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## Journal of Retailing and Consumer Services

journal homepage: www.elsevier.com/locate/jretconser



## Retail atmospherics: The impact of a brand dictated theme



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#### ARTICLE INFO

Article history:
Received 10 January 2014
Received in revised form
8 July 2014
Accepted 9 July 2014
Available online 13 August 2014

Keywords: Retail atmospherics Themed retailing Consumer behavior Retail branding Brand communication

#### ABSTRACT

Although retail atmospherics has been an active area of study, a glance around a typical mall indicates many retailers still do not actively differentiate their retail environment from competitors. This is likely due to retailers considering the atmospheric elements (lighting, music, etc.) individually and making decisions regarding the elements based on what is "standard" for their customers, merchandise, and format. This approach leads to very little differentiation and fails to consider that today's consumer is often expecting a more multi-sensory, interactive, and holistic shopping experience. This paper considers an alternative approach, where a brand dictated "theme" is used to guide the manipulation of the atmospheric elements. This allows retail brands to break free from standard design to create a more interactive, immersive, and authentic environment. Outcomes include increases in shopping enjoyment, positive brand attitudes, and brand loyalty. *T*-tests are utilized to compare the two approaches within both the apparel (Study 1) and restaurant (Study 2) industries.

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#### 1. Introduction

Studies of the effects of retail store atmosphere on consumer behavior have produced a rich and varied literature. Research has found that stores can add value to the shopper's experience through both utilitarian and hedonic means (Babin et al., 1994; Ballantine et al., 2010). For example, some shoppers experience emotional value when shopping produces a therapeutic "pick-meup" feeling (Babin et al., 1994). In addition, store atmospherics can contribute to the fulfillment of hedonic motivations for impulsive purchasing behaviors (Arnold and Reynolds, 2003). Design cues, in particular, have a relatively strong influence over consumer store choice as perceived stress from poor store design can create the feeling of greater psychological costs as well as strains on time and effort (Baker et al., 2002). Non-verbal cues found in the store environment can enhance customer perception of service quality (Bitner, 1990). For instance, physical attributes convey to the consumer the level of quality to expect by acting as the package that signals the quality of service available (Bitner, 1992). Physical cues have also been used to convey moral and social values associated with a brand (Borghini et al., 2009).

The idea that store design contributes to consumer attraction and satisfaction, and ultimately store sales goals, is not lost on the masses. Once relegated to the realm of large theme parks and high-end casino resorts, retailers are now capitalizing on the experience that shoppers desire by building store brands that extend beyond merchandise and deliver added value through the use of themed retailing (Wikström, 2008). Initial growth in this area can be seen in tourist areas such as Orlando (Firat et al., 2011) and at popular historical sites (Meamber, 2011), but by applying extensive and deliberate attention to store atmosphere and the critical non-verbal messages that are conveyed, "everyday" retailers are finding that it's becoming more important to create an authentic brand environment (Napoli et al., 2014; Munoz et al., 2006) that immerses the customer in the shopping experience (Kozinets et al., 2002). To better understand the move to experiential retailing and the impact on consumer outcomes, a new approach to considering retailing cues is needed. We believe that a themed retail environment can create a more differentiated. interactive, and immersive branded shopping experience, which is expected to lead to more positive marketing outcomes such as consumer enjoyment and loyalty. As a result, the research examines the issue from the consumer's point-of-view, and will address the following basic question.

**RQ:** Is there a difference in shopping experience perceptions and outcomes for themed versus non-themed retailers?

In an effort to address the stated research question, the paper is structured in the following format. First, the current approach to retail atmospheric design is discussed via a brief description of the retail atmospheric literature. Second, a new holistic approach to retail atmospherics is presented—one that accounts for the experiential perspective on shopping as well as relationship

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marketing. Third, hypotheses are presented and tested. Finally, results, implications and conclusions are provided.

#### 2. Background

#### 2.1. Traditional retail atmospherics

Atmospherics describes how the design elements of a space are manipulated in order to create certain affective responses (Bitner, 1992; Kotler, 1973; Ballantine et al., 2010). It has been used by retailers to elicit a response from the consumer by using nonverbal communication, through the enrichment of the consumer's experience, with the intent to extend the current visit and create the intention to return. Research has focused on the retail space as a projection of brand image (Ailawadi and Keller, 2004) and the consideration of how other people create the servicescape environment (Bitner, 1992; Donovan and Rossiter, 1982; Eroglu et al., 2003; Foxall and Greenley, 1999; Kotler, 1973; Mayer and Johnson, 2003; Sharma and Stafford, 2000).

Existing research in the area of retail environment generally considers the impact of each element of the atmosphere individually or in simple interactions (Rayburn and Voss, 2013). This approach appears common based on anecdotal evidence that retail managers seemingly take a traditional checklist-style approach, where they look at each atmospheric element (lighting, layout, music, etc.) individually and determine what is standard for their customers, merchandise mix, and format. For example, most big box athletic stores (e.g., Academy Sports+Outdoors, Dick's Sporting Goods, etc.) have bright lights and a large racetrack layout with a large centrally located entry. Alternatively, many women's mall specialty stores (e.g., Express, Ann Taylor, etc.) tend to have bright lights, soft music, and lots of large windows and an open entry. This approach leads to very little differentiation among retailers with similar target markets and merchandise mix. Furthermore, the impact of branding is typically limited to signage (Fig. 1). This is reflected by glancing around most any shopping center in the U.S., where retail stores such as The Limited and Banana Republic, Charlotte Russe and Forever 21, or Dick's Sporting Goods and Academy Sports have almost identical retail environments.

Rather than making decisions regarding each individual atmospheric element in isolation, experiential marketing suggests retailers take a more holistic approach (Schmitt, 1999) to the elements—leading to more multisensory shopping *experiences* (Kim et al., 2007; Wakefield and Baker, 1998). This is not likely to be accomplished with the traditional 'checklist' approach to retail atmospherics—which fails to consider that consumers take a Gestalt approach (*i.e.*, the whole is better than the sum of its parts) when perceiving their retail environment (Demangeot and Broderick, 2010; Diamond et al., 2009; Rayburn and Voss, 2013). Therefore, a new approach to retail atmospherics is warranted—one that allows for the creation of more diverse experiential retail environments that can have a positive impact on the consumer–brand relationship (Kozinets et al., 2002).

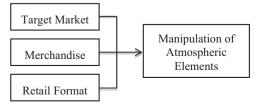


Fig. 1. Model of traditional retail atmospherics approach.

#### 2.2. Themed approach to retail atmospherics

Recently, there has been a call for researchers to consider the retail environment "in the holistic way that customers perceive it" (Rayburn and Voss, 2013, p. 401). This involves using a constructed retail "theme" that employs a Gestalt approach whereby the environment is perceived as a whole, rather than as a collection of individual elements (Diamond et al., 2009). In addition, this theme serves as a schema as it evokes a physical construct to which consumers can connect their impressions (Pine and Gilmore, 1998). Recently, researchers have begun investigating themed retailing (Borghini et al., 2009; Hollenbeck et al., 2008) where "extreme" branding environments are created. Most typically this is found in flagship stores (Kozinets et al., 2002), where the retail "theme" represents the translation of the brand image into the retail environment. The term "Disneyization" has been used to describe how Disney-type principles of environmental engineering have been used to create very unique consumption experiences at historical sites (Meamber, 2011). In addition, research has considered the importance of employees and patrons in creating an "authentic" pub experience (Munoz et al., 2006) and the use of entertainment in creating "retail theater" (Sherry et al., 2001). Some more innovative retailers (Hollister Co., Trader Joe's, Hard Rock Café, Rainforest Café, etc.) are beginning to employ this approach on a larger scale, but it has yet to be examined explicitly in the literature.

A themed retailer is one that uses a concrete interpretation of a brand message to dictate the design of the retail atmosphere. Specifically, merchandise assortment and the individual atmospheric elements come together to create the unifying theme that evokes a specific physical construct. Themed retailers identify a brand related theme that is used to shape the retail environment. Thus, the brand guides the development of a theme, which dictates the manipulation of the individual atmospheric elements (Fig. 2). For example, Hollister Co. designs their stores around a beach house theme (see Appendix A), where Tom Lennox, the director of communication at Abercrombie & Fitch states, "you can feel yourself on the beach with the sunlight shining through" (Barbaro, 2006). According to Michael Jeffries, CEO of Abercrombie & Fitch, this was intended to provide a more authentic brand experience (Hunter, 2008). This retail environment likely aided in Hollister Co.'s relatively quick expansion in the U.S. and abroad (CBS News, 2011), helping the brand pull sales from other markets such as the surf market (Hunter, 2008). The themed approach can also be found in the restaurant industry. Hard Rock Café (see Appendix A) creates a "living museum of Rock 'n' Roll memorabilia" inside every outlet, even allowing visitors to wander through the restaurant to view the items on display (www. hardrock.com). Rainforest Café "re-creates a tropical rainforest with waterfalls, lush vegetation, and indigenous creatures" (www. rainforestcafe.com). Trader Joe's uses an island trading company theme, where they describe their employees as "traders on the culinary seas, searching the world over for cool items to bring home" to their customers (www.traderjoes.com).

The term 'experiential retailing' has been used in the literature to describe specifically how retail environments can be used to create the 'total consumer experience' for the shopper (Senthil et al., 2012). Further, Pine and Gilmore (1998) stress how the defined theme is a necessary first step in creating this experience. Thus, the theme aids in the creation of an experiential shopping



Fig. 2. Model for a themed retail atmosphere.

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