also part of a mother - daughter team and shared an idea the daughter was developing. They have
targeted the younger, professional customer from a nearby metropolitan area as a business growth opportunity. Due to time constraints this customer is usually not able to drive to the store. The daughter lives on the outskirts of the metropolitan area and knows a number of the potential customers through her health club and child care networks.

Similar to a home party plan, that daughter has started to invite customers to her home to show merchandise from the store. She brings stock from the on-hand inventory, after discussing with the customer their clothing wants and needs. On several occasions, the store owner mother noted, the customers have hosted gatherings in their own homes to introduce the store to their friends. Promotional activity, in this case, has become as specialized as the store merchandising strategy. Customers are specifically identified and the promotional activity requires an approach not often seen in contemporary retailing - promotional activity merged with service on a very personal level.

Service

The service orientation of the store is important to a customer’s evaluation of that store (Westbrook, 1981). Service may occur pre or post purchase, depending upon the situation and the customer.

For the apparel retailer, service activities have traditionally included alterations, gift wrap or delivery. Depending upon the type of retailer, these actions were often described as free to the customer. With the considerable changes in retailing in
general, and specifically, apparel specialty stores in recent years, the customer is now being charged for what used to be described as special service. Special services to complete the transaction may have been costs taken from retail margins in the past. If they are even offered in the large retail operation of present, these activities are now only offered as add on costs to the purchases in many stores. What used to be considered service to complete the transaction now has become an add on sale.

For the small retailer, service activity is part of the investment costs of time and effort necessary to maintain the economic exchange relationship. Service activities require special investments of time, energy, or material that may not be a part of every transaction. However, investments of time and energy of this type in the exchange are necessary to increase value and respect within the exchange, thereby increasing the need for one partner or the other to meet the unspecified obligations of exchange.

The store owners described these investments of time and energy in several ways. Service to the customer may have been specifically related to merchandise, such as special orders or alterations. Investments were also more social, for example, special deliveries.

Several of the retailers described service as related to product or merchandise during the transaction process. Special orders were taken. Merchants often maintained limited sizes and color assortments in basic stock merchandise, that is, pull-on pants. The customer may not always find their particular size and color. The retailer placed a special order - usually with a week to ten day turn around time. For
the retailer, this was good inventory management. However, the retailer always described special orders as customer service.

Over time, special orders have also become part of the buying process used in shopping the wholesale market. Several retailers described keeping books or lists of items customers were looking for or needed to replace. For example,

"I've got a list now for weddings that are coming up that they'd like for me to pick out something at market for them in a particular color. They've told me a style they would like.

This type of service involves the retailer assuming certain power in the community as both an opinion agent and gatekeeper regarding apparel choices (Hirschman and Stampfl, 1980). As an opinion leader, the retailer makes a merchandise choice during this process of special ordering that must be considered tasteful and within the current fashion guidelines. The customer gives the retailer power to make appropriate choices in the market place, thereby giving them power as a gatekeeper.

There is extensive economic and social power in this process. The retailer actively makes choices for the customer. Those choices have both economic (price paid) and social (appropriateness of the garment) implications. To keep the exchange in balance, the retailers in this study described this process as a service to the customer. Without this description, the power of the choice may have created an uneasy balance between the retailer and the customer.

One retailer recognized the importance of making an effort to maintain the
balance. She described a strategy when the garment choice is not correct. She states:

"Anything I do special order, I always tell them, if I carry it, I can put it on the shelf and it will fit somebody..."

Several retailers described the careful selection of merchandise available for general sales as a service. When asked about customer service, several of the store owners reviewed the process of culling the wholesale marketplace for merchandise. Making buying decisions with an emphasis on quality merchandise was considered an aspect of service. For example:

"I hand pick everything. I'm pretty much a stinker on that...I feel the goods and I look at the contents of the fabrics and look at what will sell,...buy my sizing I want.

Another retailer described this process in great detail. When asked about giving the customer service, she described at length the process she used in selecting quality merchandise. She explained:

By being very careful what I select. I look at fabrics. When I look at any garment, I check the fabric first...You check it for all kinds of things; how will it tailor, some fabrics don't tailor well, some the fabrics snag, some of them pill, you buy fabrics for quality, the durability. I avoid some fabrics all together...I've been in it long enough to know and a lot of times the salesman doesn't know and they'll say blah, blah, blah...they have to go to the book and look and see what the fabric content is.

Careful selection of merchandise available for sale was extremely important to the service this retailer gave her customer. She sold three and four hundred dollar garments in her store. Service, in her eyes, also required educating the customer as to the proper care of the garment. She continued,
Right now we’re in a phase of trying to educate our customers to both cleaning and laundry. You have to take care of that the same as your health or anything else anymore. You can’t just throw a garment at a drycleaner and say ‘clean it’... We have products that we sell here that are marvelous. And we point this out to customers when they try on a garment.

Retailers described another means for giving customer service as on memo or on approval sales. On memo or on approval involves the customer taking the merchandise out of the store without payment. While the retailers always used a signing out process, only one retailer required the customer to leave some form of payment, for example a credit card number or a post dated check. Customers were allowed to choose merchandise for themselves or another that could be taken home for approval and returned at a later date.

On approval sales may actually serve two purposes: convenience for the customer and opportunities to avoid merchandise returns for credit to the retailer. Customers using on approval or on memo transactions generally wanted to try on the garment at home. There may be a mirror the customer is more comfortable using at home. It may also be a situation where the purchase involves matching shoes, accessories, or another garment. While this service provides the customer considerable convenience in making the choice, it also allows the retailer to avoid the credit process necessary in returning merchandise to the store inventory. The retailer avoids paperwork and high return percentages to sales by decreasing problems prior to the sale.

In addition, the small apparel retailer may operate with minimum cash in the register on a daily basis. Allowing the merchandise to leave the store on memo or
approval avoids situations where the customer may be asked to wait for a check upon return of merchandise. This is often the case when cash on hand is kept to a minimum. Decreased returns through good prepurchase service strategies benefits both the customer and the retailer.

Informal social arrangements in the community have created an element of trust between the retailer and the customer. Socially, the retailer has indicated a willingness to accommodate the customer through whatever means possible. Economically, the retailer must maintain a solid business. On approval prepurchase agreements appear to be one strategy for maintaining that balance.

Conversations with the retailers included a number of descriptions of this process. For some on approval arrangements, the customer need is time and convenience. For example:

They just stop in and see something, or they might not be dressed to try it on. They might have on bobby sox, knee highs, or whatever. So they want to take it home with their own jewelry, shoes, different things they can make up and try on with the outfit.

For other customers, inability to visit the store requires use of on approval shopping. This was particularly true for the elderly customers. Retailers often reported using memo or on approval to serve the elderly. In some cases the family serves as the shopper for the individual. In other cases a social worker or a volunteer may serve as the surrogate, visiting the store and making selections for the customer. As Maupin (1992) reported, the elderly living in care homes are dependent on others to do their shopping. These surrogate shoppers made choices for the customer, often selecting items based on their own tastes or preferences.
One retailer described the process: "A social worker comes, the family comes, takes things out, takes them to the nursing home, tries them on. They may take three dresses, five dresses and maybe keep one, maybe keep all five."

The retailers were also active as surrogate shoppers for the elderly. In several cases the retailers were asked to make choices and deliver merchandise directly to the customer. Retailers often described this delivery as a special service to the customer. While it may not always be economically profitable, service in this manner had a social profit. In one particular story, the social elements of the exchange took on some emotional importance for the retailer involved. She described in detail a delivery she had recently made:

I have a puppy and she’s now eight months old. I had to deliver some briefs to an elderly woman that’s up there in a wheel chair. So I took my dog with me and they just loved her. She’s a real affectionate dog, full of kisses, and wants to jump up at you. All the residents that were sitting in the sun room just really went wild over it. They wanted to see her and it brought such smiles to their faces that they hadn’t seen for a while... That was the first time I’d ever done that. I just did it on a whim and they loved it. I’ll probably do it again one of these days when someone calls me for something.

While very pleased with the social exchange component of this particular transaction, the retailer went on to describe another situation in which she recognized the economic aspects. In this case, she openly discussed the economic implications of this type of service. She stated:

Sometimes I’ve delivered to some of the elderly people around town, maybe just a pair of pantyhose. It doesn’t do my business any good. I mean it’s not financially sound for me to do that, but I’ll drop by and give them a little bit of a break for the day. You know, at least they see my face and know that I’m willing to do something for them. It might carry some weight down the line, you never know. It’s not that big of a deal, you know it’s not out of town. Small area, I can handle that.
Service also includes in store activities at the time of the sale. Free gift wrapping was one example given by the retailers. Alterations were also mentioned. However, the store owners took a variety of approaches to alteration services. In some cases, the customer is referred to an alterations service in the community, perhaps a home sewing business or a drycleaner. Two of the retailers did mention being involved with alterations. In one case, the alterations were done by a long time employee. The owner described this employee as an asset to the store, stating that she took responsibility as a key sales associate as well as doing minor alterations in store. She had been with the store for a number of years and trusted by both the employer and the customers. He did mention however, that he believed her time was better spent on service to customer on the sales floor, rather than the sewing machine.

Another retailer who was highly involved with alterations as a service was the store selling the higher priced merchandise. For this retailer, giving a quality product to the customer included altering the garment however needed to insure good fit for the customer. This store owner appeared to have built a group of resource people in the community to help her provide this service to the customer. She described a particular alteration service she needed to complete the day of the interview. Noting that this was not at all that unusual, she stated,

We have a garment a gals going to pick up tomorrow that she ordered from a trunk show and she’s put on a lot of weight. The belt came in and it was like six inches too small, with velcro. So we took a pocket handkerchief out of the same fabric...One of our girls had the same suit so we took her pocket handkerchief, took it over to the alteration girl, had her make a piece. She can’t stitch it on her machine, so we took it over to the shoe repair shop to have him stitch it on to make this and I’ll pick it up today so it’s ready for her retrying, refitting tomorrow.
Service at the time of the transaction may also include giving the customer more personalized care. Retailers described very individual attention they could give a customer as a service. They described this ability to give individual attention as special service that sets them apart from larger retailers. For example,

I had a lady from New York City and she said 'You mean I can sit here in this chair and you can get me dresses, underwear, pants, stocking, shoes and I don't have to move?' She just couldn't believe it. She'd always lived in a large area, with a large population.

Service is also part of the post purchase interaction between the retailer and the customer. Generally, service after the sale includes taking returns or replacing unsatisfactory items (Schmidt and Kernan, 1985; Westbrook, 1981). However, as previously discussed, retailers appeared to be using prepurchase strategies to reduce returns after the sale. When returns were necessary, the retailers looked for strategies to maintain good customer relations while keeping inventory losses or adjustments to a minimum. One retailer gave a good example of this type of strategy. She stated:

We had a case that a lady bought a blouse that she brought back. It was apparent to me that she'd rubbed up against something that caused the fabric to do this thing and another place on the back side where she openly admitted that someone put their arm around her and snagged it with a watch. She insisted that the fabric was not good quality and to send it back to the merchandiser. I did and they are very good accepting that. I'm still waiting for my credit to come from that to pass on to her. I felt I had to do that because she's a good customer and I don't want to lose that.

For another retailer, post purchase service included managing in store credit. She was the only retailer to mention still having an individual store charge system in place. Other retailers mentioned only major credit card systems when discussing charge credit transactions. While this retailer wanted to convert her customers to
major card accounts, she was also aware that her customers appreciated this service. She also proudly noted that she did not require any identification, such as a driver’s license, on purchases paid for by check. For her, customer service given through credit arrangements appeared to be an issue of trust in relationships. She gave several examples that involved the trust she was willing to extend customers on credit purchases. One example very clearly described her strong feelings of trust in regard to this service. She said:

I had one gal too, this was kinda neat... She came in and she was going to start at (supermarket) in (neighboring town) and she needed a white blouse and bra and no way to get one. I told her, you know, I’m sticking my neck out. I have faith in you, I feel if I do a favor you’re going to be...I be nice to you, you be nice to me. That’s the way I work. I sent statement after statement and they moved from here to there. I kept catching up with them, catching up with them, never nothing, nothing, nothing. One day after a style show we were bringing stuff back on Sunday. I hadn’t worked Saturday so the mail was laying here. I grabbed it and here was this check from the girl. The thing in full and with interest for every month she’d missed. So I say, see it pays off not to send the bill collector or whatever...She wrote a nice note saying she was living with this guy and he spent everything she made. She got out from under him and this was the first time she was able to get the money to pay her bills.

Descriptions of service prior to the sale, especially on approval purchases or special orders, depend on the element of trust that has been built in both the formal and informal connection made by the retailers in the community. Service activity prior to the sale also appeared to reduce problems after the sale. In the case of the small apparel retailer, correct presale management of merchandise choice may help avoid costly returns. All of the retailers mentioned that they try to be fair and accommodating in regard to their return policies. However, over time, several retailers also mentioned having to make policy adjustments. The most significant of these was
the reduction in the amount of cash given during returns, and a credit only policy for sale merchandise.

By allowing more flexibility prior to the actual transaction, the retailer reduces potential for problems both economically and socially in the transaction. Allowing flexibility prior to the sales reduces the need for inventory adjustments, thereby reducing the additional economic costs of the transaction. By showing trust in the services rendered to the transaction, the retailer may in fact, increase the social obligation requiring the customer to actually complete the transaction and purchase the merchandise. The transaction is kept in social balance by the retailer describing this extension of trust as a service on their part.

**Customer Satisfaction**

For the small apparel retailer, customer satisfaction required balancing the wants and needs of the customer, both economically and socially, with their own wants and needs. Economically, the needs are clear. The retailer needs to make a profit to stay in business. Conversely, the customer is looking for a product to meet a need. Socially, however, retailer’s needs appear to vary. Satisfaction with social relationships for the retailer was a very individual process, often dependent upon their length of time in the community.

As a member of the community a retailer participates in day to day living as well as providing goods and services. Blau (1990) asserts that as members of exchange partners or groups accept benefits from each other, trust is established.
However, continued satisfaction within an exchange relationship requires constant adjustments of the costs and rewards found in the ongoing individual transactions. Failure to reciprocate in an exchange may lead to being treated as an outcast. Individuals in exchange relationships must honor obligations. However, the obligations must not become too great, as the balance can be lost and partners become dissatisfied.

Power is established in exchange relationships as one or the other partner provides benefits that others many not be able to reciprocate. There may be a continued dependance on the powerful partner due to lack of alternatives (Blau, 1990). Power established as a result of no alternatives, could lead to dissatisfaction. As costs become greater than rewards, profit in the relationship is not maintained. Satisfaction is lost. An individual capable of exerting power in a relationship must be watchful to keep the exchange in balance.

Understanding how the retailer defines customer satisfaction may be grounded in how the retailer perceives and measures the rewards of the transactions that take place between themselves and the customer, both in the store and the community. Customer satisfaction, as described by the store owners interviewed for this study, involved many dimensions of store ownership and community membership. Satisfaction related to store ownership may be merchandise related. Dimensions of satisfaction were also related to store policies and/or practices. Satisfaction was also described as a result of interactions in either the store or community. Finally, satisfaction was described as a multidimensional process, involving all aspects of the
exchange, both in the store and community.

**Satisfaction Related to Merchandise**

Descriptions of satisfaction related to merchandise could be as simple as an individual transaction. They could also be as complex as retailers taking responsibility for special orders or providing surrogate shopping services over time. Satisfaction related to merchandise was present in individual, evolving, or ongoing relationships, with retailers continually measuring the costs and rewards of customer’s evaluations of their merchandise assortments.

The store owners make gatekeeper decisions regarding product availability in the marketplace (Hirschman and Stampfl, 1980). Their obligation as a gatekeeper is to properly evaluate the marketplace. The retailer must provide appropriate merchandise assortments in which the customer is able to make a choice on a purchase by purchase basis. Retailers described customer satisfaction as a result of an individual purchase. For example,

I had a lady come in here the other day and she said, ‘My mother-in-law comes here and she said you have T shirts with collars and she wants one for her birthday’. Now you know that’s customer satisfaction.

In other cases gatekeeper activities involve making choices that will serve the quality need of the customer. This search too, happens on an individual transaction basis. As several retailers noted, merchandise quality was a concern for the customer. One retailer explained,

I guess they probably came back each time saying I’ve never had an outfit that I’ve enjoyed more, or that I’ve gotten more compliments on, or I can wash it
several times, it's not like I can read a newspaper through it.

Hence, these individual satisfactory experiences accumulate over time. In another example of satisfaction related to merchandise, the retailer reported:

The bottom line would be the return customer. If she's satisfied she'll come back again. That means she has confidence in us, she's bought something and worn something that she's pleased with, she got complements on it. We know we give them quality so the garment is going to last. We've had customers come in and tell us they got stuff they'd had for ten years and they've reaccessorized it each year.

Inventory management and procedures played a key role in providing customer satisfaction as related to merchandise. Retailers developed strategies that helped to provide merchandise assortments that aid in customer satisfaction. An important merchandise satisfaction strategy involved finding vendors in the wholesale marketplace willing to sell minimum quantities of individual items. This strategy is key to competing with the larger department store or discount chain competitors. Discounters and large department stores tend to chunk in merchandise, creating visual blocks of color and style. This method is used to create excitement and educate the customer in relation to fashion and price.

The small apparel retailers cannot afford to buy large quantities of individual styles, colors, or groups. Inventory investment to complete merchandising assortments would become too costly. Secondly, the small apparel retailer wants to present an assortment of merchandise that is wide and varied. In limited square footage stores, they want to give the illusion of the choice the customer might find in a larger, higher volume store. Retailers often mentioned that key to this is the fact that customers want to believe they are getting something unique. For example:
I don't compete with discount stores. I don't try, because you can't. They buy thousands. I can't. I don't even like to buy half dozens. I prefer buying fours. Because in a small town, I tell the customer if I know who else has bought that dress or whatever it is. I tell her so and so bought this so you will know the person has it because people are very self conscious about going someplace and wearing the same thing that some else has. We try hard to remember...

This retailer also discussed another reason customers preferred to see greater assortments of inventory. She said:

One of the biggest problems in the smaller towns is that they don't want other people to know what they paid for their clothes. I have people come in and say 'So and so got a dress here, where is it?' and you know they just want to know the price.

Satisfaction with merchandise may also involve the retailer building a rapport with a customer over time. Sometimes referred to as "knowing your customer" in the language of retailing, this rapport enables the store owner to make choices in the market for certain customers. In certain cases the customer may not have actively voiced a need or special request. Buying of this sort happens in conjunction with the ongoing purchasing of store inventory. In other instances the customer specifically asks the retailer to find a garment, such as a dress, for a special occasion. These special relationships do not substitute for day to day business. They are however, key to a retailer's ability to build status and power in the community. As an individual customer continues to enjoy a satisfactory relationship built upon appropriate merchandise choices, word of mouth spreads, enhancing the retailer's profile in the community.

Trust of this sort develops over time. The relationship between the store owner and the retailer did not always exist in regard to merchandise choices. Satisfaction
occurs with an individual purchase. Further exchanges build possibilities for further costs and rewards to take place in the exchange. As each individual transaction is evaluated, the relationship is altered to reflect that transaction.

Proper balancing of the costs and rewards of continued transactions lead to more complex requests, involving greater trust and obligation in the relationship. It was possible to compare the building of these relationships in this study by comparing the newer store owners to those who had been in business over a longer period of time. Newer store owners may have mentioned knowing the customer and thinking about particular people when making buying trips. However, they were not able to tell stories regarding individual customer relationships developed over time as were the older store owners. One retailer who had been in business over ten years was able to tell of this type of trust relationship built between herself and a customer. She described a relationship she had with a customer:

I have another lady, well, she buys nothing anywhere except here and again this lady looks wonderful. For instance if something comes in that looks like Carol, I give her a call and say, 'Carol, I have such and such'. She loves purple so anything that comes in that’s purple...She’s not a hard person to please and this lady never tries a thing on. She buys, I know she buys once a week....I would say in all the years only two or three times something did not work for her.

This retailer talked about acquiring confidence in being able to build this type of relationship regarding merchandise selection for specific customers. She discussed this process of acquiring confidence in being able to make satisfactory purchases for customer approval. She stated:

I made sure the first time I went to market, I wasn’t buying for customers. But now this affair and you know, we talk about this customer, we buy for
customers. You know, you're trained now. We know so and so would like this, and we've got to get a size fourteen because she will want this. You just learn to know your customer.

Satisfaction related to merchandise existed on two levels in the store. Customers were satisfied with individual purchases made from on hand assortments. This merchandise was selected with a strategy based upon building variety in assortments, balanced in a manner appropriate to the target market. For the small apparel retailers interviewed in the study, the target market included customers that have enjoyed a history of satisfactory transactions with the store. Satisfaction with the individual transaction evolved into relationships in which the social dimensions of the exchange became as important as the economic dimensions.

Satisfaction Related to Store Policies and Procedures

Promotional activities, the store environment and service are all part of the store policies and procedures retailers use to build a satisfactory relationship with the customer. As the retailing environment becomes more competitive, store owners are forced to compete with large discount chains (i.e. Wal Mart) moving into the trade area. They must also compete with stores in other communities, regional trade areas, or urban centers with larger stores and shopping centers. Small apparel retailers have been forced to become more creative in their approach to the promotional and service aspects of the business. These creative ventures often consider both the tangible and intangible aspects of the exchange process.

In regard to store environment, a number of the retailers mentioned keeping the
small town, homey atmosphere in their stores. Economically, a small business cannot compete with larger operations in terms of newer fixtures and mannequins, lighting, and exciting displays. To counteract this expectation, the retailers sought instead to build on the history of the store, including the physical space. With one exception, they chose to stay on the town square or close to downtown. They maintained the architecture of the building, choosing history and tradition over newness.

Within this environment store owners created an atmosphere of comfort, much like could be found in a home. Placing a park bench by the front window or brewing a pot of coffee when someone stops by to visit contributed to creating this atmosphere. Several of the retailers mentioned that it was common practice for people to gather for conversations, or stop by to visit as part of the shopping experience.

Store promotional activities were geared toward bringing people into the store. Advertising, while helping to give the customer information about products or sales, may also serve as a method of keeping the retailer visible in the community. Advertising in itself creates very little opportunity for customer satisfaction.

However, as seen in the birthday card programs, other promotional activities were also designed to give the customer an added benefit to visiting the store. There were rewards for maintaining loyalty to the store. While the store benefitted from repeat business, the customer could also be satisfied that they received something from the ongoing relationship. The fact that one retailer gave away almost three thousand dollars in merchandise in one year would indicate a significant amount of individual satisfactory purchasing experiences.
Analysis of store policy and procedures also indicated a high level of service. This level appeared to be maintained across the entire interaction with the customer. Customers were given the opportunity to take merchandise from the store prior to completing the choice and making payment. This practice lessened returns or replacements, hence reducing the opportunities for dissatisfaction and increasing satisfaction at the outset.

Other instances of high levels of services also existed to increase opportunities for satisfaction in the exchange. Special ordering, alterations and special deliveries all add to the costs the retailer is willing to expend in building a satisfactory relationship. Customers responded on an individual transaction basis to these special services. Purchases, however small, were usually made as a result of the special service. By taking care of their obligations through purchasing, customers were able to maintain a balance in the transaction. Both retailers and their customers were satisfied with the transaction.

Satisfaction as Related to Interaction

Retailers expressed tremendous pride in the individual interactions they had with the customers, both in the store and the community. For both the customer and the retailer, interaction appeared to generate the highest levels of satisfaction. In discussion, retailers linked customer satisfaction to business satisfaction. Within this framework they included their own personal satisfaction.

Discussions of personal satisfaction were generally concerned with how the
retailers were able to help or serve the customer. It was a matter of creating conversations and building levels of trust within the interaction. As described by the retailers, conversations often focused on problems customers had choosing the appropriate garment, particularly in regard to fit or color. The store owners often described this process with a great deal of satisfaction, both for themselves and the customer. For example:

I think sometimes when a person comes in and they’re a little harder to fit and you’re suggesting and bringing out new items that might be flattering to them and they’re really happy with themselves; that they’ve been able to find something that’s a totally new look. I think they develop a trust in you that you’ve kind of worked with them and then it’s a personal feeling.

This retailer had been in business less than one year. She went on to describe this relationship she was trying to build through interacting with her customers. She continued:

It’s very surprising how they’ll come back, and spread good word, and you feel good about helping this person. They walk out feeling good about themselves. You feel like you’ve made a friend with this person too and they will come back, even if it’s just to look. I think that’s probably the most - help somebody, you know, if they have a problem helping themselves and you help them work things out together.

Another retailer who had been in business over ten years spoke of developing a rapport with the customer in regard to merchandise choices. Mentioning that customers depend on honest evaluations regarding fit or color, she stated:

For instance, the other day I said something to a customer about a fashion color jacket, or she was talking about a fashion color jacket and I said ‘Well, that is fine, however, you’re limited with that color’ .... She had an old black jacket we thought she could wear this with a lot of things, so I said, ‘I guess I could probably sell more if I wasn’t so honest and so conservative’. She said, ‘That’s why everybody’s coming back because you don’t try to sell whatever, or everything’.
This retailer, as also mentioned by several others, believed that a customer’s appearance in the merchandise they had purchased from the store was a reflection on both the store and them personally. While perhaps not wanting to lose a sale, the social implications of inappropriate choices made by the customer while in her store were very important to her social actions within the exchange. She wanted to please the customer, however she also needed to please herself. In explaining her dilemma, the store owner tried to rationalize the situation. She explained:

I think it’s a reflection on my store how they look when they walk out of here. If it looks good on them, that’s what I want to see....If it looks bad on them, I tell them if doesn’t look good on them. And they want to know. A lady came in and took two pairs of slacks and said, ‘I’m going to put both pairs on and you tell me if one’s too tight or one’s too loose’. And so, you know, I guess they think I’m supposed to know how things should look and they’re going to depend on me to tell them how they should look. Which is hard sometimes because some people wear their clothes tighter than other, some wear them looser than others. So I tell somebody, ‘Now, that’s tighter than I would wear, but if that’s how you like, then that’s how you should wear it’. Like I said, I try to be very honest with them.

Customers will often give clues as to how they feel about what is taking place in the exchange. When asked how they determine when a customer is satisfied with what has taken place, retailers gave these responses:

I think it’s like anything else, you look at someone with a smile on their face as they’re walking out, because they’re buying whatever it was, you know they’re happy. It mean it doesn’t take...I’ve never had anybody stomp out of here. I mean, you can look at them and tell that they’re happy.

Another retailer reported how she knows when her customers leave satisfied. She said:

Usually it’s very apparent. Usually they thank us. Some of them thank us over and over. Sometimes we’ll get a note, maybe with a payment, or maybe they just send a note and tell us how pleased they are with this and that.
She continued, describing another means for knowing when the customer is satisfied. She stated:

Well, when you work with people all the time you can tell whether... You can tell whether you have rapport with that person, and you have to have that. It doesn’t have to be verbal. It doesn’t have to be what you say. You can just tell. Even if you have people that come into the store to just look, we seldom have people leave the store that don’t compliment us on the store.... You just know. It almost a, maybe it’s instinct, I don’t know.

Retailers in small communities have a smaller customer base. For this reason they must be very careful to avoid a dissatisfied customer. Part of the interaction process is to determine if and when a customer is dissatisfied. How a retailer handles this dissatisfaction if also part of the interaction in understanding customer satisfaction.

One retailer spoke at length about this frustration. He said:

That’s our biggest problem, people not telling us what the problem is and just not coming back and telling several other people... probably it’s hard for them. It’s hard for some people to walk in and say, ‘Hey!, I don’t like this, this was not good’. It’s easier for them to just not come back and maybe tell somebody else the stuff’s no good.

He continued:

But there’s other times I know, I mean I’m sure that people walk out of there without a product for whatever reason because they don’t feel they were treated... either they don’t feel they were treated well, or they think our merchandise mix is not good for whatever reason... If we hear about it then we can do something about it, with that particular customer and the store as a whole.

As retailers interact with the customer they continue to build relationships built upon the results of each transaction. If a customer is satisfied and the retailer is able to identify that satisfaction through interaction, the transaction is positive. Costs, rewards, and obligations may be altered prior to or during the next exchange
opportunity. If the customer is dissatisfied, there must also be an altering in the cost, rewards, and obligations put forward in the next opportunity. Interaction with the customer is key to keeping transactions in balance and creating satisfaction.

Customer Satisfaction as A Dynamic Process

Satisfying the customer has both economic and social implications. For the small apparel retailer to remain in business, they must generate a profit. To remain comfortable as a member of the community, they must maintain satisfying social relationships.

Retailers clearly understood this relationship between economic profit, community membership, and satisfaction. When asked to described satisfaction in regard to business profit, one retailer reported:

I guess if they’re satisfied, I’m going to be satisfied and I am going to continue to be here as long as they’re satisfied. I guess when I lose that, I’ve lost everything...I guess if that customer is satisfied, that’s what is going to keep me in business and make my profit by their coming back. That’s why I think satisfaction is important or they won’t come back because there’s too many places for them to go. There’s a lot of competition out there.

When asked to described the relationship between satisfaction and profit another retailer reported:

One hundred percent. That’s the bottom line, You have to make a profit to keep your door swinging. And that is customer satisfaction. If that customer is not satisfied, she’s not a return customer. That’s where it is.

Tse, Nicosia, and Wilton (1990) postulated satisfaction as a dynamic, multidimensional process. In their estimation, satisfaction begins with product usage. Certain psychological processes are triggered, setting up criteria for the next time.
These criteria are altered over time.

Satisfaction occurs over time. However, as store owners in this study described, the dynamic process of providing satisfaction to the customer may also occur prior to actual product usage. From their perspective, satisfaction is also a dynamic, multidimensional process with exchange and interaction occurring prior to actual purchase and usage. Satisfaction with the economic aspects of the exchange, in this case purchasing apparel, may happen as the result of special services, relationships or history. For the small apparel retailer, the process is ongoing and requires constant communication and monitoring.

The retailers interviewed for this study often described satisfaction as a multidimensional, dynamic process. Satisfaction was not linked to just one element of the transaction, for example, the merchandise. As an exchange process, retailers described satisfaction as involving more that one dimension. When asked to describe customer satisfaction, one retailer replied:

Very simple, I guess if the customer gets the product that makes them feel happy, and at a price they’re comfortable with, and they feel that they’ve been treated well, than that’s satisfaction.

He continued, describing why satisfying the customer was important:

That’s the big thing we have to sell. We want to keep out customers satisfied. We try to do that with service primarily, and the product and price secondarily. It is important because if we can’t keep our customer satisfied then there’s no reason to keep that customer coming back in here.

Another retailer, in business less than one year, described customer satisfaction in this manner. She said:

Well, we want them to be happy with the way they look in what they’re
buying. That they're treated with friendliness and courtesy. Things are packaged nicely and neatly for them so that when they bring them home, they look nice. Just individual attention, which I think most of them do appreciate.

Another retailer described customer satisfaction with strong emphasis on the interaction that takes place in the exchange transaction. She said:

It's just how the customer feels and how pleased she is; how satisfied she is with what we've done and what she's attained. It's a combination of the store or the clerk and the customer. It's interchange. It's like when a person goes to the doctor. It's how much she tells the doctor that he can decipher and help her with. It's the two of them working together, and that's what it is. She has to give you input and then you take it from there and help them as much as possible.

For the small apparel retailer, customer satisfaction is a process. However, as retailers in this study described, satisfaction is a multidimensional and dynamic process. It involves merchandise, available as instore assortments or provided through special orders placed in the wholesale marketplace. Satisfaction involves store policies and procedures, built upon history in the community, provision of special services, and individualized promotional activities. Satisfaction involves social interaction with the customer. Interaction is both formal and informal, built upon a history in the community. Satisfaction with the interaction is personal, for both the retailer and the customer. Satisfaction within the interaction may depend on either merchandise or policy and procedures. It is the dynamic interplay of these multiple dimensions across time that create customer satisfaction as described by the small apparel retailer in the community.
CHAPTER V.

Summary, Conclusions and Implications for Future Study

Summary

The retailers interviewed in this study participated in their community as members of social networks and business owners. Interacting with the customer in their stores often involved both social and economic exchange. Retailers offered merchandise assortments to the community. Retailers also offered their stores as a place to gather - a site for social exchange. As members of the social community, retailers participated in local events, often interacting with the customer outside of the store.

The purpose of this study was to investigate the concept of customer satisfaction from the small apparel retailer’s perspective. The goal of this research was to enhance the understanding of how the small apparel retailer defines customer satisfaction. Use of an inductive design enabled the researcher to answer the research question: How does the small apparel retailer define customer satisfaction?

The unique contribution of this study to the literature was the use of the retailer as the unit of analysis in defining customer satisfaction. The retailers involved in this study were a highly intuitive group of individuals. Initially, they experienced some difficulty responding to questions regarding their definition of customer satisfaction. They could describe indicators of customer satisfaction. However, it was often necessary to probe for descriptions and examples in order to extract an actual definition. It would appear that the ability to understand customer satisfaction
developed through a highly intuitive process of constant evaluation and adjustments of the exchanges they had with customers and community members.

Customer satisfaction, as perceived by the small apparel retailers interviewed in this study is a dynamic, multidimensional process grounded in acquiring knowledge of the customer. This knowledge of the customer is developed through constant evaluation of the exchanges that take place between the retailer and the customer. These evaluations require balancing the importance of merchandise selection, store policies and procedures, and interpersonal interactions that take place during an exchange transaction.

Customer satisfaction, as defined by the small apparel retailers, is the union of three categories: merchandise selection, store policy and procedures, and interpersonal interaction. Each category can be examined for its contribution to customer satisfaction. It is possible for a single category to be the strongest element of an exchange transaction. However, as the small apparel retailers described, customer satisfaction is generally the combination of all three categories. The elements may not always be equally responsible for the final satisfaction with the transaction. One element may be stronger than the other elements. In perceiving and assessing an individual customer's satisfaction, the retailer is often required to balance merchandise selection, store policy and procedures and interpersonal interaction. Knowledge of the customers' needs and wants is constantly compared to prior exchange experiences and those experiences the retailer is currently able to offer.
Conclusions and Hypotheses for Further Study

Customer satisfaction as seen by the small apparel retailers in this study, did not start with product usage. While use of the merchandise product purchased in an economic exchange was certainly a key component of customer satisfaction, it was not the only element the small apparel retailers used to define satisfaction. Satisfaction with merchandise selections involved building a rapport with the customer over time. In building rapport the interactions often involved use of store policies and procedures oriented toward the needs of the customer. Retailers needed a high level of interpersonal interaction with the customer prior to, during, and after the individual sale to determine the appropriate merchandise product needed. The personal attention the retailers tried to give each customer was important in the development of satisfaction in each individual exchange interaction. Customer satisfaction, thus, involved more than just product and was derived from a constant process of evaluation that sought to increase the retailers' knowledge of the customers' wants and needs.

The intent of this study is to help organize future studies of customer satisfaction as defined by small apparel retailers. Based upon the analysis of the data, categories were established related to how the small apparel retailers defined customer satisfaction. This organization then allowed the researcher to prepare hypotheses for future study. The hypothesis generated for testing the definition of customer satisfaction as described by small apparel retailers is:
**H₁:** For the small apparel retailer, merchandise selection, store policy and procedures, and interpersonal interaction contribute to customer satisfaction.

Small apparel retailers interviewed in the study worked to create a merchandise mix that gives the customer as much variety and assortment as possible within limited inventory dollars. Inventory management strategies for the small apparel retailers must include correct diffusion of product from the wholesale marketplace through careful buying and negotiation with vendors. The small apparel retailer cannot afford to "chunk" in large quantities of merchandise by individual style and/or color, thereby giving visual impact to important trends. The retailers in this study looked for ways to capture visual impact through assortments of color and style. Retailers also articulated that their ability to negotiate in the marketplace has impact on the merchandise available for sale and hence, customer satisfaction. A second hypothesis emerged from this study regarding merchandise as a category related to customer satisfaction. The hypothesis is:

**H₂:** Small apparel retailers perceive that broad assortments of merchandise increase customer satisfaction.

Store policies and procedures also emerged as a category contributing to customer satisfaction for the small apparel retailers interviewed in this study. Promotional activities, the store environment and service are all part of the store
policies and procedures small apparel retailers used in building customer satisfaction. However, as the competitive environment changed, retailer's approaches to promotional activities, the store environment and service also changed. Store policies and procedures used to satisfy the customer often centered on maintaining the highly personal aspects of community life. Specific promotions, such as birthday card programs, directed activity toward individual customers. Attention was paid to maintaining the comfort and charm of main street in the physical environment of the store. In addition, retailers also described providing special services either before or after the sale. These services included personal delivery to the customer or a special effort to complete necessary alterations. Clearly, a hypothesis emerged regarding store policy and procedures as a category contributing to customer satisfaction. The hypothesis states:

\[ H_3: \text{Small apparel retailers perceive that store policies and procedures contribute to customer satisfaction.} \]

The third category relating to customer satisfaction, interpersonal interaction, emerged as the technique of constant comparative analysis between the data and the guiding theoretical framework was completed. Future study of interaction, as a category contributing to customer satisfaction is formulated within a discussion of the theoretical framework.
**Use of the Theoretical Framework**

The objectives met for this study included the identification of both the customer and interaction process as perceived by the small apparel retailer. As Hirschman and Stampfl (1980) submit, it is in the process of interacting with the customer that the retailer is able to complete the diffusion process of product into the culture. It would appear that in order to complete the diffusion process, satisfaction is necessary as related to both the interaction and the product. To date, customer satisfaction has generally been studied using an expectancy/disconfirmation model in which the customer evaluates a particular product or service based upon prepurchase expectations (Anderson, 1973; Bearden and Teel, 1983; Day, 1977; LaBarbara and Mazursky, 1983; Oliver, 1980). Pre-experience (Swan and Trawick, 1981) and/or brand based norms (Woodruff, Cadotte, and Jenkins, 1983) as related to product decisions were also used as models for examining customer satisfaction. However, with the exception of Tse, Nicosia, and Wilton (1990), analysis of customers' satisfaction with a product as part of a process has seen little examination within the literature. The multiple process model proposed by Tse, Nicosia, and Wilton (1990) studied satisfaction as related to the processes involved in the various levels of consuming a product over time, that is, purchasing, storing, maintaining, using and disposing of the product. The limitation of their study is that within the process of purchasing a product there may be an interaction with another individual. In the present study the individual with whom a customer interacted was identified as the small apparel retailer.
Further work, therefore, lies in the relationship of interpersonal interaction as a category related to customer satisfaction. Retailers expressed pride in relationships built over time, both in the store and the community. Interpersonal interaction often created high levels of social implications for the retailer, both as store owner and community member. Retailers often linked this level of interpersonal interaction to business satisfaction as well as customer satisfaction. The hypothesis for further study of interpersonal interaction as related to customer satisfaction is therefore suggested:

H₄: The longer the presence of the retailer in the community, the greater the recognition that is given to the importance of interaction as related to customer satisfaction.

Social exchange theory, particularly the work of Peter Blau, was used as the guiding framework for this study. Blau (1990) asserted that social exchange pertained to the process of the interactions between two or more people. The exchange is based upon the reciprocal actions that take place in that process. While an individual's background or personality traits may play a part in the exchange, it is the balancing of the costs and rewards, in the particular transaction that create the meaning. Use of social exchange theory to examine the processes involved in customer satisfaction made sense in this study.

Blau's (1990) writing concentrated on the examination of social structure found in macrosociological relations. Blau (1990) asserted that macrosociological structures were not necessarily the result of direct translations of the microsociological
perspective. Individual exchanges, taken together do not necessarily create the macro perspective. Each transaction must be examined on its own, for its own merits. While individuals involved in transactions may feel some obligation from past involvements, it is the uniqueness of each transaction which adjusts and reestablishes the relationship. Social exchange, then is a constantly evolving process.

In the present study, retailers were highly involved in the process Blau (1990) describes. The retailers were able to describe their stores, customer base, and community at a macro level. However, it was at the micro level that constant shifts and adjustments were made in the exchange process. For the retailer to compete in the community, each transaction had to be carefully monitored and evaluated. Every customer was important. Each transaction was important. Customer satisfaction within each transaction evolved as an individual process of exchange between the retailer and the customer. Adjustments made at the micro level, within each transaction, may or may not have been reflected at the macro level. What was needed to satisfy one customer in an exchange transaction, may not necessarily be required in all transactions.

Customer satisfaction is part of an ongoing exchange relationship. However, as Schmidt and Kernan (1985) suggested, satisfaction may not mean the same to retailers and customers. As retailers understood the process, constant adjustments to individual retailer-customer relationships were necessary based upon the elements found in each transaction. Merchandise selection, store policy and procedures, and interpersonal interaction come together to create an opportunity for satisfaction within an exchange.
Satisfaction is derived from the proper blending and balancing of these elements. This is a constantly changing process, with each exchange capable of being slightly different than that found in previous or future transactions. As proper balancing occurs on an individual customer and transaction basis, the small apparel retailer begins to accumulate a knowledge of the customer’s wants and needs. As this knowledge of each customer increases and is constantly modified, the small apparel retailer begins to develop a base of information. In the aggregate, the accumulation of information will reflect an incorporation of the knowledge gained through individual transactions. However, the aggregate knowledge of the customer will not necessarily be an accumulated total. Thus, in the macro state, customer satisfaction reflects that which is learned in the micro state, but is not always a direct transference of knowledge.

Along with the accumulation of knowledge used to manage and prosper as a store operation, the retailer also builds a substantial amount of information regarding the customer. Customers, more often than not, are also citizens of the local community. There is a relationship that is built between the retailer and the community, both as store owner and community citizen. Strategies for customer satisfaction become highly complex, integrally linked to the responsibilities that the retailer takes on as community member. The small apparel retailers interviewed in this study spoke often of these highly complex relationships, often with a great degree of emotion.

Using social exchange theory as a guiding framework for this study helped
formulate perhaps the most significant hypothesis to emerge from the analysis of the data. Within the economic exchange that takes place in the store over time, there also emerges a history of social exchange. Each economic and/or social exchange has the potential for satisfying the customer within the individual transaction. However, perhaps even more important to the small apparel retailer, a social history within the community develops as the business grows and prospers. Therefore, over time, the small apparel retailer becomes highly involved in the social processes of the community. Given this, the researcher suggests that perhaps the most meaningful hypothesis to emerge from this study is:

\[ H_5: \text{In a small community, the small apparel retailer serves as a social agent.} \]

**Implications for Future Study**

This study examined the concept of customer satisfaction in a way it had not been previously approached. The unique contribution of this study involved the examination of customer satisfaction as defined by small apparel retailers. This definition in turn led to the development of hypotheses for future study. The qualitative approach used in this study concentrates on theory building. It remains for future researchers to examine the hypotheses for use in further theory building.

Based upon the work of this study, the researcher would like to suggest major research questions for further investigation. They are:

1. Are the categories of merchandise, store policies and procedures, and
interpersonal interaction given equal weight by small apparel retailers in
defining customer satisfaction? If these factors do influence customer
satisfaction, then what is the effect of customer satisfaction on retail store
performance?

2. How would the customers of the small apparel retailers define satisfaction?
Would they agree that merchandise, store policies and procedures and
interpersonal interaction form the core categories of customer satisfaction?

3. Within a small community would both customers and retailers agree that the
small apparel retail store owner serves as a social agent? Does this serving as
a social agent within the local community involve a reflection or extension of
self as seen by a need to help or serve the community? Could there be a
question of gender that enters into the possible relationship between a retailer's
self satisfaction, customer satisfaction, and business satisfaction?

In addition, the researcher would like to suggest that future study of customer
satisfaction examine linkages to economic development in small communities. Each
retailer interviewed in this study is contributing to the economic health of their
community. The contribution is ongoing, built upon a history of social and economic
relationships in the community. Within an economic development framework, further
research could examine ways in which to strengthen opportunities for small business
development related to apparel and special population groups. A longitudinal study of
one or more retailers could provide information regarding the ongoing process of the
relationship between customer satisfaction and economic development.


and Complaining Behavior, 5, 104-113.


Journal of Marketing Research, 20, 393-404.


Appendices
Appendix A

Communities Targeted for Sampling

<table>
<thead>
<tr>
<th>Community/County</th>
<th>Community Pull Factor</th>
<th>County Economic Base</th>
<th>County Pull Factor</th>
<th>Stores Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn/Nemaha</td>
<td>1.263</td>
<td>Ag Dependent</td>
<td>.599</td>
<td>3</td>
</tr>
<tr>
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<td>Ag Dependent</td>
<td>.590</td>
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<td>Reg. Trade</td>
<td>.768</td>
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<td>Diversified</td>
<td>.639</td>
<td>2</td>
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<td>Reg. Trade</td>
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<tr>
<td>Crete/Saline</td>
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<td>Diversified</td>
<td>.727</td>
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<td>Ag Dependent</td>
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</tr>
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<td>Diversified</td>
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<td>1</td>
</tr>
<tr>
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<td>Ag Dependent</td>
<td>.648</td>
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<tr>
<td>Fremont/Dodge</td>
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<td>Reg. Trade</td>
<td>1.005</td>
<td>7</td>
</tr>
<tr>
<td>Lyons/Burt</td>
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<td>Diversified</td>
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</tr>
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Appendix B

Letter

[University/Department Letterhead]

June 23, 1993

Dear Small Apparel Business Owner:

As a current graduate student at the University of Nebraska-Lincoln I am working toward the completion of my master’s work in Textiles, Clothing and Design. I am in the process of beginning my thesis work.

Your name was chosen from the Nebraska Business Directory as a retailer of women’s apparel. My thesis project focuses on customer satisfaction. I am very interested in your perspective.

It would be most beneficial to my progress if you would take the time to visit with me about customer satisfaction. I would like to meet with you in your store. I would be happy to meet with you at your convenience.

Please be assured that your participation is completely voluntary and you have the right to refuse any question that you feel is too personal. Your responses will be kept confidential; all reports will be based on the combined responses of people like yourself.

Your interest and participation in this study is very important to the success of my thesis project. I will be calling you within the next week to speak with you more about the project and schedule an appointment with you.

Sincerely,

Sandra Cardillo
Graduate Student
Textiles, Clothing and Design
Appendix C

Proposed Budget

Travel
All communities targeted are in the eastern one third of the state of Nebraska. Funding support for mileage will be supported by the NC 192 Regional Research Study.

Total Mileage Estimate = $375.00
Actual Mileage = $254.75

Administrative
Estimated long distance telephone expense = $75.00
Actual long distance telephone expense = $33.80
Estimated supply cost (tapes, computer paper) = $35.00
Actual supply cost = $42.00

Total Administrative Expense Estimate = $110.00
Actual Administrative Expense = $67.60

Data Analysis
Departmental Equipment Support
- tape recorder and transcriber
- Ethnograph Qualitative Analysis Program for PC's
Transcribing expense, clerical @ $6.00/hour = $306.00

Total Data Analysis Support Expense = $306.00

Additional support of $75.00 for this study was received from the Dean's Office, College of Human Resources and Family Sciences, University of Nebraska - Lincoln, Graduate Student Grant in Aid fund. Funds were used to cover administrative costs. Transcribing expenses were the responsibility of the researcher.

Remaining costs were the responsibility of the researcher.
May 22, 1993

Sandra Cardillo
Textiles, Clothing and Design
UNL 0802

IRB # 344-93-EX

TITLE OF PROTOCOL: A Naturalistic Inquiry into Small Apparel Retailer's Definition of Satisfaction

Dear Ms. Cardillo:

The IRB has reviewed your Exemption Information Form for the above-titled research project. According to the information provided this project is exempt under 45 CFR 46:101B. You are therefore authorized to begin the research.

It is understood this project will be conducted in full accordance with all applicable sections of the IRB Guidelines. It is also understood that the IRB will be immediately notified of any proposed changes that may affect the exempt status of your research project.

Sincerely,

[Signature]

Ernest D. Prentice, Ph.D.
Vice Chairman, IRB

EDP/abk
Appendix E

Interview Protocol

1. I would like to ask you about [community name].
   - What is the primary economic base of the community?
     [probe for major employers, important businesses]
   - How would you describe the occupation of the people who live in this community?

2. How long have you lived in [community name]?

3. How many years have you had the store?
   [probe - family ties, other employees]

4. What is it like to do business in this community?

5. How do you describe your customer?
   Age? Gender? Occupation? Lifestyle? i.e. church going, recreational, clubs

6. Please tell me about the community activities you are involved in.

7. Please tell me about some places or times other than the store where you might interact with your customers.

8. Did you make an acceptable profit last year?

9. How have you organized your business?

10. Do you (and/or your family) have any other sources of income?
    [probe - does this have an influence in community?]

11. Please think for a moment about your interaction with the customer. Does it seem to you that the sales transaction involves more than business?

12. What does "customer satisfaction" mean to you?
    [probe - merchandise? relationship? service?]

13. How do you know when a customer is satisfied?

14. Why is customer satisfaction important to you?

15. How do you use customer satisfaction?