Co-creation of background music: A key to innovating coffee shop management

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ABSTRACT

Music is known to affect patrons in a service environment, and its types and applications have been widely studied. However, little research has yet addressed the possibility for patrons to create their background music (BGM) in collaboration with service providers. Also, the coffee shop has often been neglected as a research area for BGM application. We, thus, explore the potential for co-creation of background music (BGM) in coffee shop management. Based on the notion of congruity effect, which holds that congruent BGM leads to approach behavior, our research unveils that patrons experience a positive mood from BGM in harmony with a coffee shop environment and in turn show approach behavior represented by spending more money and time. More importantly, our research further explores the effect of BGM co-creation in boosting approach behavior (via enhanced perceived mood). The findings of this research suggest that coffee shop owners would benefit from adopting this co-creation strategy in managing their coffee shops.

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Traditional markets including the EU, USA, and Japan still account for over half of the world's current total coffee consumption but have been only growing at a modest annual rate of 1.5% (Anon, 2015). "If you look at coffee imports overall for the last several years, it looks like a pretty mature market," says Josh Green, chief executive of Panjiva, a global trade data company (Strom, 2014). Facing a saturated market, larger chains are looking for new avenues to maintain their foothold and expand their markets. Starbucks, for example, has aimed its efforts at the growing market for rare coffees, those expensive beans produced in small quantities, to lure customers that relish individualized, premium coffee (Strom, 2014). However, specialty brewers who have attracted loyalists doubt that such a mass-market giant will be welcomed by this selective niche of coffee connoisseurs. David J. Morris, the co-owner of Dillanos, a boutique chain, states that small coffee shops have strengths in providing unique and authentic consumption experiences. In the midst of this fierce competition between the Davids and Goliaths of the coffee market, both sides are missing a breakthrough that is immediately applicable, as well as more cost-efficient than selling premium brews: the co-creation of Background Music (BGM).

Music, one of the major contributors to atmospherics, is relatively easy to control and apply in the market and, therefore, has been regarded as a practical tool in atmospherics research. The extant research has studied application of music in diverse settings (Chebat et al., 2001; Eroglu et al., 2005; Garlin and Owen, 2006; Harrington et al., 2015; Morin et al., 2007). It also has addressed characteristics and types of music (e.g., volume, tempo, and genre) that positively influence consumers' approach behavior (Duncan Herrington, 1996; North et al., 2000). However, neither academics nor management has attempted to induce consumers to create their BGM in a way that elicits approach behavior. Not surprisingly, most coffee shops–whether they are large chains like Starbucks or specialty brewers like Dillanos–have regarded BGM as an atmospheric stimulus that patrons receive rather than create. Starbucks, for example, plays all kinds of music including jazz, pop, rock, classical, R&B, world, folk, blues, and even guitar-style music that customers might enjoy, but never considers creating BGM with their customers. Also, only a few studies have examined the effects of music in a coffee shop environment (e.g., Mandila and Gerogiannis, 2012), compared with most research focusing on service environments including supermarkets, restaurants/cafeterias/bars, shopping malls/department stores, banks, and wine shops. This leaves room for more empirical studies in the context of the coffee shop. Given that the prior literature overall supports the potential for music application in producing positive

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customer reactions, the co-creation of BGM can potentially have diverse and important applications in coffee shop management.

Based on the congruity effect, which holds that congruent BGM leads to approach behavior (Oakes and North, 2008), this research asks two novel questions: (a) Why does congruent BGM lead to approach behavior? and (b) How can coffee shop managers maintain congruent BGM more effectively? We show that mood, subjectively perceived affective state, explains the underlying mechanism for the relationship between congruent BGM and approach behavior. More importantly, we explore the effect of BGM co-creation, the selection of BGM by patrons with the aid of service providers, in boosting patrons' approach behavior (through enhanced perceived mood) in the coffee shop environment. The findings of our field study reveal that the impact of BGM co-creation is salient only on weekends (vs. weekdays) when patrons are in more relaxed states and, therefore, more open to a co-creation opportunity. Managers of any coffee shop can readily adopt such a strategy.

1. Conceptual background and hypotheses

1.1. Congruence of background music (BGM) and approach behavior

Ever since Kotler (1973) emphasized the importance of the environmental atmosphere where exchanges and services take place, atmospherics, the planned control and structuring of environmental cues, have been widely explored. As consumers are largely affected by physical stimuli at the point of purchase, managers consider the manipulation of atmospherics an important marketing strategy for most exchange environments. Given that such atmospheric planning often determines the difference between business success and failure, the term 'servicescape' has been coined to emphasize the importance of service environments (Bitner, 1992). The auditory sense is especially important in perceiving the atmosphere of service environments (Allan, 2008), and accordingly music—one of the key elements that determine the aural dimension of an atmosphere—has attracted considerable attention from academia, as implied by the term 'musicscape' (Oakes and North, 2008).

Music used in service environments can be divided into two categories. One is foreground music (FGM) used for a specific purpose such as entertaining or attracting consumers. It is played at a relatively high volume to draw attention from people. The other is background music (BGM), played at a relatively low volume to create ambient feelings while also filling the empty air between people to protect their private conversations (Areni, 2003). Since music is not the focus of consumers in normal service environments, our research focuses on BGM.

Among the many types of BGM that appeal to patrons in service environments, this paper uses genre, in particular, in replicating the well-documented finding that BGM congruent with a service environment has a positive impact on patrons' approach behavior (Jacob, 2006). Congruence of BGM with service environments can be defined as BGM being in harmony with other atmospheric elements (e.g., general interior, lighting, layout, and design), thereby satisfying customers based on synergy effects (Oakes and North, 2008). Such customer satisfaction appears as a form of approach behavior represented by spending more time and money in a service environment (Mehrabian and Russell, 1974).

1.2. Mediating effect of perceived mood

Mood refers to an affective state that is subjectively perceived by individuals (Gardner, 1985). Although often collectively referred

to as affective phenomena (Ekkekakis, 2013), mood can be distinguished from emotion and affect. Emotion tends to have a clear focus (i.e., its cause is obvious), while mood tends to be more unfocused and diffused (Martin, 2003). Affect is instinctual reaction to stimuli occurring before the cognitive processes that form a more complicated emotion (Ekkekakis, 2013). Unlike instant reactions that yield emotion or affect, mood, being diffused and unfocused and thus harder to address, typically lasts longer (Schucman, 1975). This paper focuses on mood, in particular, to determine the effects of BGM, which passes breeze-like through patrons' minds and, as such, is less direct and noticeable than FGM.

Mood can be categorized into a positive mood (e.g., cheeriness or peacefulness) and a negative mood (e.g., anxiety or depression) (Gardner, 1985), which can vary depending on the physical surroundings at the point of purchase (Isen et al., 1982). In other words, point-of-purchase stimuli with positive reinforcement properties such as music can induce a positive mood. BGM, in particular, is one of the point-of-purchase stimuli with positive reinforcement properties. The presence of BGM induces patrons to stay longer as it impedes any potential negative background noise (e.g., the clanking of pots) (Magnini and Parker, 2009). BGM also creates the perception that an establishment is filled (Areni, 2003). These properties can be further reinforced when the BGM is congruent with service environment, which can engender a postive mood.

The characteristics of BGM also lend support to the notion that music is a mood influencer (Bruner, 1990; Magnini and Thelen, 2008). BGM is an environmental cue that can trigger patrons' behavior outside of their conscious awareness or through the nonconscious psychological process (Chartrand and Fitzsimons, 2011). As shown by Milliman (1982), shoppers in supermarkets tend to be rarely conscious of music while shopping and, if so, barely know it. BGM is also known to be a type of music that consumers feel rather than ponder (Rindel, 2015), which is closely related to the nature of mood (i.e., feeling pleasant or happy) (Hull, 1990). Therefore, congruent BGM is expected to bring about a positive mood.

A positive mood can, in turn, trigger patrons' approach behavior. Perceptions of a positive mood are often spilled over to the evaluation of various aspects of the service encounter such as one's emotional response to waiting in queue (Hul et al., 1997). Being in a positive mood may also intensify or even create a good shopping mood, which positively affects one's perception of a store's image (Sherman and Smith, 1987). Consequently, a positive mood driven by congruent BGM would encourage patrons to engage in approach behavior represented by spending more money and time. We, thus, presume the following:

H1. Perceived mood will mediate the relationship between congruence of BGM and approach behavior.

1.3. Moderating effect of co-creation

A 2010 IBM survey of 1541 global CEOs concluded that the most successful organizations are those that co-create products and services with consumers and integrate customers into core processes. With co-creation assuming a central importance in the process of value creation, organizations attempt to innovate 'with' customers rather than 'for' them so that their detailed needs and wants are incorporated in innovation (Meyassed et al., 2012). Three interrelated trends drive it: advances in digital technology, a soaring number of proactive consumers, and increasing awareness of co-creation as a means for problem-solving (Meyassed et al., 2012).

Co-creation has evolved from the concept of co-production, the process in which the consumer is always involved in producing value based on the service-centered view (a.k.a. service-dominant logic) (Vargo and Lusch, 2004). Given that value creation is inherently interactional between a service provider and a customer,