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Convenience and Atmospherics as Predictors of Retail Customer Experience

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Abstract

Purpose: The purpose of this study is to find the impact of Convenience and Atmospherics on Retail Customer Experience (RCE) in new format stores in India.

Design/Methodology/Approach: Customers' responses were obtained using three scales to measure – Store Convenience, Store Atmospherics and Retail Customer Experience (RCE). The scales were tested for reliability and validity using EFA and CFA. A total of 676 valid responses were obtained through mall intercept survey. Data were analyzed using EFA and CFA, correlation, and SEM. T-test and ANOVA have been used to assess the influence of moderating variables – gender, age and income.

Findings: Retail Customer Experience is influenced significantly and positively by Store Convenienceand Store Atmospherics. It also reveals that convenience has a greater influence as compared to atmospherics.

Research Limitations/Implications: The constructs can be revalidated in cross sectional and cross cultural studies. Present study was confined to only "brick and mortar" retail stores. Relationships can also be examined in online shopping in future researches.

Practical Implications: The study provides important insights into determinants of convenience and atmospherics which can be used while designing effective retail strategies for enhancing retail performance.

Originality/Value: The present study contributes by establishing relationships and validating measures for store convenience, store atmospherics and retail customer experience.

Keyword: Retail Experience, Store Convenience, Store Atmospherics, Retailing

Introduction

Retailing is a customer-centric activity, aimed at enhancing place, time, and possession utilities along with the joy of shopping. It creates a total customer experience by providing solutions, respectfulness, connecting with customers' emotions, and convenience (Berry *et al*., 2002). The shopping process involves customer interactions with people, merchandise, process, systems, technology and the entire physical environment. Experience occurs as a result of encountering, undergoing or living through things, which provide sensory, emotional, cognitive, behavioural and relational values (Schmitt, 1999, 2007). Terblanche & Boshoff (2001), in an empirical investigation, identified three dimensions of total retail experience – personal interaction (12 elements such as willingness to help, personal attention, prompt services, courtesy, interest etc.), physical cues (7 elements such as good quality products, good looking materials, good physical facilities etc.), and product variety and assortment (5 elements such as choice, variety, range, sizes of products etc.). Hart *et al*. (2007) found that shopping experience is four dimensional: a) Accessibility dimension referred to location, parking, pedestrianization, and travel; b) Atmosphere dimension referred to appearance, atmosphere, food stops, variety, fashion/ style; c) Environment dimension referred to cleanliness, opening hours, and safety; and d) Personnel dimension referred to customer service and staff attitudes. In a conceptual model, Baker *et al*. (2002) have discussed the effect of store environment dimensions – design, social and ambient, on consumer decision making. The model explains that store environmental dimensions influence consumer's perception of store choice criteria – namely

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interpersonal service quality, shopping experience costs and merchandise value and these perceptions, in turn, affect store patronage intentions. Verhoef *et al*. (2009) proposed a conceptual model describing that the determinants of retail customer experience include social environment (reference group, reviews, tribes, service personnel); service interface (service person, technology, co-creation/ customisation); retail atmosphere (design, scents, temperature, music); assortment (variety, uniqueness, quality); price (loyalty programmes, promotions); customer experiences in alternative channels; retail brand (retailers own brand – private labels and manufacturer or service brand); and past customer experience.

Studies on retailing have identified a wide range of antecedents to retail customer experience (Jain & Bagdare, 2009). They have been grouped on various criteria and their relationships have been studied in diverse contexts. The literature emphasizes the role of Convenience and Atmospherics as two important factors contributing to functional and emotional value of retail store. The purpose of the present study is to examine the factor structure of these two variables i.e. convenience and atmospherics and analyzes their association with retail customer experience.

Retail Convenience

Customer convenience in purchasing has been extensively discussed in the service marketing literature (Kelly, 1958; Anderson, 1972; Yale & Venkatesh, 1986; Berry *et al*., 2002). In one of the earlier studies, Kelly (1958) opined that customer considers convenience as cost which is incurred through the "expenditure of time, physical and nervous energy, and money required to overcome the frictions of space and time, and to obtain possession of goods and services". Customers also perceive social and aesthetic as dimensions of convenience while shopping. They expect merchandise to be presented "conveniently, informally, and interestingly" (Kelly, 1958). Later Yale & Venkatesh (1986) proposed that convenience can be considered as consisting of six dimensions namely time utilisation, accessibility, portability, appropriateness, handiness, and avoidance of unpleasantness. Retail convenience is explained by Seiders *et al*. (2000) as customer's time and efforts cost associated with shopping in a retail environment. They suggested four dimensions of retail convenience as – access, search, possession and transaction. Berry, Seiders & Grewal (2002) conceptualised it as a multidimensional construct consisting of five types of convenience - decision, access, transaction, benefit, and post-benefit convenience. The Servcon scale of Siders *et al*. (2007) is validated by Aagja, Mammen & Saraswat (2011) in Indian retail context. They found that all the five dimensions present in the original study are equally valid in India, however, access, benefit, and decision convenience dimensions are relatively more important in comparison to dimensions like transaction and post-benefit convenience. It has been reported that retail convenience is significantly influenced by shopping enjoyment and product category involvement, and affects customer satisfaction, behavioural intentions and repurchase visits (Seiders *et al*., 2000, 2007; Thuy, 2011; Aagja *et al*., 2011). Service convenience is positively related to customer satisfaction and perceived service quality (Thuy,2011).

Retail Atmospherics

Atmospherics is one of the most widely studied dimensions in the service marketing literature, particularly in the retail settings. It has been reported that store atmospherics – ambience, design, social, sensorial, and functional elements have significant influence on shoppers' enjoyment, satisfaction, repatronage intentions, desire to stay and spend more, and mood states (Kotler, 1973; Mehrabian & Russel, 1974; Bitner, 1992; Turley & Milliman, 2000; Baker *et al*., 2002; Andreu *et al*., 2006). These environmental elements interact with shoppers' sensory receptors – sight, sound, smell, taste and touch, to arouse desirable responses. Terblanche & Boshoff (2001) reported that customer perceptions of the physical store environment (flooring, lighting, and shelves), and even appearance of supporting physical elements such as shopping bags and catalogues significantly influence the retail experience and customer satisfaction. Healy *et al*. (2007) argued that the atmospheric/ambient conditions of the store (visual, aural, olfactory, and tactile cues) can be used to increase a consumer's rate of consumption, and influence customer product evaluations and purchase behaviour. Mattila & Wirtz (2008) explored the effect of store environment on impulse purchase and reported that highly stimulating and pleasant store environments lead to enhanced impulse buying. In another study, Soars (2009) found that sensory stimuli can influence store environment, improve the shopper experience and change

the nature of behaviour and suggested that the right sensory stimuli, if applied appropriately, can calm, relax, de-stress, energise, improve mood, influence decision-making, and the propensity to spend. Retail atmosphere should be used as a strategic variable by retailers to influence shopping behaviour (Turley & Chebat, 2002).

Impact of Convenience and Atmospherics on Retail Customer Experience

Retail customer experience is a manifestation of customers' perceived cognitive, emotional, sensorial, and behavioural value derived through their interactions with store clues during entire process of shopping. It encompasses the total experience which includes search, purchase, consumption, and after sales phases of the experience (Verhoef *et al*., 2009). It is created by a series of clues (a) related to actual functioning of retail (logical dimension) and (b) emotional dimension involving five senses and the environment (Knee, 2002). A retail store experience involves activities such as browsing, price comparisons, search for merchandise, evaluating product variety and quality, and interaction with store personnel (Terblanche & Boshoff, 2001). Retailers use immersive technology, which stimulates customers' visual, auditory, olfactory, and tactile faculties to energise shopping experiences and radically transform the way in which consumers not only interact with, but also form emotional bonds with, brands (Jones *et al*., 2006). Studies have found that retail customer experience significantly influences customer satisfaction, willingness to spend more time and money, retail patronage, loyalty, and profitability (Mehrabian & Russel, 1974; Holbrook & Hirschman, 1982; Donovan & Rossiter, 1982; Lucas, 1999; Arnold *et al*., 2005; Wong & Sohal, 2006; Crosby & Johnson, 2007). It has also emerged from the literature that store convenience and store atmospherics are significant contributors in formation of retail customer experience.

Research Gaps

Review of literature suggests that significant amount of work has been done to describe the role of convenience and atmospherics in the retail stores and shopping behaviour. However, some areas which draw attention of researchers are:

1. Convenience and Atmospherics have been widely studied with regard to customer satisfaction, enjoyment, purchase intentions and other behavioural dimensions, however, empirical studies relating to their influence on retail customer experience are very few.
2. Most of the studies have been conducted in Western context (US and Europe). India is an important emerging economy with a growing retail sector. No studies of empirical nature have been conducted in Indian context in the area of convenience, atmospherics and retail customer experience.

Objectives

The purpose of this study is to find the association between Convenience, Atmospherics and Retail Customer Experience in new format stores in India. The study also aims at analysing the relative contribution of constituent factors of convenience and atmospherics in formation of Retail Customer Experience.

H1:Store Convenience has a direct positive effect on Retail Customer Experience.

H2:Store Atmospherics has a direct positive effect on Retail Customer Experience.

Methodology

The data were collected with the help of three scales to measure customers responses about-Store Convenience, Store Atmospherics and Retail Customer Experience (RCE). Items for store convenience and store atmospherics were adapted from earlier studies. These two scales were developed by author for this study. Retail customer experience scale is a standardized scale developed by Bagdare & Jain (2013). All the scales were tested for reliability and validity using EFA and CFA, and have reported scores within prescribed acceptable limits (Table 5). The data were collected from the city of Indore (India) using mall intercept survey. A total of 676 valid responses were obtained (Table 1). The data were analyzed using EFA and CFA, correlation, regression analysis and SEM. T-test and ANOVA have been used to assess the influence of moderating variables – gender, age and income.

Results and Discussion

Exploratory Factor Analysis technique was used for obtaining initial factor structure of Store Convenience, Store Atmospherics and Retail Customer Experience. Factors emerged were further tested for reliability and validity using Cronbach's Alpha and Confirmatory Factor Analysis. The data were first checked for sampling adequacy through Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and for significance using Bartlett test of Sphericity. It was later analyzed using Principal Component Analysis (PCA) and Varimax with Kaiser Normalization rotation method. Items with low communalities cross loadings and low factor loadings were removed. EFA and CFA resulted into four factors structure for all three constructs - Retail Convenience (merchandise, product communication, post sale benefits, and transaction), Retail Atmospherics (sensorial, ambience, appealing interiors, and visual display), and Retail Customer Experience (mood, joy, leisure, and distinctive) with acceptable range of reliability and validity scores. All the factors have been labelled as per their constituent elements and description available in the literature. Factor loadings and respective variance are presented in Tables2, 3 and 4.

Model Fit

The observed values in the measurement model indicated an acceptable model fit of the data (χ^2 = 942.621, df = 478, $p \leq 0.001$; χ^2/df = 1.972; GFI = .924; AGFI = .910; CFI = 0.911; TLI = 0..901; IFI = 0..912; and RMSEA = 0.038). In addition, all the indicators loaded significantly on the latent constructs. The values of the fit indices indicate a

Table 1: Descriptive Statistics

Gender					
		Frequency	***Percent***	***Valid Percent***	***Cumulative Percent***
Valid	Male	355	52.5	52.5	52.5
	Female	321	47.5	47.5	100.0
	Total	676	100.0	100.0	
Age					
(In years)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21to28	393	58.1	58.1	58.1
	31to38	197	29.1	29.1	87.3
	41to48	86	12.7	12.7	100.0
	Total	676	100.0	100.0	
Occupation					
		Frequency	***Percent***	***Valid Percent***	***Cumulative Percent***
Valid	Service	352	52.1	52.1	52.1
	Business	133	19.7	19.7	71.7
	Student	129	19.1	19.1	90.8
	Housewife	62	9.2	9.2	100.0
	Total	676	100.0	100.0	
Income					
(In INR '000 per month)		***Frequency***	***Percent***	***Valid Percent***	***Cumulative Percent***
Valid	less than 30	165	24.4	24.4	24.4
	40 to60	246	36.4	36.4	60.8
	70 to90	165	24.4	24.4	85.2
	100 and above	100	14.8	14.8	100.0
	Total	676	100.0	100.0	
	Total	676	100.0	100.0	

Table 2: Exploratory Factor Analysis and Reliability Analysis for Store Atmosphere

Factors	*Items*	*Factor Loadings*	*Eigen Values*	*% of Variance*	*Reliability Cronbach's Alpha*
Sensory	Attractive Colour Scheme	.749	3.162	28.742	.689
	Fragrance	.702			
	Background Music	.697			
	Store Design	.653			
Ambience	Lighting	.851	1.418	12.888	.659
	Air Quality	.748			
	Entrance	.671			
Appealing Interiors	Beautiful Interiors	.857	1.177	10.698	.738
	Fixtures and Furnishings	.831			
Visual Display	Promotional Material	.790	1.012	9.199	.664
	Refreshing Visual Display	.662			
Over all scale				61.526	.746

Table 3: Exploratory Factor Analysis and Reliability Analysis for Store Convenience

Factors	*Items*	*Factor Loadings*	*Eigen Values*	*% of Variance*	*Reliability Cronbach's Alpha*
Merchandising	Large Variety	.823	2.746	27.462	.699
	Preferred Brands	.820			
	Latest Products	.697			
Product Communication	Product Info Available	.768	1.551	15.512	.605
	Latest Tech	.718			
	New Arrivals	.699			
Post Sales Benefits	Return Facilities	.873	1.196	11.964	.671
	Repair / Alteration	.819			
Transaction			1.067	10.667	.586
	Speedy Checkouts	.818			
	Arrange Out of Stock Items	.813			
Over all scale				65.605	.702

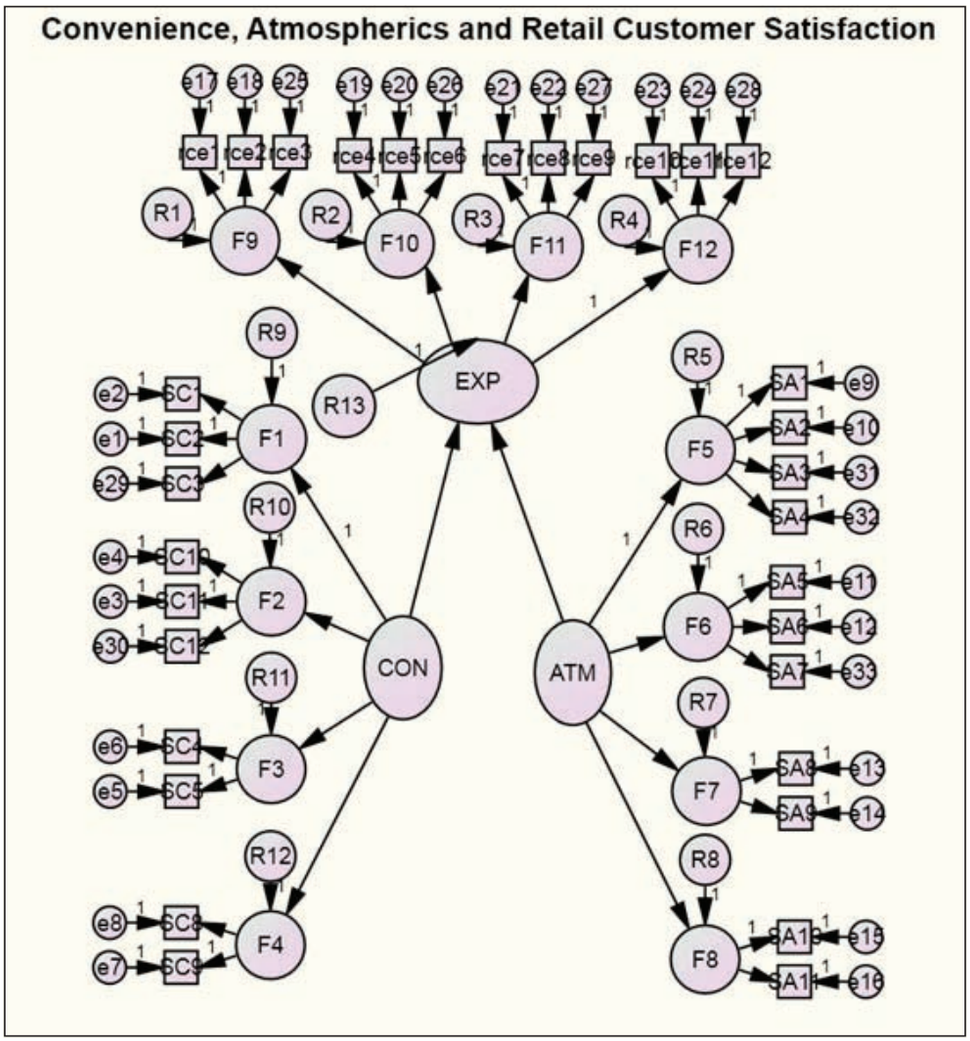
Table 4: Exploratory Factor Analysis and Reliability Analysis for Retail Customer Experience

Factors	*Items*	*Factor Loadings*	*Eigen Values*	*% of Variance*	*Reliability Cronbach's Alpha*
Joy	Pleasurable	.795	4.089	34.071	.715
	Satisfying	.783			
	Engaging	.678			
Mood	Good	.828	1.570	13.082	.728
	Happy	.803			
	Exciting	.686			
Leisure	Refreshing	.797	1.097	9.145	.664
	Relaxing	.723			
	Delightful	.645			
Distinctive			1.000	8.336	.717
	Unique	.781			
	Memorable	.765			
	Wonderful	.731			
Over all scale				64.634	.820

Table 5: Reliability and Validity Scores

Scale	Factors	Convergent Validity (AVE)	Composite Reliability
Retail Customer Experience	Mood	.47	.71
	Joy	.52	.75
	Leisure	.33	.59
	Distinct	.41	.67
Store Convenience	Merchandising	.58	.81
	Product Communication	.45	.70
	Post Sales Benefits	.56	.72
	Transaction	.46	.63
Store Atmospherics	Sensory	.47	.78
	Ambience	.53	.77
	Appealing Interiors	.70	.82
	Visual Display	.35	.51

Fig. 1: Convenience, Atmospherics and Retail Customer Experience



reasonable fit of the measurement model with data.

Impact of Convenience and Atmospherics on Retail Customer Experience

In order to study the relationship between Store convenience, Store Atmospherics and Retail Customer Experience and test the Hypothesis H1 and H2, Structural Equation Modelling (SEM) using AMOS 18.0 was performed. The analysis revealed that the scale items are loaded in accordance with the structure obtained in exploratory factor analysis. SEM (Fig.1) revealed that the Retail Customer Experience is influenced significantly and positively by Store Convenience (Standardized Path Coefficient (c) = 0.446, $p<.001$) and Store Atmospherics ($c = 0.440$, $p<.001$). The correlation analysis also revealed a significant positive association between Retail Convenience and RCE (.399), and Atmospherics and RCE (.382). The results reveal that store convenience play a relatively greater role in experience formation as compared to store atmospherics.

It has been observed that retail customers expect to maximize the derived benefits from different elements present in the store. Results are in line with earlier studies reflecting a positive influence of convenience and atmospherics on retail customer experience (Kotler, 1973; Bitner, 1992; Seiders et al., 2007; Verhoef et al., 2009; Thuy, 2011).

T-test analysis was done to assess the influence of Gender which revealed that males and females differ with regard to their response towards convenience, atmospherics and RCE. ANOVA revealed significant differences for different income groups for Retail Customer Experience ($p<.05$), however, age was not found to be moderating the process.

Conclusion

Convenience and atmospherics have emerged as predictors of retail customer experience.The present study has explored a significant positive association between retail convenience, retail atmospherics and retail customer experience. Convenience is a reflection of utilitarian factors, whereas, atmospherics relates to hedonic factors. Modern retailers need to focus on both the dimensions to create a holistic retail customer experience. Factor structures of all the three variables provide directions for experience creation and management. An analysis of customers' perceptions about them may provide important insights for designing effective, customer centred retailing strategies.

Generalisation of results requires more studies of cross–sectional and cross-cultural nature for validation purposes. Future researches may include a variety of retail stores to explore the differences. The relationship of convenience, atmospherics and retail customer experience with customer response/retail performance measures such as revenue, profitability, satisfaction, quality, loyalty and others may be further explored.

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