
STORE ATMOSPHERIC FACTORS DRIVING CUSTOMER PURCHASE INTENTION - AN EXPLORATORY STUDY

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Abstract

India is sometimes referred to as the nation of shopkeepers. The country has the highest density of retail outlet-over 15 million – in this world Retailing is the largest industry in India and second largest employer after agriculture. Store atmosphere in retailing focuses on customer expectation. The ability of the retail organization to identify these expectations and fulfill them will determine whether consumers enter the shop again and again. If retailers provide good atmosphere, then customers are obviously attracted to retail stores. Organized retail stores are focusing and targeting to provide best store atmosphere. The research paper attempts to assess the store atmosphere strategies of organized retail store of Udaipur in Rajasthan state and various applied approaches of retail stores to attract and retain the customer. The results of this research show that the store atmosphere is an important determinant of purchase intention in retail stores.

Key Words: Retail stores, Store Atmosphere, Store layout

1. Introduction

Retail Sector is the most booming sector in the Indian economy. Some of the biggest players of the world are going to enter the industry soon. It is on the threshold of bringing the next big revolution after the IT sector. The Indian retail industry, which comprises organised and unorganised retail, is currently estimated at US\$ 490 billion. It has experienced high growth over the last decade with a noticeable shift towards organised retailing formats. The industry is moving towards a modern concept of retailing. While most retailers have been rushing to capture opportunities in the quickly crowding Indian metros, some have been focusing their expansion plans in the non-metros. In the next few years, modern retail is expected to grow 50–60 per cent annually in tier II and tier III cities, compared to only around 30 per cent in the metros. Better employment opportunities and improved lifestyles have pulled the rural population towards cities. By 2030, it is estimated that 91 million households will be middle class and about 570 million people are expected to live in cities. This factor would be a significant driver for organised retail.

As India's retail industry is aggressively expanding itself, great demand for real estate is being created. Further, easy availability of debit/credit cards has contributed significantly. India's retail market is

expected to touch a whopping Rs 47 trillion (US\$ 782.23 billion) by 2016–17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body. The total organised retail supply in 2013 stood at approximately 4.7 million square feet (sq ft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq ft in 2012. The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000–January 2014 stood at US\$ 98.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP). Some of the players present in the industry are Archies, Bata India Ltd, Big Bazaar, Crossword, Ebony Retail Holdings Ltd., Fabmall, Food Bazaar, Globus Stores Pvt. Ltd., Health and Glow, Liberty Shoes Ltd., MTR Foods Ltd., Music World Entertainment Ltd., Pantaloon Retail India Ltd., Shoppers Stop, Style SPA Furniture Ltd, Subhiksha, Titan Industries, Lifestyle etc.

Some of the key challenges faced by the sector are:

- Shortage of skilled manpower: Front-end/retail assistant profiles in stores form a major proportion of the employment in the retail sector while store operations account for 75-80% of the total manpower employed in the organized retail sector. Unfortunately, there are very few courses specific

to the retail sector and graduates/post graduates from other streams are recruited.

- Lack of industry status: Due to the absence of 'industry status', organized retail in India faces difficulties in procurement of organized financing and fiscal incentives.
- Real estate - Lack of sophisticated retail planning is another major challenge the sector faces. Available space is easily interchangeable between commercial and retail use. In most cities, it is difficult to find suitable properties in central locations for retail, primarily due to fragmented private holdings, infrequent auctioning of large government owned vacant lands and litigation disputes between owners.

2. IMPORTANCE OF STORE ATMOSPHERE

For past few decades, people only focused on product functions, features and attributes. Today, customers tend to ask for additional beneficial elements before they finalise their purchases. A pleasant store atmosphere is one of those elements which are highly demanded. According to Levy and Weitz (2009), store atmosphere is referred as the attribute that aims to intensify the store environment with the combination of different cues such as lighting, colour, music, and scent. Milliman (1986) categorized atmosphere as a term that is used to explain our feeling towards the shopping experience which cannot always be seen. Turley and Milliman (2000) believed that store atmosphere contributes to a business success or failure. 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. Atmospherics in the conventional store attracts a lot of interest from academics who examine the impact of

atmospheric cues on consumer behaviour (Gardner and Siomkos, 1986; Turley and Milliman, 2000).

According to Bajaj Chetan et al. (2005) found that environment-induced emotional states have a positive association with in-store behaviour of the shoppers, which in turn, effects on the pleasure felt in the store and the in-store rating of the environmental stimuli. By inducing the shoppers to stay for a longer duration, a retail outlet may lead the shoppers to increases spending stresses that retailers provide an opportunity to the shoppers to interact at close encounter with the scopics and derive aesthetic stimulation. Borden, N.H. (1964) said, the format and ambience of the store has its own impact on the shoppers. Its effect is seen in dressing patterns, language, and interaction with store personnel as well as response to communication at the store. It is likely that even a shopping apathetic would behave in the same manner as a shopper who has a liking for shopping in a given store environment. It was found in a study that even a stereotype's behaviour changed when the store context changed. Bowen J.T., & Shoemaker S. (1998) state that in-store atmospherics are sensory or environmental cues used to develop store/brand image, which will lead to influence a consumer's evaluation of the environment and subsequently leading to a positive behavioural response. Responses include increased stay time, mood, and purchase intention and customer share. The store environment as a composite of three dimensions: ambience, space/function and signs, symbols and artifacts.

The role of Store Atmosphere is effective not only because it directly persuades the customers to buy, but because it indirectly persuades them for repeat purchase. Store atmospheric are sensory or environmental cues used to develop store brand image, which will lead to influence a consumer's evaluation of the environment and subsequently leading to a positive behavioral response. Retail store atmospherics is a composite study of four elements: (1) Exterior atmospherics. (2) Interior atmospherics (3) Store Layout (4) Visual Merchandising (Vedmani, 2003).

Many researchers have realized the significant impact of store atmosphere on customer behaviour (Baker et al., 2002; Hoffman & Turley, 2002; Mattila & Wirtz, 2001), but the empirical research for the influence of store atmosphere on customer behaviour is still limited (Bitner, 1992; Turley & Milliman, 2000; Zeynep & Nilgun, 2011). Areni and Kim (1994) identified that the scope of customers' responses to be investigated in past studies is quite narrow.

Table 1: Component of store atmosphere. Source: "Visual Merchandising and Display" Vedmani G. Gibson, Third Edition Pg. 173.

Exterior Atmospherics	Interior Atmospherics
Storefront	Flooring
Marquee or sign board	Temperature
Entrances	Lighting
Display windows	Aisles
Size Of Building	Odour
Adjoining	Trial Rooms
Stores/Surrounding	Fixtures
Business	Dead Areas
Parking	Walls
Accessibility	Personnel
	Background Music
	Cleanliness
Store Layout	Visual Merchandising
Floor Space	Assortment
Allocation	Theme
E-Display	Ensemble
Customers Traffic	Racks & Shelves
Flow	Display(Facing)
Department	Signages
Location	Promotional Items
Merchandise	Lighting Fixtures
Grouping	Flooring Fixtures
Payment counters	Supplies & Equipments

3. OBJECTIVE

From previous studies, we found that store atmosphere is a critical issue for today's fast moving trend. To make it easier on differentiating each store (Zeynep & Nilgun, 2011), retailers try to create an attractive store atmosphere by using different combination of various stimuli. However, Zeynep and Nilgun (2011) noted that most of the studies only focused on one store

atmospheric stimulus instead of examine few stimuli together at one time. For our research, we try to use all the relevant store atmospheric stimuli to interpret its effect on customer purchase intention. By considering different types of store atmospheric stimuli, it would be more accurate to predict and control customer patronage intention. This study finds out and analyzes the different aspects of retail store, which influence the consumer's purchase intention towards store choice. Those aspects are product assortment store atmosphere, location and purchase intention.

1. To analyze the current state of different atmospheric variables in the chosen market
2. Identifying significant store atmospheric factors affecting customer purchase intention

4. RESEARCH METHODOLOGY

For the purpose of the study Exploratory Research Design is used. Convenience sampling method is adopted for the study. The study is restricted only to the retail stores of Udaipur city, sample of 27 retail stores were selected which include apparel stores like Allen solly, Allen cooper, Barcelona, Cantabile, D'cot, Flying machine, Gini 'n' Jony, Killer, Kouton's family store, Levi's, Loot, Liverpool, Lee solly Numero uno, Priknit, Provogue, Peter England, Raymond' shop, Signature, Spyker, Van heusen, Wrangler, Addidas, Nike. Responses on purchase intension have been captured from a sample composed of 155 customers of different retail stores of Udaipur city.

The Primary data was collected by means of a survey sheet as well as a questionnaire. A well structured questionnaire is designed for the study and due care is taken to avoid any kind of ambiguity. To study the various elements of retail store atmospherics this totally depends upon observations, perception and experimentation. So we chose Survey Sheet as my tool for the Survey. Apart from being versatile, this method also afforded the advantages like economy and speed, the latter being a major advantage considering the limited time that was available for the Research Project. The Survey Sheet and questionnaire was structured in such a way so as to include both the Quantitative & Qualitative Analysis of the retail sector. 75% of the total

customers surveyed were found to be the regular customers of one or more of the branded retail stores of Udaipur. Most of the customers go only once or twice a month to the stores for shopping thus it is necessary for the retailers to increase their frequency of shopping.

Table2: Customer Demographic

Characteristics		Count
Gender	Male	28
	Female	32
Education	Undergraduate	22
	Post- Graduate	32
Time spent in Store	30 min-1hr	40
	1-2 hr	8
	2-3 hr	7
	More than 3hrs	5
Expenditure	Rs 0- 250	6
	Rs 251- 500	8
	Rs551- 1000	25
	Rs1000-more	11
Frequency of shopping (per month)	1-2 times	30
	3-5 times	15
	6-8 times	10
	9 or more	5

5. RESULT AND DISCUSSION

A survey result to analyze the current state of different atmospheric variables in the chosen market of Udaipur shows that 96 percent of store clearly indicates the dominance of straight storefront in the retail stores of the city as compared to the angled & arcade ones, the arcade type being present in only 1 store which indicates that either the consumers like the straight storefront or its structure doesn't affect their buying intentions at a particular store. Approximately all the stores (24 out of 27) have wide entrances depicting their popularity amongst retailers as well as consumers. The display windows are surprisingly absent in 85% of the stores. This somehow shows that the retailers are not paying much attention to display their merchandise through display window. Only one store is not convenient in terms of conveyance facility and distance. Parking facilities are inadequate and inconvenient in 63 percent on store and absent in 25%

of the stores visited, indicates the necessity of adequate parking facility in the stores of Udaipur region. All the retail stores were found to be air-conditioned which depicts its preference both by consumers as well as the retailers. The aroma was found in only 2 stores which indicate that this element is not very popular among the retail stores. An important element of interiors i.e. music was found to be absent in 44% of the stores. Wash room cleanliness are present in more than half of the stores visited & absent in approximately 44% of them. The racetrack format where there is ample space to move around the main aisles is very much popular in the stores. Only 5 of the stores have more than one payment counter. One payment counter invites long queues of customers and hence their dissatisfaction. E-display techniques have yet not arrived in any of the retail stores of Udaipur region. Product assortment of merchandise is one of the primary functions of the visual merchandising art & is also found in about 70% of the retail stores. Gondolas are the major type of floor fixture followed by the four-way fixtures. (Table 3)

Relationship between in store atmosphere and purchase behavior

Purchase intention of the consumer depends on the store characteristic, like location, assortment, and atmosphere of a particular brand. It can be defined as: "A purchase intention is customer willingness to make a purchase of a specific product or service" Purchase intention of the customers consists on the following steps: First step is Problem identification, then search out the information about the problem, evaluating the alternatives, finally customer make a purchase on these basis. Post-purchase behavior develops through these steps (Engel et al., 1995). Sometimes consumers buy the product in store that is more attractive and make a decision on the spot. The intention of purchasing the consumer may be impulse buying or partially pre-programmed and can be fully pre-planned. To analyse the relationship between store variables and purchase intention, respondents are asked via structured questionnaire to rank the given store atmospheric variables according to their importance that may influence the future purchase decisions. (Table 4)

It is very much clear from the above representation that among all the factors of exteriors which influence purchase decisions of customers, parking facility is the most essential one. Also, other factors are significantly considered by them while entering any retail store. The one which is given least priority is display window followed by storefront. Among all the factors of exteriors which influence purchase decisions of customers, parking facility is the most essential one. Moving space in the store is given utmost priority by the consumers while deciding to shop at a particular store followed by cleanliness and background music and product display respectively. To further test the data, following hypothesis has been formulated:

H1: No significant difference between store atmospheric parameters.

Wilcoxon signed test has been performed. This is another test that is a non-parametric equivalent of one-Sample t-test. Its symmetric assumption does not assume normality, simply that there seems to be roughly the same number of values above and below the median. The Wilcoxon procedure computes a test statistic *W* that is compared to an expected value. *W* is computed by summing the ranked differences of the deviation of each variable from a hypothesized median above the hypothesized value. (**Table 5**)

Statistically there is no difference between ranking of Store location and product quality parameter in purchase decision. But the difference is significant in case of brand name and advertising. Consumer has rated product quality as more significant factors for determining purchase decision as compared to other determinants like advertising and store brand name

6. CONCLUSION

The product quality & variety influences the purchase decisions the most but strongly followed by the impact of store atmosphere. Most of the customers expend about Rs. 600 per visit to the stores. Here retailers can select their target segment & the products's category where they can lay emphasis to increase the sales. Most of the customers spent only 30 min to 1hr in the store so there must be something very interesting and attractive to hold them inside the store for long thus arousing

interest in them to purchase more. Retailers, can't afford to turn off a single customer and image is everything for them. Generally store atmosphere is an inexpensive way to attract customers and turn them towards positive buying intentions. Keeping the dressing room area free of discarded hangers, tags create a neat store appearance. Playing music in a retail store can help create a certain atmosphere for shoppers. Loud and poor quality music can produce negative shopping experience. Dirty carpet, stained flooring and ugly ceiling tiles can turn off many shoppers. Consider hiring a professional cleaning crew to polish tile floors. Make sure all customer areas of the store have ample lighting and take into consideration shoppers with aging or less than perfect eyesight. Store should be well illuminated for all customers. Shoppers don't want to smell an employee's lunch drifting across the store. Usage of neutralizers to combat any such offensive odors is a must. Store should be designed to allow adequate space between aisles and keep walkways free of merchandise. Cramped spaces can ruin a shopping experience and turn off a customer. Check out counter is a particular area where a customer's financial transaction is taking place. This place should not show any signs of disorganization. A disorganized checkout counter can lead to theft.

To put the paper in a nutshell it would consumer spending behavior can be significantly influenced by the store atmosphere and the customer mood. Customers require a store layout that maximizes the number of products seen within the context of a customers' need for the product. Good feelings lead to more purchases, especially if products are presented within a display that shows the potential usefulness of the product for them. The process of choosing a specific store involves the matching of consumer characteristics and purchase characteristics with store characteristics. An individual may use different criteria to evaluate which store best meets his or her needs depending on the type of purchase.

Limitation: This research has some limitations along with its fruitful results. First our targeted areas were limited to Udaipur Region. Our research was not selective to some particular retail outlets, we collected data from general retail customers who usually do

shopping. Survey was based on small sample of customers. Due to time constraint some customers did not respond properly.

Future direction: Moreover, few open-ended response questions should be added into questionnaire survey. By using this type of question, we can reveal unanticipated opinions from respondents towards this study. Those unforeseen opinions may improve the overall result of the research. Sample size of research is a matter that will influence the result of research as well. The greater the sample sizes of respondents, the more reliable the result. Future researchers need to determine the suitable sampling technique in order to reach the targeted sample accurately in turn to deliver a more accurate and reliable result for research.

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Table3: Exploratory study on atmospherics factors.

Dimension/ frequency (%) n=27			
Exterior atmospherics factors			
Storefront type	Straight	Angled	Arcade
	26	-	1
The entrance	Wide & permit easy access	Recessed	
	24	3	
The display window	Arcaded	Picturesque	Absent
	4	0	23
The accessibility	Accessibl e	Not accessible	
	26	1	
Parking facility	Adequate & convenient	Inadequate & inconvenient	
	4	17	
Interior atmospherics			
Temperature	Ac	Non -ac	
	27	0	
Aroma	Pleasant	Not pleasant	
	2	25	
Background music	Soft	Loud	Absent
	11	4	12
Cleanliness	Adequate	Not adequate	
	16	11	
Trial room	Present	Absent	
	27	0	
Store layout			
Customer traffic-flow types	Grid form	Racetrack form	Free-form
	2	20	5
Payment counters	One	More than one	
	22	5	
E-display	Present	Absent	
	-	27	
Visual merchandising			
Assortment	Idea oriented	Company wise	Price-lining
	4	3	20
Floor fixtures	Straight	Four way	Gondola
	3	9	15
Promotional items	Sales coupons etc.	Absent	
	27	0	
Display products types	Mannequi ns	Absent	
	23	4	

Table4 : Rank statistics

FACTORS	FREQUENCY Rank->					PERCENTAGE (%) Rank->				
	1	2	3	4	5	1	2	3	4	5
Store Location	37	12	3	8	-	62	20	5	13	
Brand Name	13	9	12	17	9	22	15	20	28	15
Advertising & Sales Promotion	10	7	11	18	14	17	12	18	30	23
Product Quality	45	11	4	-	-	75	18	7	-	-

Table 5: Wilcoxon Signed Ranks Test for Purchase Preference

Ranks				
		N	Mean Rank	Sum of Ranks
Store_location – product_qual ity	Negative Ranks	73 ^a	103.92	7586.50
	Positive Ranks	127 ^b	98.53	12513.50
	Ties	0 ^c		
	Total	200		
Brand_name– product_quality	Negative Ranks	98 ^d	100.91	9889.00
	Positive Ranks	100 ^e	98.12	9812.00
	Ties	2 ^f		
	Total	200		
Advertising– product_quality	Negative Ranks	50 ^g	72.78	3639.00
	Positive Ranks	150 ^h	109.74	16461.00
	Ties	0 ⁱ		
	Total	200		
a. Store_location < product_quality, b. Store_location > product_quality, c. Store_location = product_quality, d. Brand_name < product_quality, e. Brand_name > product_quality, f. Brand_name = product_quality, g. Advertising < product_quality, h. Advertising > product_quality, i. Advertising = product_quality				
Test Statistics ^c				
	Store_location– product_quality	Brand_name - product_quality	Advertising - product_quality	
Z	-3.075 ^a	-.049 ^b	-7.936 ^a	
Asymp. Sig. (2-tailed)	.072	.021	.000	
a. Based on negative ranks.				
b. Based on positive ranks.				
c. Wilcoxon Signed Ranks Test.				

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