

# Store Atmospheric: The Key to Retail Shoppability

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**Abstract:** Background: Consumer shopping has undergone a paradigm change since the advent of global giants into the Indian retail industry. Retailers are confronted with the challenge of attracting customers, converting them and gaining loyalty. As a consequence retailers have realized a need to design retail outlets to capture consumer attention, plan store layout to facilitate easy access of products, motivate consumers to spend more time at outlets, motivate unplanned purchases and to create a satisfying shopping experience for customers. Research Method: There are four contributing factors to store atmospheric, which are ambience, design, signs & symbols and service which are the independent variable in the research, while the experience perceived by the customer is known as moderating variable and the customer behavior as the dependent variable. A structured questionnaire is employed to collect data and Likert scale was adopted. Cronbach's alpha is estimated to determine the reliability of the research instrument. Data is compiled and analyzed using SPSS 16. Chi-square test is undertaken to determine the association between variables, association strength between variables is measured using correlation analysis and the extent of influence of the independent variables on the dependent variable is measured by employing regression analysis. Results: It is concluded that all four dimensions of store atmospheric have a significant influence on customer experience. Results of logistic regression reveals that customer experience from the four dimensions of store atmospheric considered for the study, rationalize 79 percent of customer behavior.

**Index Terms:**— store atmospheric, customer experience, customer behavior,

## I. INTRODUCTION

The retail sector, globally, has grown exponentially over the past decade. International retail giants are exploring new markets, especially the developing economies due to their promising market size. The emphasis here is to diversify risk by investing in markets with different maturity levels and diverse consumer profiles to ensure they have a balanced optimal portfolio. India has proved to be one of the attractive destination for the international retail giants. A research report published by KPMG in 2014 forecasts the Indian retail sector to grow to US\$ 1.3 trillion by 2020, registering a Compound Annual Growth Rate (CAGR) of 16.7 per cent over 2015-20. The Indian retail sector is characterized by the dominance of the un-organized sector with 92 per cent of the revenue being generated by this sector alone; there is a tremendous scope for market consolidation (CRISIL Research Estimate- 2014).

Consumer shopping has undergone a paradigm change since the advent of global giants into the Indian retail industry. Retailers are confronted with the challenge of attracting customers, converting them and gaining loyalty. As a consequence, retailers have realized a need to design retail outlets to capture consumer attention, plan store layout to facilitate easy access of products, motivate consumers to spend more time at outlets, motivate

unplanned purchases and to create a satisfying shopping experience for customers (Levy & Weitz 2009). A study undertaken by Joza et al.(1999) opined that retailers considered a three aspects namely, size, colour and style of their retail outlets, as a marketing tactic to influence consumer purchase. There exists tremendous research evidence on the effect of retail store environment on consumer behaviour. The influence of emotions and a particular environment has been documented by Donovan and Rossiter in 1982. However this study did not focus on deriving an association between the influence of environment on consumer emotions or behavior. This phenomenon was then labeled as store 'atmospheric' by Kotler (1972) who defined it as "buying environments [designed] to produce specific emotional effects in the buyer that enhance his purchase probability". Retailers have taken cognizance of the fact that store atmospheric have a significant impact of consumer behavior, and considerable amount of research has been undertaken on the influence of dimensions of store atmospheric on consumer behavior. The objective of this research output is to present an empirical support to the theoretical framework that outline the impact of dimensions of store atmospheric on consumer behavior.

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## **II. LITERATURE REVIEW**

In the domain of service marketing, 'service scape' has been defined as the surroundings in which service encounters take place. Bitner (1992) defined service scape as "all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions", in which he measured the influence of physical surroundings on consumer and employee response. Beker et al.(1992) further opined that atmospheric effect had a significant effect of employees as well as customers. Significant research has been carried out to explore the influence of elements of service scape on consumer response and employee productivity. Based on previous literature and with an objective of limiting the scope of this research to retail environment, we define store atmospherics as any dimension of the retail environment that can be controlled by a firm to enhance customer and employee reactions. The scope of this research paper is to explore the effect of retail atmospherics on consumer response.

Since the dawn of the term store atmospherics, researchers have debated on it's components. Several studies have been undertaken to assess the influence of components of store atmospherics, like color, lighting, music and fragrance on consumer shopping behavior. Baker (1987) has proposed three broad dimensions of store atmospherics, namely ambient, design and social factors. The ambient dimension includes background conditions like air quality, temperature, noise, scent and cleanliness that exist below the level of our immediate awareness. The design dimension includes aesthetic (architecture, color style, material décor, texture and patterns) and functional (layout, comfort, signage and accessories) dimension. The social dimension includes number & behavior of other customers and the service personnel that include their number, appearance and behavior. The conceptual framework of this study is presented in figure 1. It is adopted and modified from the research work undertaken by Singh et al., (2014).

In an investigation undertaken by Sinha et al. (2004), it is concluded that ambience of a store has a significant influence on choice of store by consumers. It is also observed that store ambience plays an instrumental role on initiating store loyalty (Baker et al.1992). Research evidence also indicates the effect of music on consumer

shopping behavior. It is observed that music played at the store influences the attitude of customers towards the store and towards the service personnel (Milliman, 1982). Studies have also proven a significant influence of the music played at the store on time spent at the store and volume of sales (Garlin and Owen, 2006; Kang et al. 2011). But the extent of influence is influenced by the type of music played (Milliman 1986), and the age of the consumer (Yalch & Spangenberg 1988). The effect of ambient temperature on consumer shopping has been explored by. Researchers. It is concluded that acceptable temperature level has a positive influence on shopping by, extreme temperature lead to a high probability of the customer avoiding the retail outlet ( Baker, 1987). Aroma at the outlet has also been examined by researchers. Bradford & Desrochers (2009) opined that the presence of an aroma had a significant positive influence on consumer behavior. Scholars have also concluded that the presence and absence of an aroma may lead to the approach avoidance consumer response as proposed by Mehrabian and Russell in 1974. In addition, it is also proposed that aroma had a significant association to gender. It has been reported that 'rose maroc' attracted males and 'vanilla' attracted females and they spent more time at the store and increased their volume of purchase (Spangenberg et al.2006).

Design factors that influence consumer buying behavior consists of two dimensions store layout (Baker, 1987) and product assortment (Mohan et al.2012). Store layout refers to the manner in which aisles, shopping carts are arranged, size and shape of the outlet, and the spatial orientation among them (Cowles, 2002). Mohal et al.(2013) concluded product assortment offered by a retailer had a significant positive influence consumer shopping. In a study undertaken by Bitner (1992), it was concluded that a logical store layout and optimal product assortment leads to positive customer experience. It is further substantiated by Michon et al. (2008) that adequate floor space has a significant positive influence on customer's mood and behavioral intentions. According to Bitner (1992) many cues in the physical environment serve as explicit or implicit signals that communicate about the place to its users. Bhol (2012) opined that in-store displays constitute product displays, shelf displays and arrangement, in-door wall decorations. These factors have a significant bearing on consumer response and hence have been exhaustively been studied.

The last dimension of store atmospherics is service at the retail outlet. Literature reveals that a good quality of service provided over shadows any lapse in store experiences and results into a positive satisfying customer

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experience. Scholarly findings suggests a positive influence of number of retail personnel, their appearance and their behavior on customer response (Bohl, 2012; Bitner 1992; Baker et al., 1992; Mohan et al.2012). It is also concluded that higher number of service personnel at the retail outlet was perceived as high quality by customers (Parasuraman et al.1994).

Customer experience cannot be fully organized by retailers as it not involves customer emotions, perceptions and their impulse responses. Yoo and Macinnis (1998) concluded that in store characteristics and emotional experience of the customer at the store significantly influenced consumer attitude towards a store. Their research paper also proposed a need to yield a positive customer experience that could earn customer loyalty. In fact Johnston & Kong (2011) went on to describe customer experience synonymous to the relationship the customer developed with the business. Researchers in this domain have concluded that customer experience, conscious or sub-conscious, have a significant influence on customer behavior and dimensions of in store atmospherics on customer experience.

Consumer behavior here is defined as a consumer's intention to buy, willingness to spend more time and money at the store and his / her willingness to recommend the store to others (Wakefield & Brodgett, 1999; Grewal et al.003). Kang et al (2010) in their research paper concluded that 45 percent of the customers are driven by recommendations by friends and family. This emphasizes the need for retailers to develop strategies to enhance customer experience, which would have an influence to consumer buying.

### III. MATERIALS AND METHODS

The study design is descriptive and it is conducted in a multi brand retail store in Mangalore. Study period was three months, January to March 2015. Sampling technique was purposive, a non-probability method. The sample size considered for this study is 1000. A structured questionnaire is employed to collect data and Likert scale was adopted. Cronbach's alpha is estimated to determine the reliability of the research instrument. Cronbach's alpha for ambience with five items is 0.767, while design with six items is 0.828, sign & symbol with three item is 0.841 and service with four is 0.859. The customer experience with four items Cronbach's alpha is 0.817 and customer behavior with four items is 0.853. Where ever Cronbach's alpha was less than 0.6, necessary corrections have been incorporated. Data is compiled and analyzed using SPSS 16. Chi-square test is

undertaken to determine the association between variables, association strength between variables is measured using correlation analysis and the extent of influence of the independent variables on the dependent variable is measured by employing regression analysis.

### IV. RESEARCH FINDINGS

The study population consisted of 1000 respondents among whom 71 per cent were males and 29 per cent were females. The demographic profile of the respondents is captured in table 1.

Correlation between customer experience (dependent variable) and store dimensions is assessed by the Karl Pearson's correlation coefficient (Table 2). All components of study have a significant positive correlation with customer experience. It is concluded that, correlation is 'strong' if 'r' value is greater than or equal to 0.5, 'moderate correlation' if 'r' value is in the range of 0.3 – 0.5, 'moderate correlation' and 'poor correlation' if 'r' value is below 0.3. Accordingly, the components between which the correlation was measured 'strong' were store design ( $r=0.583^{**}$ ), signs & symbols( $r=0.577^{**}$ ) & service in store ( $r=0.549$ ).

Regression analysis is performed to evaluate the influence of customer experience on customer behavior. Regression analysis confirmed that, customer experience had significant impact on outcome component (customer behavior). Results show that there is 71 per cent of the variance is explained by customer experience (Table 3). Regression analysis reveals that customer experience, explains 71 per cent of the variance of customer behavior at high significant levels. Hence the Regression Equation =  $C.B = 3.158 + 0.79C.E$ .

### V. CONCLUSION

Extensive data analysis undertaken in this study indicates a good fit for the conceptual model proposed. It can be concluded that store atmospherics had a significant influence on customer experience, which in turn explained customer behavior (79 per cent variance). In the retail context, such studies need to be periodically undertaken to strengthen dimensions of store atmospherics to facilitate positive customer experience, and fill the relevant gaps. Such studies will reveal the challenging dimensions of store atmospherics, to facilitate corrective action by store managers. The study undertaken reveals that customer experience (ambience, design, signs & symbols and service)



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rationalizes customer behavior to a tune of 79 per cent. There exists scope for further research to explore the other dimensions of store atmospherics that will rationalize customer behavior further.

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