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## Unleashing the Effect of Store Atmospherics on Hedonic Experience and Store Loyalty

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### Abstract

Positive experiences enhance the value of products or services offerings and more importantly could be utilized as a differentiation strategy in a highly competitive retail business. The growing body of knowledge in this research stream posits that creating pleasant experiences to customers while they are actively engaging with the products or services at every touch points in the retail setting, retailers can exploit these happy customers to feel emotionally attached and bonded with the retail store. If retailer attempt to create exceptionally enjoyable shopping experience, undoubtedly it is imperative to identify the predictors of shoppers' experience. In respond to this notion, hence the main objective of this research is to assess the effect of store atmospherics on shoppers' hedonic experience and in turn store loyalty. A framework was developed and tested in the context of a very popular chain bookstore in Malaysia, that is MPH. Shoppers' hedonic experience is hypothesized to be influenced by three elements of store atmosphere, namely store design, ambient and social factors. Subsequently, it was hypothesized that hedonic experience has positive effect on store loyalty. The research findings unveil that there was no evidence to support the hypothesized links between ambient factors with shoppers' hedonic experience. Interestingly, however it was discovered that store design and social factors have significant influence on the shoppers' hedonic experience. In addition, it was found that shoppers' hedonic experience has positive influence on store loyalty. Therefore, the research findings reaffirms that retailers should pay attention to consumers' in-store emotional state as the emotions of consumers are determining factors in formation of experience quality. Implications of the research findings to the body of knowledge and retail management practices were discussed.

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*Keywords:* store atmospherics; hedonic experience; store loyalty; store design factors; ambient factors; social factors

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### 1. Introduction

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Today, retailers are becoming more competitive due to the rivalry intensity of the retail industry. With the current emphasis on creating more lasting relationships with customers, the role of store atmosphere and what can foster or sustain pleasant emotional reactions becomes strategically more important. According to Sharma and Stafford (2000), a store atmosphere can have the ability to attract customers, to entice purchases and to attract customers back to the store for repeat purchases. Indeed, a store atmosphere can be more influential than the product itself in the purchase decision. An appropriate store atmosphere will become a competitive advantage for retailers to set them apart from the rivals.

Customers consistently explore retail outlets that could make them feel pleasant and enjoyable shopping and consequently make shopping as recreational activities. Thus, store atmosphere of the retail outlet possess the ability to affect consumers not only cognitively but also emotionally. In addition, customers prefer to visit stores that provide great additional services that make them comfortable while shopping. Many large retailers spent a huge amount of money in acquiring high traffic locations but if customers do not find anything systematic, unique and attractive, they may just passed by at the door or if visited will try some other places to shop next time. Therefore, as such this study was conducted to validate that store atmosphere will influence shoppers' hedonic experience. It is logical to speculate that a pleasant store atmosphere could create positive emotional state among customers and consequently contribute to store loyalty.

### *1.1 Research Rationale*

Retailers spent millions of dollars each year designing, building and refurbishing stores. Millions more are spent on hiring, training and compensating employees that interact with retail customers. Yet, retailers do not generally engaged in systematic research that enables them to determine the appropriate mix of atmospheric factors that may influence shoppers' experience and contribute to store loyalty. In this study, it will identify and explore how store atmosphere and emotional states may influence various dimensions of purchase behavior.

Efforts have shifted from a sole concern with merchandise breadth, depth and quality to include an emphasis on creating a pleasant, entertaining experience for the shoppers. Unless a store has a distinct product offering or pricing strategy, retailers must distinguish their store by building on the relationship between store atmosphere and shoppers' emotional states.

Research done by Mathur, Sherman and Smith (1997) confirmed that although cognitive factors may largely account for store selection and for most planned purchases within the store, the atmosphere in the store and the emotional states of shoppers may be important determinants of purchase behavior. Therefore, the research reaffirmed that retailers should pay attention to shoppers in-store emotional state combining pleasure and arousal because the emotions of shoppers are important factors in buyer behavior. It should be noted, of course, that just as a positive in-store experience may induce a positive emotional state and subsequent positive affirmative behavior whereas a negative in-store experience could nullify the influence of preexisting good feelings, enhance a negative state or even create a mood state.

Indeed, the retailer must not only ensure that positive good feelings remain positive or become even more so, but must also take steps to help change negative feelings to positive ones. For some shoppers, this may amount to simply not being offended by discourteous salespeople, unpleasant odors, noise or temperatures in the store. Consequently, by having a pleasant experience, a retailer can also encourages a shopper to build a more lasting relationship with the store and seek to return in the future.

Hence, this study aims to disentangle the effect of three aspects of store atmospherics in a retail store on shoppers' hedonic experience and to examine the relationship between shoppers' hedonic experience and store loyalty with retail outlet, in this case is MPH Bookstores.

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