

Impact of Retail Store Atmospheric Factors on Repurchase Intention

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Abstract: Shopping in supermarkets has steadily gone up over the years, especially across the non-industrialized countries due to the benefits it provides to the customer including high quality hygiene & affordable pricing. Literature has emphasized the importance of store atmosphere in providing a quality shopping experience for the customer. When referring the related research papers and articles, the researchers noticed that those are concentrating on the impact of atmospheric effect on buying behaviour, and customer satisfaction, customer relationship, customer perception and customer loyalty are rather lacking when considering the local/Sri Lankan context. However, as a country where modern trade is picking up with a significant speed, there is a real need for contextual studies. Therefore, through this research, the researcher attempts to study both exterior and interior factors which have an effect on customer purchasing intention. The questionnaires were based on four atmospheric variables namely, exterior atmospheric, interior atmospheric, store layout and visual merchandising while the re-purchase intention was used as the dependent variable. Data was collected from 150 respondents. Study found that there is a significant impact of exterior atmospheric on customers' purchase intention. The study also found that there is a significant impact of Interior Atmospheric on customer's purchase intention. Finally, the study accepted that

there is a significant impact of visual merchandising on customer's purchase intention. These findings are in consistence with retail marketing literature.

Keywords: Interior atmospheric, Exterior atmospheric, Store layout, Visual merchandizing, Repurchase intention

Introduction

Shopping in supermarkets has steadily gone up over the years, especially across the none industrialized countries due to the benefits it provides to the customer including, high quality hygiene & affordable pricing. Literature has emphasized the importance of store atmosphere in providing a quality shopping experience for the customer. According to Levy and Weitz (2009), store atmosphere is referred as the attributes that aims to intensify the store environment with the combination of different cues such as lighting, colour, music, and scent. Further Milliman (1986) categorized atmosphere as a term that is used to explain our feeling towards the shopping experience which cannot always be seen. Moreover, Turley and Milliman (2000) believed that store atmosphere in fact might decide the ultimate survival of the firm. Impact of atmospheric in the conventional stores in recent years have attract a lot of interest from academics who in turn have examined the impact of these atmospheric cues on shaping consumer behavior (Turley and Milliman, 2000).

The buying decision making with respect to in-store environment is triggered when customer identifies that they have an unsatisfied need which is triggered by something in the retail environment. Especially when shoppers engaged in unplanned shopping behavior what they purchased or not can be greatly influenced by the shopping environment as well as consumer's emotions felt during the same period. Because of that it is important for retailers to design and plan their shops to attract more customers, locate merchandise easily, motivate unplanned purchase and give a satisfying shopping experience (Levy and Weitz 2009). A research found that 87% of Hungarian retailers consider the style, color, and size of the shop in important section of practical marketing. (Jozsa, Bator and Sassne Grosz 1990). Therefore, store atmospheric effects are more important for shopper behavior.

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Literature Review

A. Store atmospheric factors

Store atmospheric factors or stimulus are very broad concept area for learning. Researchers have defined the store atmospherics as "buying environments that can produce specific emotional effects in the buyer that enhance his purchase probability" (Kotler, 1973, p.50). This is

quite important since, increasing sales may be one of the primary objectives of any store design layout.

The previous literature classifies atmospheric stimuli into four categories, namely, exterior of the store, the general interior, the layout & design variable, point of purchase and finally decoration aspect (Berman and Evans 1995.). The current study is also based on this model where the conceptual model was based on the above conceptualization.

B. Exterior Atmospheric factors

When you consider a shopping experience the first thing customer notices is the exterior of the store. In fact consumers do not even need to enter to the store to judge the exterior design of the store. However upon the evaluation may decide to not to visit the store. Exterior design is really important because the outside of the store is what gets the attention of customers and entice them to enter. If the people in entity can't make the exterior atmosphere look nicer, then there won't be a much of customer attraction to the entity. Architectural properties of the building, Store front, entrance, display windows and parking facilities are normally considered under the category of external variables. There are limited researches available focusing on this area of store atmosphere. Ward, Bitner, and Barnes (1992) identified the importance of exterior window displays in attracting customers. Pinto and leonidas (1994) found out about the impact of parking facilities as the importance of location in determining the customer perception of quality.

C. Interior Atmospheric factors

Interior design plays a very important role in creating the appeal for any retail store. It has the ability to draw a person in as well as to keep him there, till he makes a purchase decision. Interior design is an area which needs constant updating and up

keeping. The objective of making the interior atmosphere nicer is to attract customers and make them spend more money than they have initially planned before entering into the store. Interior Atmospheric variables include color usage, flooring, temperature, lighting, sounds, cleanliness, aisles and wall textures (Yalch & Spangenberg, 2000). It was found that shop owners can get more attention to the retail displays by varying different color patterns (Bellizzi, Crowley & Hasty 1983). Further it was revealed that customers are more aroused, have a distinct image of retail store and merchandise, spent more time in the retail store and finally prefer to purchase more when they like the interior (Bellizzi & Hite 1992). Furthermore many researchers have identified that “color schemes applied in the interior design of environment have been shown to have an effect on shopping behavior” (Ellis & Ficek 2001, Babin, Haedesty & Suter 2003, and Chebat & Morrin 2007). Another study explains the extent of the effect of music type on consumer behavior. For an Example it was found that foreground music had a different effect than background music (Yalch & Spangenberg 1988, Yalch & Spangenberg 2000), while the volume and the tempo of music (Milliman 1986, Milliman 1982, Oakes & North 2008), along with the age of the patron influence his or her responses towards it (Yalch & Spangenberg 1990).

D. Store Layout

Store layout can be simply described as the floor area design and how the entity has kept their items in that store. Retailers use layout to influence customers' behavior by designing the store's flow, merchandise placement and ambiance (Turley & Milliman, 2000). Layouts also help retailers understand how much revenue per square foot they are making. Store layout helps to influence a customer's behavior, which

mean when done right, it's a key strategy to a store's prosperity. Owners of the store can decide where to keep different items and what are the best places to keep them to get more attraction. Created floor space factors customers to hang on longer and spend more time in a store, also join with other customers and sales associates (Michon et al., 2008). Shopping tours are simple, comfortable and more fun for consumers if there is relieve of access outside the retail store and there are very clear navigations to view within the retail store. It has been investigated that retail store layout has got a considerable impact on the final performance of the retailer or marketer through an impact on the information processing among their customers that in turn incites purchase intentions and attitude to the retail store demonstrate (Griffith, 2005). A retail store environment can lead customer's infer from the merchandise, enjoyment and service quality at a retail store and floor space allocation can considerable influence customer's decision to revisit a retail store (Turley & Milliman, 2000).

Many studies deal with the based-on store layout as a mean of provide customers space to shopping is more comfortable (related to the crowding) or to control traffic on the ground (Levy & Weitz 2009, Hasty & Reardon 1996).

E. Visual Merchandising

Visual merchandising is the act of making retail spaces more attractive and encourage impulse buying. Visual merchandising is all about the look, feel, and culture of your store and brand (Doyle and Gidengil, 1977). If it's done perfectly, it will help increase the customer brand loyalty too. It is the main crucial retail strategy that maximizes the aesthetics of a product with the intent to increase and maximize sales. If this process can be implemented effectively it will be helpful to

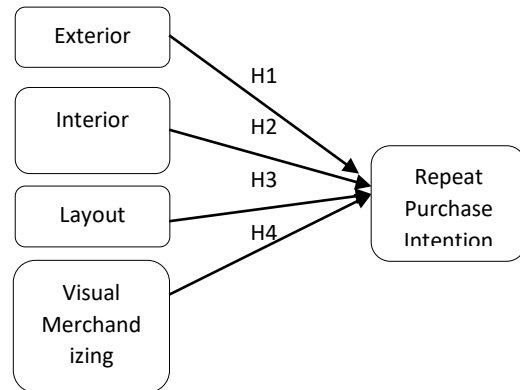
create awareness and also it will help to increase brand loyalty. The most important thing is to get more attraction from the customer and this will help to achieve that objective. According to this category, visual merchandising sub factors are product displays (facing), Rack and shelves, posters, signs, wall decorations and cards. According to previous studies, shelf space allocated has a positive relationship to unit sales. (Doyle and Gidengil, 1977). Gagnon and Osterhaus (1985) examined that point of purchase displays increased sales of an ointment more than 300% in supermarkets and more than 100% in pharmacies. Simonson and Winer (1992) investigated that the way a product display is arranged also can have an influence on consumer preference. Further it has been identified that product displays play a significant role in any retail strategy (Berman & Evans 1995, Levy & Weitz 2009).

Methodology

In order to achieve the main purpose of this study, the researchers had to collect data from a comparatively large sample; so a questionnaire has been used as the main data collection instrument. To select 150 respondents from the defined population of total super market visitng consumers in Sri Lanka, the researchers used a non-probability sampling approach considering the easiness and limited timeframe available. Questionnaire consists with two sections. First section concerned with demographic variables while the 2nd section comprises with 24 attitudinal statements which were anchored using five points from strongly agree to strongly disagree. The 24 items measured five independent variables and one dependent variable. Refer Figure 01 for the conceptual framework. Detailed operationalizations of the variables are found on table 01. To validate the questionnaire; the researcher conducted a pilot study with 10% of the

selected sample and based on the results minor changes were made to the wording of the questionnaire.

Figure 1. Conceptual Framework



Based on the conceptual framework the researchers proposed five hypothesis, namely there is an impact of exterior atmospheric of retail store on customer’s repurchase intention, there is an impact of interior atmospheric of retail store on customer’s purchase intention, there is an impact of store layout of retail store on customer’s purchase intention and the last states that there is an impact of visual merchandising of retail store on customer’s purchase intention.

Table 1. Operationalization of variables

Variable	Factors
Exterior Atmospheric	Store front Entrance Display windows Building architecture Parking
Interior Atmospheric	Flooring Sounds Scents Temperature Cleanliness Cash register placement
Store Layout	Floor space Allocation Product Grouping Traffic flow Department location
Visual Merchandising	Product displays Racks and shelves Posters Wall decorations Signs

Source: Mathur and Goswami (2014)

Heale & Twycross (2015) explained the reliability as the consistency of the result. It gives the ability to generate the same result at different times and at the same time in a study. There are different methods to measure reliability named internal consistency, equivalence, and stability. Most of the reliable methods used to measure the ability of question items to generate stable results at different times, but internal consistency explains the ability of question items to generate the same result using multiple question items (Heale & Twycross, 2015). Table 02 provides reliability measurements for the study and the lowest recorded value is 0.711, which is above the threshold level of 0.7 (Conbrach, 1957), which signals strong reliability of the study.

Table 2. Cronbach's alpha values

Independent variable	Items	alpha
Exterior atmospherics	5	.732
Interior atmospherics	6	.716
Store layout	4	.791
Visual merchandising	5	.711

Source: survey data,2020

Table 3. Correlations and VIF values

	Exterior	Interior	Layout	Tolerance	VIF
Exterior				.473	2.113
Interior	.683**			.372	2.690
Layout	.643**	.732**		.380	2.634
Visual Merchandising	.588**	.636**	.666**	.492	2.033

Source: survey data,2020

Moreover table 03 provides the details on the correlation & VIF values. As far as correlations among independent variables are concerned, highest recorded value is 0.732 which is well below the conservative estimate of 0.8 cutoff levels for threats of multicollinearity. Further the researchers decided to conduct a VIF test. As far as VIF values are concerned highest recorded is 2.690, which is well below even the conservative cutoff of 5 (Hair, et.al, 2012), thus ensuring that model does not have threats of multicollinearity.

Analysis

The conceptual framework of this study is consisted with four independent variables and a single dependent variable. Therefore to test the hypotheses, standard multiple regression analysis was employed. Asuero, et al. (2006) explained regression as a form of relationship between the variables. Multiple regression analysis can be used to predict a variable using two or more known variables. According to the data presented in table 04, around 63% of the variation in customer repurchase intention is explained by the four independent variables used by the model. Further table 05 ANOVA test depicts that the model is significant (significant value of F statistics shows the value .000 and it is less than 0.05) meaning that the researchers can interpret the regression model.

Table 4. Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.792 ^a	.628	.617	.31215

Source: survey data, 2020

Table 5. Anova results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.554	4	5.954	61.103	.000 ^b
Residual	27.559	145	.097		
Total	55.114	149			

a. Dependent Variable: Repurchase Int
b. Predictors: (Constant), exterior atmospheric, interior atmospheric, store layout, visual merchandise

Source: survey data, 2020

Capability	.034	.074	.038	.456	.649
Core Values	.385	.074	.373	5.170	.000

Source: survey data, 2020

Table 06 explains the coefficients of the regression model. Accordingly visual merchandizing is the most contributing independent variable, meaning that when you increase the level of visual merchandizing by one unit, repurchase intention increase by 0.373 (p= 0.000). Exterior atmospheric factors and Interior atmospheric factors also positively contributes to purchase intention respectively (0.273 & 0.230). Both those variables are significant (p <0.01).Accordingly research accepts the 1st , 2nd and the 4th hypotheses which respectively stated that, there is an impact of exterior atmospheric of retail store on customer's repurchase intention, there is an impact of interior atmospheric of retail store on customer's purchase intention, and there is an impact of visual merchandising of retail store on customer's purchase intention. The 3rd hypothesis which stated that there is an impact of store layout of retail store on customer's purchase intention is not accepted (p = 0.649).

Table 6. Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	.216	.248		.872	.385
Empowerment	.276	.074	.273	3.703	.000
Team Orientation	.254	.092	.230	2.771	.006

Conclusions

First the research accepted that there was a significant impact of exterior atmospheric on customer's purchase intention. The finding was consistent with results of the study of Mower, Kim and Childs (2012) indicating the same type of relationship. Furthermore, Edwards and Shackley (1992) also found that store external atmospheric has a direct effect on customer behavior thus it is important for retailers to focus on exterior atmospheric. The study also accepted that there is a significant impact of Interior Atmospheric on customer's purchase intention. The finding was again consistent with Bone and Ellen (1999), Crowley & Henderson (1996) and Mattila & Wirtz (2001) who also found a significant relationship between interior atmospheric and repurchase behaviour. Finally the study accepted that there is a significant impact of visual merchandising on customer's purchase intention. This finding too is consistent with retail marketing literature (Doyle and Giddens, 1977; Simonson and Winer 1992)

As far as retail store layout is concerned our results were non significant. However this is contrary to the existing literature which has documented a clear positive relationship (Aghion, Bloom, Bundell, Griffith and Howitt, 2005). Because of this inconsistency coupled with the limitation of the study researcher would like to recommend more research in this important area, specially using a random sampling.

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