Understanding store atmospherics and its effect on store choice

Jayakrishnan. S

Associate Professor - Marketing

SDMIMD, Mysuru

jayakrishnan@sdmimd.ac.in

Srilakshminarayana. G

Associate Professor - Quantitative Methods

SDMIMD, Mysuru

lakshminarayana@sdmimd.ac.in

sdmimd

Preface

Research Center for Management Studies (RCMS) at SDMIMD has endeavoured to promote research in the field of management education in the Institute, in various ways. The Research Centre has encouraged faculty and students to actively take part in research activities jointly, collate and disseminate findings of the research activities through various types of projects to contribute to the body of knowledge to the academic fraternity in general, and management education in particular.

In this direction, keeping in line with the philosophy of promoting active research in the field of management to capture live situations and issues, the Research Center has taken a unique initiative to sponsor and encourage faculty members to carry out Applied Research Projects in various areas of management.

The duration of these projects is typically between four to twelve months. After completion of each project, after peer review, a publication is taken out, by the institute. The projects help the faculty members, and the students, who work under the supervision of the faculty members for these projects, to identify issues of current importance in the field of management in various sectors. Data is collected mostly through primary research, through interviews and field study.

The institute takes into account the time and resources required by a faculty member to carry out such projects, and, fully sponsors them to cover the various costs of the project work (for data collection, travel, etc), thereby providing a unique opportunity to the two most important institutional stakeholders (faculty and students) to enrich their knowledge by extending their academic activities, outside the classroom learning situation, in the real world.

From the academic viewpoint, these projects provide a unique opportunity to the faculty and the engaging students to get a first-hand experience in knowing problems of targeted organizations or sectors on a face to face basis, thereby, helping in knowledge creation and its transfer, adding to the overall process of learning in a practical manner, with application of knowledge, as the focus of learning pedagogy, which is vital in management education.

Dr. Mousumi Sengupta
Chairperson, SDM RCMS

Acknowledgement

I would like to extend my sincere gratitude and obligation to all who extended their support in completing this project in a successful manner. First, I would like to extend my gratefulness to our respected Director - Dr N.R. Parasuraman for providing the inspiration and drive to take up the project. His constant support and monitoring ensured that I could finish the project in an intended way.

I need to acknowledge the support and guidance provided by Dr Lakshmi Narayana, Associate Professor - Quantitative techniques. The discussions with him regarding qualitative techniques have provided immense value addition to the project.

Finally, I would like to express my gratitude to my parents and wife - Mrs Divya.R who's continuous support and encouragement throughout my research career. I could not have accomplished this without them and her.

Dr. Jayakrishnan. S

Dr. Srilakshminarayana. G

Table of Contents

Executive Summary

The retail industry is witnessing dynamic changes with the evolvement of organised retailing in India. The organised retailing is expected to reach 18-20% of the total retail market by 2020 (ET, 2017). Store atmospherics or environment is one of the critical factors that concerned with consumer's preference for retail outlets. The present study is an attempt to understand the store atmospherics and its role in store choice for grocery shopping which is predominantly utilitarian. Kotler (1974) coined the term atmospherics and stated that its influential than the product and has a significant role in determining product purchases.

Store atmospherics and its effect on consumer behaviour are well researched by marketers. Most of the studies are based on western context with limited studies focusing on the Indian context. The current study classified the store atmospherics into the store and non-store dimensions. The key store dimensions include -Lighting, Sounds, Scents, Colours, Layout and design. Customers and Employees are the human elements which are non-store elements. Products or merchandise is treated as the store dimension only, but the present study is more focusing on the atmospheric aspect of stores.

The first phase of the study is exploratory in nature. The qualitative research method is adopted to identify the major factors that consumers connect with store atmospherics. In-depth interviews are conducted among 12 subjects to understand the key aspects of the store atmospherics. The respondent data which is in the text format was analysed using text analysis. Word cloud is created using the data to identify the key dimensions of store atmospherics. From the text analysis its evident that the major dimensions that consumers connect with store atmospherics are - Lighting, Product, Merchandise, the role of store personnel, music, space, layout, smell and climate inside the store.

The research study confirms the importance of store and non-store dimensions and its potential role in determining store choice. Retailers need to focus Lighting, Product, Merchandise, the role of store personnel, music, space, layout, smell and climate inside the store to create a conducive environment which can influence consumer's store choice.

Keywords: *Colour, Consumer, Employees, Lighting, Layout, Store atmosphere, Sound and Scents.*

Introduction

The retail industry is witnessing dynamic changes with the evolvement of organised retailing in India. The organised retailing is expected to reach 18-20% of the total retail market by 2020 (ET, 2017). The organised retail potential is estimated at USD 70-80 billion in India. (ET,2017). With the organised retail sector becoming attractive and competitive, one of the key challenges the retailers will be facing is the development of appealing retail environments for the shoppers. The retail store environment is one of the vital factors that determine consumer's preference for any retail store. Kotler (1974) coined the term atmospherics and stated that its influential than the product and has a significant role in determining product purchases. The present study looks into the existing, unexplored dimensions of store atmospherics and its significance for organised Indian retail players.

Understanding store atmospherics

The concept of atmospherics is extensively discussed in services and retailing context. Earlier reference of atmospherics was made by Kotler (1974). He defined it as the conscious designing of space to create some effects in buyers that can enhance his purchase probability. Bitner (1992) suggested that it's the built environment or more specifically the manmade physical surroundings as opposed to the natural or social environment. The cues provided by the retailer which is visual in nature are processed at a more conscious level in contrast to non-visual cues (Baker.et al, 2002). The design and ambience of a store (referred to as the physical and atmospheric elements of the environment) can determine the store choice (Angell.et.al, 2012) which validates the study by Baker (2002). The components of atmospherics can be controlled by the firm to enhance the customers and employee actions. Over the years it has emerged as the widely focused aspect of retail business across the globe. Roschk.et al. (2016) found that a well-designed store environment is one of the key success factors for retailers and service providers.

Store atmospherics, its dimensions and effect on consumer behaviour is well researched by marketers. Most of the research studies discussed the concept in western context with limited studies focusing on the Indian context. So when we try to understand it with respect of Indian retail consumers there are additional dimensions which need to be focused to make it holistic in nature. The major two dimensions for store atmospherics are store dimensions and non-store dimensions. Store dimensions take into account the major store-related factors that determine consumer's preference for the retail outlets. The non-store dimensions explore the human variables like cultural, social and economic elements associated with the consumers and retail outlets which can enhance or constrain the consumer perception and attitude towards the organised retail outlets. The effect of atmospherics on consumer depends on the cumulative effect of both store and non-store dimensions (human variables). So, the organised retail players need to ensure that there is the right balance in these dimensions which can make the shopping experience fulfilling for the customers.

Literature review

Kotler (1974) proposed four dimensions for atmospherics - Visual, aural, tactile and olfactory. The social dimension was proposed by Baker (1986). Bitner (1992) framework includes ambient conditions, spatial layout, functionality, signs, symbols and artefacts. Berman and Evans (1995) suggested dimensions like external, internal, landscaping, interior design and layout. Turley and Milliman (2000) developed a framework based on Berman and Evans with an additional dimension of the human variable. Another model developed by D'Astous (2000) had dimensions like irritant ambient factors, irritant design factors and irritant social factors. The individual dimensions and its impact on consumer's behavioural response were extensively researched by academicians. For the current study, it's classified into store dimensions and human variables.

Store dimensions

1) Lighting: Lighting inside the retail stores has hedonic and utilitarian functions which can influence consumer purchase. The light factor was found to have utilitarian benefits by Areni, Kim (1994); Summers and Hebert (2001). Areni and Kim (1994), Baker.et.al (1992, 1994) observed that lighting can influence both the store image, examination and handling of merchandise. Babin.et.al (2003) confirmed the hedonic effect of lighting in the retail environment. Ballantine.et.al (2010) stated that that light act as a facilitator for creating a good shopping experience of consumers. Parsons (2011) found that brighter lighting results in greater effect.

2) Sound: Retailers need to effectively utilise music to enhance the retail environment. Shoppers tend to spend less time in-store when the music is loud (Smith and Curnow, 1966) which is considered as irritant (D'Astous,2000). Milliman (1982) stated that shoppers spent more time and money in a slow tempo retail environment. Consumer's time perceptions are affected during shopping when they encounter atypical environmental factors (Yalch and Spagenberg, 1988). Volume was found to have no influence by Herrington and Capella (1996). Turley and Chebat (2002) observed that music has entertainment value which can influence the consumer. The sound was found to be an attractive stimulus which can influence consumer's hedonic experience (Ballantine.et.al, 2010). Parsons (2011) concluded that aural stimuli can have a significant effect on fashion shoppers' affect for a store. Music, scent and colour can influence customers' enjoyment, satisfaction and behavioural intentions whose intensity of influence depends on moderators such as shopping context and even customer gender (Roschk et. al,2016).

3) Scents: Lorig and Schwartz (1988) found that scents can affect arousal levels. Store perceptions are affected by ambient scent (Gulas and Bloch, 1995) and ambient scents can impart positive behaviours (Spangenberg .et.al, 1996). Bone and Ellen (1994) observed that consumers spent more time in scented rooms than in unscented rooms. Ambient scent can determine the consumer's emotional responses and shopping behaviour (Gulas and Bloch, 1995). Mattila and Wirtz (2001) found that their congruency between scent, music in arousing consumer's emotions which can create a positive shopping environment to the consumers. Basso. et. al (2013) stated that scents can affect shopper behaviour.

4) Colour: Colour and its impact on shoppers primarily studied in laboratory conditions. Simulated purchases, purchasing rates and duration of shopping are influenced by colour (Bellizzi and Hite,1992). It can impart pleasant feelings and arousal (Crowley, 1993). Colour tends to impact store and merchandise image (Bellizzi.et.al, 1983; Crowley, 1993) and attract consumers to retail displays (Bellizzi.et.al, 1983). Ballantine.et.al (2010) observed that colour as a store factor can influence consumer attention, elicit approach behaviour and hedonic experience.

5) Store Layout and Design: It's a vital aspect which contributes to the store atmosphere. It adds convenience and makes shopping easy to the consumer. Smith and Burns (1996) stated that the power aisle is used to display large quantities of a small number of products to create the impression that the products are offered at low prices. They found that the configuration of smaller numbers of products at larger quantities conveyed lower prices. Store layout can affect customer mood and predisposition towards a retailer brand (Newman and Foxall, 2003) and an attractive stimulus which can influence the consumer shopping behaviour (Ballantine.et.al, 2010).

Non-store dimensions

1) Human variables: Human variables include two components - a) Customers b) Employees. The customer components include a) customer crowding or density b) customer characteristics (social, cultural, psychological and lifestyle characteristics) c) privacy. Employees are an integral part of the stores. It includes a) Employee/personnel characteristics (social, cultural and psychological).

Human variables are sub-classified into two a) Influence

of other shoppers b) Influence of retail employees on shopping behaviour. Harrell and Hutt (1976) stated that crowding is about perceived crowding and actual shopper density. Consumer control over the environment can vary the negative impact associated with crowding (Bateson and Hui, 1987) and adaptation strategies adopted by the consumer during perceived crowding can influence their shopping satisfaction (Harrell.et.al.1980). Customer motives like task orientation can determine crowding perceptions and have a negative impact on satisfaction (Eroglu and Machleit, 1990). It can also impact browsing and comparison shopping (Grossbart.et.al, 1990), the number of purchases, shopping time and going to another store (Grossbart.et.al, 1990). Crowding influence shopping excitement and quality perceptions. (Wakefield and Blodgett, 1994). Dion (1999) found that consumers tend to be less cooperative in crowding conditions. Turley and Milliman (2000) also considered crowding as a factor that can influence shopping.

The appearance of retail employees communicates firms image and its attributes (Solomon, 1985). Bitner (1992) stated that a disorganized environment and employee in a less than professional attire can influence customer's attribution and satisfaction in an event of service failure. Baker.et.al (1992) observed that more social cues present in the store environment, the higher subject's arousal and store with prestige image, well dressed, mannered employees (social factors) are perceived as high service quality providers in comparison with discount social image factors (Baker.et.al, 1994). Hamida.et.al (2011) confirmed that employees tend to be stimulated under high crowd density conditions and negative feeling when there is low density.

In all the existing studies, there is limited mention of the consumer -employee interaction which can influence the store atmospherics. Predominantly all the literature mentions about the personal characteristics of shopper and employee. But the limited reference to the skill or competency level of the consumer to perform shopping tasks and employees to assist the consumer's shopping snags. So the present study wants to add this component along with social, psychological and other factors.

Objectives

The present study focuses on the key objectives like

a) To understand the concept of store atmospherics.

b) To explore the major factors consumers, connect with store atmospherics

c) To know the relevance of store atmospherics in grocery shopping from the consumers perspective.

Methodology

The methodology adopted by the study is exploratory in nature. Data predominantly used is qualitative in nature. In-depth interviews are conducted using a structured questionnaire with 12 subjects to understand the major factors that consumers feel relevant to store atmospherics. The subjects include young shoppers and family shoppers who shared their observations about store atmospherics in their preferred supermarkets for grocery shopping. The subjects consist of 9 male and 3 females. Consumers response in the form of text was recorded manually and by recording the conversation between the subject and researchers. Then the text was converted into a structured document for interpretation. The text analysis of this document was done to identify the major factors that consumer connects with the store atmosphere. Word cloud was created to identify the common factors which consumers associate with store atmospherics during grocery shopping. Some of the words are avoided as its commonly used as part of the statements given by the respondents. The frequency of the words was considered to identify the key aspects that consumers connect with the store atmosphere. A word cloud was created to get an idea about the major factors that consumer feels relevant for store atmospherics. From, the word cloud we can identify the major characteristics that consumer relates with store atmospherics.

sdmimd

Text analysis and interpretation

From the text analysis, the top ten words with the highest frequency were considered to explore the association between these words and store atmospherics. From, the frequency analysis and word cloud its evident that Light, Product, Store Personnel, Music, Space, Merchandise, Climate, Layout, Smell and atmosphere are the major words consumers connect with store atmospherics (Refer Table 1. The literature reviews already confirmed the relevance of Lighting, Product, Merchandise, the role of store personnel, music, space, layout, smell and climate inside the store and its influence on store atmospherics. So, text analysis proves that these factors are relevant for consumers for grocery shopping which is predominantly utilitarian. From the subject's responses, it's evident that these key factors are considered when they make the store choice for grocery purchase.

Table 1: Frequency table of the keywords used by consumers.

Word	Frequency
Light	47
Product	39
Personnel	35
Music	35
Space	20
Merchandise	19
Climate	19
Layout	19
Smell	15
Atmosphere	15

Limitations and scope for future research

The current study is based on qualitative data. The sample size is 12 which is one of the key limitations to make generalised inferences for the entire population. Based on the constructs or factors identified data need to be collected using a structured questionnaire so that we can confirm using empirical methods. The present study doesn't have any empirical evidence to assess the extent to which store atmospherics and the interactions can determine store choice and consumer decisions. So, future studies need to confirm these effects by conducting the study using empirical data. Store atmospherics can vary depending on the store formats and retail positioning strategy. Moreover, the study conducted about one format cannot be generalised.

Managerial Implications

The research study confirms the importance of store and non-store dimensions and its potential role in determining store choice. The key aspect retailers need to focus on is developing a conducive environment to shoppers and empowering the store personnel to address the consumer problems in an effective manner. Store atmospherics is also driven by human interactions. So, retailers need to ensure that the service encounter, situations in the store should be well managed to create a positive feeling for the shopper. Consumer's choice for the store is driven not only by hedonic value but also by the utilitarian

value it can contribute. In some cases, there can be an interaction between the hedonic and utilitarian value which can determine consumer decisions.

Conclusion

Store atmospherics is one of the critical elements that determine store choice. The major dimensions which shape the store atmospherics include a) store dimensions b) non-store dimensions (human variables). The consumer perception about the store is driven by the interaction of these dimensions and the extent to which the dimensions contribute to hedonic and utilitarian value. Consumer's valuation of hedonic and utilitarian aspect the store provides is the key determinant for the store choice.

References

Areni, C. and Kim, D. (1994), The influence of in-store lighting on consumers' examination of merchandise in a wine store, International Journal of Research in Marketing, 11 (2), P117-25.Angell, R., Megicks, P., Memery, J., Heffernan, T., Howell, K. (2012), Understanding the older shopper: a behavioural typology, Journal of Retailing and Consumer Services,19, P 259-269.

Babin, B., Hardesty, D. and Suter, T. (2003), Colour and shopping intentions: the intervening effect of price fairness and perceived affect, Journal of Business Research, 56 (7), P 541-51.

Baker, J. (1986), The services challenge: integrating for competitive advantage, in Czepiel, J.A., Congram, A.C. and Shanahan, J. (Eds), The Role of the Environment in Marketing Services: The Consumer Perspective, American Marketing Association, Chicago, IL, P 79-84.

Baker, J., Grewal, D., Levy, M. (1992), An experimental approach to making retail store environmental decisions, Journal of Retailing, 68 (4), P 445-60.

Baker, J., Grewal, D., Parasuraman, A. (1994), The Influence of Store Environment on Quality Inferences and Store Image. Journal Academy of Marketing Science, 22, P 328-339.

Baker, J., Parasuraman, A., Grewal, D. and Voss, G.B. (2002), The influence of multiple store environment cues on perceived merchandise value and patronage intentions, Journal of Marketing, 66, P 120-141.

Ballantine, P.W, Jack, R., Parsons, A.G, (2010), Atmospheric cues and their effect on the hedonic retail experience, International Journal of Retail & Distribution Management, 38 (8) P 641- 653.

Bateson, John E. G., Hui, Michael K. M. (1987), A Model of Crowding in the Service Experience: Empirical Findings, in The Services Challenge: Integrating for Competitive Advantage, John Czepiel Carol Congram, and James Shanahan, eds., American Marketing Association, Chicago, IL, P 85-89.

Basso, K., Rech, E., Espartel, L.B. and Reck, D. (2013), Effects of scent and interpersonal influence on consumer trust, Brazilian Journal of Marketing, 12(1), P 1-25.

Bellizzi, Joseph A., Crowley, Ayn E., Hasty, Ronald W. (1983), The effects of colour in store design. Journal of Retailing, 59, P 21-45.

Bellizzi, Joseph A., Hite, Robert E. (1992), Environmental colour, consumer feelings, and Purchase Likelihood, Psychology and Marketing (9), P 347-363.

Berman, B., Evans, J. (1995), Retail Management: A Strategic Approach, 6th ed., Prentice-Hall, London.

Bitner, M.J. (1992), Services capes: the impact of physical surroundings on customers and employees, Journal of Marketing, 56 (4), P 57-71.

Crowley, A, E. (1993), The two-dimensional impact of colour on shopping, Marketing Letters, 4, P59-69.

D'Astous, A. (2000), Irritating aspects of the shopping environment, Journal of Business Research, Vol. 49 No. 2, P 149-56.

Dion, D. (1999), A theoretical and empirical study of retail crowding, European Advances in Consumer Research, 4, P 51-7.

Eroglu, Sevgin A., Machleit, Karen A. (1990), An empirical examination of retail crowding: Antecedents and Consequences, Journal of Retailing, 66, P 201-221.

ET-Economic Times. (2017), India's organised retail market presents a whopping $75 billion opportunity for retailers accessed on August 21, 2017.

Grossbart, Sanford, Hampton, Ronald, Rammohan, R., Lapidus, Richard, S. (1990) Environmental Dispositions and Customer Response to Store Atmospherics. Journal of Business Research, 21, P 225-241

Gulas, Charles S., Peter H. Bloch (1995). Right Under Our Noses: Ambient Scent and Consumer Responses, Journal of Business and Psychology, 10, P 87-98.

Hamida, S., Mouelhi, N, B, D., Malek, F. (2011), Effect of store atmospherics on employees' reactions, International Journal of Retail and Distribution Management, 39 (1), P 51 - 67.

Harrell, Gilbert D., Hutt, Michael D. (1976), Crowding in Retail Stores, MSU Business Topics, 24, P 33-39.

Harrell, Gilbert D., Hutt, Michael D., Anderson, James C. (1980), Path analysis of buyer behaviour under conditions of crowding. Journal of Marketing Research, 17, P 45-51.

Herrington, D. and Capella, L. (1996), Effects of music in service environments: a field study, Journal of Services Marketing, 10 (2), P 26-41.

IBEF (2018), Retail (Sectoral Report), P 1-39.

Kotler, P. (1973-1974), Atmospheric as a marketing tool, Journal of Retailing, Vol. 49 No. 4, P 48-64.

Lorig, T, S., Schwartz, G, E., (1988), Brain and Odor: Alteration of Human EEG by Odor, Administration Psychobiology, 16(3), P 281-284

Mattila, A, S., Wirtz, J., (2001), Congruency of scent and music as a driver of in-store evaluations and behaviour, Journal of Retailing, 77, P273-289

Milliman, R, E., (1982), Using Background Music to Affect the Behaviour of Supermarket Shoppers, Journal of Marketing, 46, P86-91.

Newman, A.J. and Foxall, G.R. (2003), In-store customer behaviour in the fashion sector: some emerging methodological and theoretical directions, International Journal of Retail and Distribution Management, 31 (11) P 591-600.

Parsons, A, G. (2011), Atmosphere in fashion stores: do you need to change? Journal of Fashion Marketing and Management: An International Journal, 15 (4) P428 - 445.

Roschk, H., Loureiro, S.M.C, Breitsohl, J. (2016), Calibrating 30 years of experimental research: a meta-analysis of the atmospheric effects of music, scent, and colour, Journal of Retailing, 93(2), P 228-240

Smith, P., Burns, David, J. (1996), Atmospherics and Retail Environments: The Case of the Power Aisle, International Journal of Retail and Distribution Management, 24, P 7-14.

Solomon, M, R. (1985), Packaging the Service Provider, Service Industries Journal, 5, 64-71.

Turley, L.W. and Milliman, R.E. (2000), Atmospheric effects on shopping behaviour: a review of the experimental evidence, Journal of Business Research, Vol. 49 No. 2, P 193-211.

Turley, L. and Chebat, J.-C. (2002), Linking retail strategy, atmospheric design, and shopping behaviour, Journal of Marketing Management, 18 (1/2), P 124-44.

Wakefield, K, L., Blodgett, J, G. (1994), The importance of servicescapes in leisure service settings, Journal of Services Marketing, 8,66-76.

Yalch, R. and Spangenberg, E. (1988), An Environmental Psychological Study of Foreground and Background Music as Retail Atmospheric Factors, Efficiency and Effectiveness in Marketing, Gary Frazier et al., eds., American Marketing Association, Chicago, IL. P 106-11

Appendix

Questionnaire

Understanding store atmospherics (Store dimensions) and its effect on store choice

Dear Participant,

Please share your thoughts on store atmospherics with reference to grocery shopping at your preferred store. The current study is an attempt to understand whether shoppers are particular about shopping ambience or atmosphere for grocery shopping where the focus is on utility and merchandise. Your valuable responses will be maintained with confidentiality and used for academic purpose only. We are thankful for your time and effort to participate in this research study.

Preferred organised retail outlet or outlets for grocery shopping: ....

....

1) How do you define store atmosphere or store ambience in your retail outlet or supermarket?

2) What are the key elements that you feel is essential for a good store atmosphere or ambience?

3) Is Lighting influence your grocery or general shopping? If yes, Why?

4) Do you think Music played in the store as an important factor that affects your grocery shopping?

5) Is ambient climate (Cool or Warm, Air conditioning) influence your shopping or shopping time?

6) Are you particular about the scent or smell inside the store? Is the smell or scent have an influence on shopping and the time you spend in the store?

7) Do you think store layout influence your shopping time and buying behaviour?

8) Does the height and arrangement of merchandise in shelves influence your shopping?

9) Do you think payment counters and time taken for payment influence your shopping and store choice?

10) Have you felt that store personnel have a role in creating a better shopping environment or atmosphere?

11) How important for you is the assistance of store employees while you are doing shopping?

12) What are the key elements of the store atmosphere that determine your store choice for grocery shopping?

13) Is the store atmosphere or ambience important for you as a customer for grocery shopping? If it's important why?

sdmimd

Details

Please share your following details

Name: …………………………………………………

Gender: Male ☐   Female ☐

City: …………………………………………………

Occupation: ……………………………………………

Income range: < 2 lakhs ☐   2-5 lakhs ☐   6-10 lakhs ☐   >10 lakhs ☐

Age: 20-30 ☐   30- 40 ☐   40-50 ☐   > 50 ☐