

# A FACTORIAL STUDY OF IMPACT OF STORE ATMOSPHERICS IN ORGANIZED RETAIL CHAIN STORES ON CUSTOMERS SHOPPING EXPERIENCE

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## ABSTRACT

*The study is about finding out the factors which the customers perceive as important as elements of the retail stores atmospherics. For the purpose of the study Exploratory Research Design is used. Convenience sampling method is adopted for the study. Survey method is used for collecting the data. Questionnaire is used as data collection tool. The sample for the study is 155 respondents. Nominal scale is used for all the variables except age, income, family size, no of children wherein ratio scale is used. The study was conducted in Pune city. The study was conducted during the period 01.04.2012 to 15.05.2012. SPSS 17 version used for data analysis for the study. The factor analysis generated twenty elements which the customers feel are important elements of stores atmospherics. These twenty elements were regrouped into five factors viz. Impressive store interiors and exteriors, Store Personnel and fellow shoppers, Comfort, Beauty & Aesthetics, Display and creative arrangement of products on shelves & Attractive displays and behavior of the store personnel*

## INTRODUCTION

In the light of globalization, intense competition & vibrant consumer, today's market situation resembles battle field. Only those organizations which give excellent buying experience to the customers are likely to stay ahead of others, survive and grow. This is all the more applicable in case of retail organizations since retail is coupled with service and is all about giving excellent customer shopping experience which should evoke WOW effect. Today the customers do not shop in the traditional sense. They have come of the age, particularly the urban customers in India who look more to the value they derive through the shopping experience they get during their visit to the stores. In today's context the study of the influence of store atmosphere on consumer's affective state and behavioural responses is of great interest in the retail industry. The stores atmospherics if created rightly can prove to be a key differentiator and prove to be a competitive advantage. All things being equal, the shopping experience is derived more from the tangibles and intangibles in the

stores environment which includes impressive store facade, entrance to the store, display windows, the colour, light, air conditioning, furniture and fixtures, displays in the store, fellow shoppers, the store employees, etc. If created properly the store atmospherics can be an effective marketing tool and can prove to an important element of communication mix.

## LITERATURE REVIEW

Creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. Customer experience is holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by elements which are outside of the retailer's control (e.g., influence of others, purpose of

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shopping). Customer experience encompasses the *total* experience, including the search, purchase, consumption, and after-sale phases of the experience, and may involve multiple retail channels.<sup>1</sup> The entire retail environment that includes brand design consistently throws brand messages that the consumer experiences throughout the shopping endeavor. The retail environment is harmoniously designed in order to communicate brand personality and image of the store. In order to add depth to the perceptions encapsulated in the atmospherics and communicate the retailer's brand value, each element of the retail environment is transformed so that it is differentiated from the competitors, standardized, and stimulates consumers' purchasing activity.<sup>2</sup> Retail stores exist to cater to the needs of their customers. Certain physical and anatomical abilities, tendencies, limitations and tendencies are common to all and the retail environment needs to cater to these needs. While differences in shoppers are bound to exist, retail stores need to be designed to reflect an environment in which the shopper would be comfortable. As the environment becomes more competitive, the retailer first needs to catch the customer's eye and then to draw his attention away from the other stores. What is that then sets one store apart from another? In most cases it is the image and perception of the store. While all the components of the retail merchandize mix play a role in creating the image, the manner in which it is presented to the consumer is, many a times, the differentiating factor. Shopping today is a sensory experience. The retailer needs to appeal to the senses of sight, touch, sound and smell. When guided by these, he can create a shopping experience that will entice the shopper into the store. Hence, many a times, retail has been likened to theatre.<sup>3</sup> Visual aesthetics for services is about the visual aspects of physical evidences (Booms and Bitner, 1981), which includes the tangible cues and the surroundings. Unlike for products, owing to the intangibility (Lovelock and Gummesson, 2004), customers generally rely on cues from physical evidences to evaluate the quality of services. Often for many services, production and consumption happens simultaneously in the same environment. So in physical evidence, aesthetics of service environment (henceforth "services capes") is a major aspect of physical evidences compared to other physical evidences present in service delivery, especially when the services are facility driven (Turley and Fugate, 1992). While Bitner (1992) proposed the term 'services

capas' in reference to the physical surroundings as fashioned by service organizations to facilitate the provision of service offerings to customers, the same / similar concept has been discussed in various names in literature. A few key terms are; "shelf space" (Cox, 1970) "atmospherics" (Kotler, 1974), "the physical environment" (Baker, 1986) etc.<sup>4</sup> Consumer researchers know that the design of the services cape can influence customer choices, expectations, satisfaction, and other behaviours. For example, retailers know that customers are influenced by smell, décor, music and store layout. The challenge in many service settings is to design the physical space and evidence so that it can support the needs and preferences of both customers and employees simultaneously. The service scape can serve as a package (a "visual metaphor" for the service itself), a facilitator in aiding the accomplishment of customer and employee goals, a socialiser in prescribing behaviours in the environment, and a differentiator to distinguish the organization from its competitors. The services cape can affect the approach and avoidance behaviours of individual customers and employees as well as their social interactions. These behavioural responses come about because the physical environment influences (1) people's beliefs or cognitions about the service organization, (2) their feelings or emotions in response to the place, and (3) their actual physiological reactions while in the physical facility. Three categories of environmental dimensions were presented to capture complex nature of the service scape: ambient conditions, spatial layout and functionality and signs, symbols and artefacts'. These dimensions affect people's belief, emotions, and physical responses, causing them to behave in certain ways while in the service scape. Given the importance of physical evidence and its potentially powerful influence on both customers and employees, it is important for firms to think strategically about the management of the tangible evidence of service. This means that the impact of physical evidence and design decisions needs to be researched and planned as part of the marketing strategy.<sup>5</sup> Retailers and other service organizations increasingly recognize that the physical characteristics of their trading spaces represent an opportunity to communicate with their target market, create in-store experiences as means of competitive positioning, and build their brands. In creating the right atmosphere in their facilities, firms can appeal to various visual, aural, olfactory and tactile store

elements. The use of colors, lightning, sounds, scents and visual images are particularly effective in retail stores and service establishments as they affect consumers' moods and emotions, which in turn play a key role in end-user satisfaction (Gorn et al., 1993; Machleit and Mantel, 2001). Having introduced the concept of "services capes", Bitner (1992) developed one of the most comprehensive models investigating the impact of the physical environment on individuals' behavioural responses in service organizations. She proposes that a person's perception of environmental conditions such as ambient physical characteristics, space layout and furnishings as well as symbols and artefacts' will affect physiological, cognitive and emotional responses of both customers and staff alike. These will, in turn, affect their attitudes and behaviours in services settings. Similarly, Baker et al. (2002) investigated the effects of multiple environmental cues specifically in a product retailing setting, and proposed that design, ambient and social dimensions of the store environment and consumer perceptions of merchandise, value, service quality, effort and psychic costs affect store patronage decisions.<sup>6</sup> A key aspect of customers overall satisfaction with a retailer is the in-store experience, which begins before the customer enters the store. The retailers advertising and Web site create expectations for the customer that will be evaluated during the shopping experience. The in-store experience is based on two factors: services & environment. The service mix offered by the retailer is a key differentiator in the overall retail experience. Three levels of services must be considered.

- Services that enhance the Shopping Experience: Services that make shopping experiences more enjoyable, such as fitting rooms, knowledgeable and helpful sales staff, convenient store hours and store displays.
- Services that enhance the Sales Experience: Services that make the sales experience easier, such as policies that make it return merchandise for credit or refund, multiple payment methods, easy shipping and delivery options.
- Services that enhance the Retailer Experience: Services that strengthen the customer's

perception of the retailer, such as loyalty programs, easy store access, additional facilities like restaurants, support services for young children and infants.

Customers bundle their product purchase with other experiences to develop overall impression of the retailer. Retailers understand that when the products are similar, as is the case with national branded products, the in-store experience differentiates one retailer from another. The environment is fundamental in setting the tone for the shopping experience. Store layout, displays, interior colours and even the music in the store all work together to create an atmosphere that it is hoped will make the customer feel comfortable. A cluttered or poorly designed store layout, inappropriate interior lighting and colours, music that is not consistent with product or the target market all dampen the customer's shopping experience. Indeed, research suggests that the tempo of music played in the store affects the amount of time spent shopping and, consequently, the average sale.<sup>7</sup> Retailers utilize various forms of atmospheric-lighting, colours, music and scent-to influence shopping behaviour. The use of these atmospheric factors can create a calming environment for task oriented-shoppers or an exciting environment for recreational shoppers.<sup>8</sup>

#### **RESEARCH OBJECTIVE**

To find out the stores atmospheric factors which are IMPORTANT to the customers while visiting a store for shopping?

#### **RESEARCH METHODOLOGY**

For the purpose of the study Exploratory Research Design is used. Convenience sampling method is adopted for the study. Survey method is used for collecting the data. The data is collected through intercepts at the retail stores in organized retail in India across various formats. A well structured questionnaire is designed for the study and due care is taken to avoid any kind of ambiguity. The sample for the study is 155 respondents. Nominal scale is used for all the variables except age, income, family size, no of children wherein ratio scale is used. The study was conducted in Pune city. The study was conducted during the period 01.02.2012 to 15.03.2012.

### KMO and Bartlett's Test

Table 3.1

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.633
Bartlett's Test of Sphericity	Approx. Chi-Square
	2160.597
	df
	190
	Sig
	.000

### Reliability Statistics

Table 3.2

Cronbach's Alpha	N of Items
.899	19

## 5. DATA ANALYSIS TOOLS

For the purpose of this study the following statistical tools were used

- SPSS- Scale Reliability Cronbach's Alpha,
- SPSS-Kaiser-Meyer-Olkin Measure of Sampling Adequacy,
- SPSS-Factor Analysis,
- Tables &
- Percentages

## 6. RESEARCH HYPOTHESIS

The following Hypothesis are formulated for this

### study

H1a: Customers tend to buy more when they see impressive displays

H1b: Customers tend to be happy and enjoy shopping due to enough space between the isles since it adds to excellent shopping environment.

H1c: The quality of the fellow shoppers adds to the overall satisfying store environment

H1d: Customers tend to be happy & enjoy shopping due to courteous, humble and well behaved store staff

## 7. Data Analysis

### 7.1 Demographic analysis of Respondents

Table 7.1

Age Group			Qualification		
	Frequency	Percent		Frequency	Percent
20-25	88	56.8	10+2	3	1.9
26-35	51	32.9	Graduate	59	38.1
36-45	9	5.8	PG	90	58.1
46-55	7	4.5	PG+	3	1.9
Total	155	100.0	Total	155	100.0
Type of Family			Earning Members		
Joint	32	20.6		Frequency	Percentage
Nuclear	123	79.4	1	79	51
Total	155	100.0	2	50	32.3

Members in Family			3	26	16.7
	Frequency	Percent	Total	155	100
0	3	1.9	Family Income Per Month		
1-2	2	1.3	20-50K	71	45.8
3-4	100	64.5	51-70K	11	7.1
5-6	12	7.7	71-90K	50	32.3
7-8	25	16.1	91-110K	23	14.8
9-10	4	2.6	Total	155	100
10+	9	5.8			
Total	155	100.0			

Source: Primary Data

### 7.2 Results of Chi-square Test

Table 7.2

Alternative Hypothesis (P =0.05)	Person Chi-Square	DF	Significance (2 sided)	Table Value	Alternative Hypothesis
H1a: Customers tend to buy more when they see impressive displays	70.838 <sup>a</sup>	12	.000	21.03	Accepted
H1b: Customers tend to be happy and enjoy shopping due to enough space between the isles since it adds to excellent shopping environment.	53.057 <sup>a</sup>	12	.000	21.03	Accepted
H1c: The quality of the fellow shoppers adds to the overall satisfying store environment	189.756 <sup>a</sup>	16	.000	26.30	Accepted
H1d: Customers tend to be happy & enjoy shopping due to courteous, humble and well behaved store staff	74.397 <sup>a</sup>	16	.000	26.30	Accepted

### 7.3 Factor Analysis

Table 7.3

	Initial	Extraction
The exterior of store is appealing	1.000	.829
The entrance to the store is impressive	1.000	.813
The illumination in the store is pleasing to the eyes	1.000	.734
The beauty and aesthetics of the stores is eye catching	1.000	.773

There was enough space between the isles to move	1.000	.833
Scent/Perfume in the store	1.000	.796
Quality of air conditioning store made my presence in the store comfortable	1.000	.812
In-store displays were impressive	1.000	.722
There was adequate display of in-store information	1.000	.818
Displays motivated to look at the products more critically	1.000	.778
In-store information was very effectively conveyed through displays	1.000	.714
The creative and systematic arrangement of products on the shelves added to the beauty of the store	1.000	.817
I tend to buy more when i come across attractive and impressive displays	1.000	.714
When i entered the store the sales associates greeted me	1.000	.666
Presence of well groomed & trained store staff added charm to the store environment	1.000	.792
The store staff were courteous, well behaved and humble	1.000	.798
The quality of the fellow shoppers added to the overall satisfying store environment	1.000	.778
I am happy and enjoyed shopping in the store because of the excellent shopping environment	1.000	.749
I will definitely talk good about the store to my friends and relatives	1.000	.690
I will definitely talk good about the store to my friends and relatives	1.000	.690

Extraction Method: Principal Component Analysis.

#### 7.4 Total Variance Explained

Table 7. 4

Component	Enitial Eigen values			Extraction Sums of			Rotation Sums of Squared		
	Total	% of Variance	Comulat-ive %	Total	% of Variance	Cumulat-ive	Total	% of Varianc	Comulat-
1	6.976	34.878	34.878	6.976	34.878	34.878	3.043	15.214	15.214
2	2.336	11.679	46.556	2.336	11.679	46.556	2.982	14.909	30.124
3	1.979	9.897	56.453	1.979	9.897	56.453	2.827	14.134	44.258
4	1.575	7.877	64.330	1.575	7.877	64.330	2.508	12.539	56.797

5	1.398	6.990	71.319	1.398	6.990	71.319	2.394	11.968	68.766
6	1.122	5.608	76.928	1.122	5.608	76.928	1.632	8.162	76.928
7	.711	3.555	80.482						
8	.665	3.326	83.809						
9	.573	2.867	86.676						
10	.548	2.742	89.418						
11	.382	1.912	91.330						
12	.373	1.863	93.192						
13	.295	1.474	94.667						
14	.241	1.204	95.871						
15	.222	1.112	96.983						
16	.189	.944	97.927						
17	.161	.804	98.731						
18	.129	.647	99.378						
19	.073	.363	99.741						
20	.052	.259	100.000						

### 7.5 Rotated Component Matrix

Table 7.5

	Components					
	1	2	3	4	5	6
The exterior of store is appealing	.718					
The entrance to the store is impressive	.806					
The illumination in the store is pleasing to the eyes						
The beauty and aesthetics of the stores is eye catching			.769			
There was enough space between the isles to move			.529			.504
Scent/Perfume in the store			.784			
Quality of air conditioning store made my presence in the store comfortable			.769			

In-store displays were impressive	.534					.516
There was adequate display of in-store information	.776					
Displays motivated to look at the products more critically				.628		
In-store information was very effectively conveyed through displays	.580					
The creative and systematic arrangement of products on the shelves added to the beauty of the store				.843		
I tend to buy more when i come across attractive and impressive displays					.782	
When i entered the store the sales associates greeted me		.636				
Presence of well groomed & trained store staff added charm to the store environment		.691				
The store staff were courteous, well behaved and humble					.825	
The quality of the fellow shoppers added to the overall satisfying store environment		.809				
I am happy and enjoyed shopping in the store because of the excellent shopping environment				.688		
I will definitely talk good about the store to my friends and relatives		.757				

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization

### 7.6 Table of Factor Analysis

Table 7.6

Factor Name	Eigen Value	% Variance	Statement	Loading
Impressive store interiors and exteriors	6.976	34.878	The exterior of store is appealing	.718
	2.336	11.679	The entrance to the store is impressive	.806
	.665	3.326	In-store displays were impressive	.534
	.573	2.867	There was adequate display of in-store information	.776
	.382	1.912	In-store information was very effectively conveyed through displays	.580
	<b>10.932</b>	<b>54.662</b>		<b>3.414</b>



Store Personnel and fellow shoppers	.241	1.204	When I entered the store the sales associates greeted me	636
	.222	1.112	Presence of well groomed & trained store staff added charm to the store environment	.691
	.161	.804	The quality of the fellow shoppers added to the overall satisfying store environment.	.809
	.052	.259	I will definitely talk good about the store to my friends and relatives	.757
	<b>.676</b>	<b>3.379</b>		<b>2.893</b>
Comfort, Beauty & Aesthetics	1.575	7.877	The beauty and aesthetics of the stores is eye catching	.769
	1.398	6.990	There was enough space between the isles to move	.529
	1.122	5.608	Scent/Perfume in the store	.784
	.711	3.555	Quality of air conditioning store made my presence in the store comfortable	.769
	<b>6.806</b>	<b>24.030</b>		<b>2.851</b>
Display and creative arrangement of products on shelves	.548	2.742	Displays motivated to look at the products more critically	.628
	.373	1.863	The creative and systematic arrangement of products on the shelves added to the beauty of the store	.843
	<b>.921</b>	<b>4.605</b>		<b>1.471</b>
Attractive displays and behavior of the store personnel	.241	1.204	I tend to buy more when i come across attractive and impressive displays	.782
	.052	.259	The store staff were courteous, well behaved and humble	.825
	<b>.293</b>	<b>1.463</b>		<b>1.607</b>

## DISCUSSION

Creating an enjoyable shopping experience is an integrated approach and no one factor in isolation can create enjoyable store atmospherics. This is amplified by the findings of this study. Based on the results of the Hypothesis this study brings out the facts that impressive displays, ability to move freely in the store, quality of the fellow shoppers and well behaved and humble employees significantly contribute in enhancing the store atmospherics and gives excellent shopping experience to the customers translating into more sales and footfalls.

The results of the factor analysis brings out five factors viz. Impressive store interiors and exteriors, Store Personnel and fellow shoppers, Store Personnel and fellow shoppers, Comfort, Beauty & Aesthetics, Display and creative arrangement of products on shelves, Attractive displays and behaviour of the store personnel which also validate the results of the Hypothesis.

Needless to state the customer experience calls for holistic approach. The dimensions identified and tested in this study affect customers/ consumers emotionally and physically and psychologically

leading them to behave in a particular manner. Therefore the importance of store atmospherics cannot be understated since it is a very important strategic tool in influencing the customers. Customer satisfaction and experience is a dynamic phenomenon. Due to changes in the marketing environment the benchmarks keep on increasing. Customer memory is very short-lived and they evaluate the retail organizations based on their latest experience. Hence the organizations cannot afford to rest on their laurels and need to continuously research the marketing environment and be updated with the changing customer expectations and fulfil them. It therefore calls for the retailers to examine the exploratory dimensions examined in this study the exploratory dimensions that have been examined in the study and factored into the organizations marketing strategy.

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