Store Format Influence on Customer Perception of the Store Environment

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ABSTRACT

This study compares client perceptions of the global in-store environment applied to different retail store formats. Literature has shown that certain store attributes are important strategic differentiation tools for grocery retailers. A retail atmosphere can lead to success or failure of a business. Previous studies have neglected the current trend to the coexistence of different retail formats, under different brands but within the same organization. In these cases, a multi-banner company needs to customize the atmosphere to its customers in order to gain attention. This research is about the influence of the store format on the servicescape of the grocery retail stores. A survey was conducted of 302 hyper and supermarket customers. A range of atmospherics variables were considered, including some less studied, such as temperature and cleanliness. The results show that all the dependent variables are sensitive to store format, except cleanliness.

Keywords: Customer Perception, Grocery Retail Stores, Retail Atmosphere, Store Environment, Store Format

INTRODUCTION

The actual importance of branding and experiential marketing foster a new trend on the servicescape context research and interest in deepening the investigation on the impact of the atmospheres. In fact, there is evidence from previous academic literature suggests a theoretical and empirical connection between retail store environment cues and both consumer store choice and patronage behavior (Seock, 2009). Moreover, there is a rising trend for adding value to the customer’s offer by including more intangible and sensorial attributes.

As consumers and buyers, we are on the development life stage of the relationship and experience. We tend to be much more selective in memorizing and choosing according to our global sensorial perception. As the range of alternatives to buy enlarges, we increase trust in our feelings and on-time real experiences; and we pay less attention to the traditional communication from both producers and retailers. The holistic atmosphere ends up as being part of

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the total product we are buying. In parallel, the providers are developing strategies for combining the role played by producers and retailers in this augmented product, which is no longer based on features-benefits conceived by each player. On food shopping, the consumer can choose between taking away and consuming locally (Hagen-Daaz ice cream for instance), or buying in hypermarkets, supers or gourmet groceries’ boutiques, in the store or by internet, both with the option of being home delivered by the retailer. As the number of competing retailers rises, so does the importance of atmospherics, especially if they have the same kind of products and services to offer to their customers. At the same time, in a very competitive market, where price differences are null or small, the differentiation between retailers is often based on their atmospherics.

As Seock (2009) argue, the importance of understanding consumer behavior has never been more important to retailers. Whereas consumer research once was a task left to manufacturers of consumer packaged goods, retailers have embraced this responsibility, spending millions of dollars to research, understand, and influence consumer behavior.

This study highlights the need for further empirical research, to understand the link between elements of the retail store atmosphere, such as design cues, and exterior atmospheric cues (e.g., store exterior, signage) influence consumer evaluations and purchase intentions.

Although, the first study on atmospherics goes as far as 1964 by Cox, the retail market dynamic is passing by a new wage, where both consumers and providers are reinventing the shopping experience. Shoppers are more demanding and have much more knowledge about their providers, both producers and retailers. On the other hand, the offer side is developing strategic alliances and brand diversification. Either in the domestic or multi-domestic markets, several retail organizations develop its own brand, but also enlarge its store’s format chains and cannibalize its different brands. The customers of this retail chain can be loyal clients of each one of the chain’s brand, according to the shopping situation moment or context. In the competitive market that we live in, managers need to be empowered with the right tools to use in order to turn their business into an outstanding one. As Seock outlined (2009) increasing consumers’ loyalty to the store has been a managerial challenge to marketers, providing in-depth understanding and empirical estimation of consumer loyalty. In the retail market, especially during a recession, price cannot be the only battle tool. The service and environment that each store provides to its customers can be used to create a unique combination, offering customers with a specific formula that they will not find anywhere else. However, does a specific service offer formula, based on the atmospherics variables, have the same perception effect on different format stores, even if they are technical and perceived as quite similar by the customers, as it the case of the super and hypermarkets?

This study aims to analyze the influence of the store format and store atmospheric on consumer perception in the retail sector, namely when the same elements are used and the full set of stores belong to the same company, although using a different brand designation. The framework followed the state of art of the store atmospherics, considering a wide range of interior atmospherics as dependent variables, including the less studied, such as temperature and cleanliness, in order to obtain an overall perception of the global store environment.

The survey was conducted to 302 clients of both hyper and supermarket brands of the leading Portuguese retail chain. The results show that all the dependent variables are sensitive to store format, except cleanliness. The in-store atmospheric variable that seems to have the higher need for further investigation is crowding, since it appears to be sensitive to age, gender and store format. This study also can give insights into which of the interior atmospheric variables are not sensitive to store format.

LITERATURE REVIEW

As most authors state, a good retail atmosphere can determine the success or failure of a busi-