

Chapter 13

Atmosphere as a Store Communication Tool

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ABSTRACT

Many studies have found that within an intensely competitive market, it is difficult for retailers to gain advantages from products, prices, promotions, and location. They have to work hard to keep their stores favourable in the mind of consumers. Both practitioners and researchers recognize store atmosphere as a tool for creating value and gaining customers. This chapter provides a conceptual framework for studying the influence of store atmosphere on the store patronage. The chapter presents the main dimensions that constitute conventional retail stores' atmosphere and clarifies the manipulation of elements such as colour, lighting, signage, etc. within the store to communicate retailers' messages to customers. The topic is investigated from both retailers' and customers' perspective. The chapter concludes that both consumers and retailers prioritize functional cues in modern retailing forms.

INTRODUCTION

As customers become more sophisticated and better informed (McDonald et al., 2000), retailing is much less about the sale of products and services, and much more about the communication with customers and creation of relationships with them. Many customers even form impression of a retailer even before entering its stores or just after entering, but prior examining its merchandise and prices (Berman & Evans, 2010). Retailers are finding increasingly difficult to create a differential advantage on the basis of products, price, promotion and location (Baker et al., 1992; Gou-Fong Liaw, 2007). There is a growing movement

against the same of corporate, globalized retail design and the urge to create an individualized shopping experience is a major trend around the world (Dowdy, 2008,). Retailers are trying to define the manner in which they could differentiate themselves on the market and attract customers better than their competitors.

Many studies (e.g. Donovan & Rositer, 1982; Foxall, 1997; Levy & Weitz, 2012) found that the store environment significantly influenced consumer's in-store behaviour in ways they might not be aware. Tai and Fung (1997) revealed that atmospheric cues had a variety of physical and physiological effects on people with causal effects on their buying behaviour.

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A store's environment is comprised of a vast array of separate elements (such as colour, music, lighting, scent, etc.) which are highly interrelated and work together synergistically to affect consumers (Olahut et al., 2012, p. 319). It is a multi-dimensional concept comprising the store's physical characteristics, such as architecture, layout, signs and displays, colours, lighting, temperature, sounds and smells (Levy & Weitz, 2012).

Retailers may use them to provide consumers a positive shopping experience, to keep their stores favourable in the mind of consumers and to control them as well. Those elements form the part of the store atmosphere (Newman & Cullen, 2002) and enhance the customers' perception of the store. The communication process between store and its customers begins with its exterior and it continues within a store relying on colour, music, texture, aroma, lighting, etc. Moreover, they are also elements of a retailer's communication mix and play an important role in creating and reinforcing a retailer's brand image (Levy & Weitz, 2012). The retailer aims its communication through atmosphere to improve customers' perceptions of the store in order to increase store loyalty; to improve customers attitudes to the store in order to increase store visits, etc. Olahut et al., (2012) observed that store atmosphere „influences all aspects of the retailing business, including aspects such as the customer's decisions on where to go for shopping, consumer's perceptions of store image, quality of merchandise and service, buyers behaviours of the amount of time and money spent at the store, in fact the consumer's overall satisfaction with the retail store“ (p. 318).

Kotler and Keller (2006) argue that every store must embody a planned atmosphere that suits the target market and draws consumers toward purchase. Consumers purchase a total product, consisting of not simply the physical item but also the packaging, after-sales services, advertising, image and the atmosphere of the store (Kotler & Keller, 2006). Kotler (1973) points out that “in

some cases, atmosphere is the primary product” (p. 48). Creating an atmosphere in a store focusing on one element is difficult, because it involves a combination of music, colours, crowding and other stimuli (Buckley, 1987). Accordingly, this chapter will clarify the manipulation of elements such as colour, lighting, signage, etc. within the store to communicate retailer's messages to customers. The main objective of this chapter is to present main dimensions which constitute conventional retail stores atmosphere. Additionally, the objective of the chapter is to provide a conceptual framework for studying the effects of store atmosphere in attracting customers to purchase in a particular store, because „the degree to which a retailer is able to get into the head of their customer will determine how successful these sort of strategy (i.e. store atmosphere) are” (Newman & Cullen, 2002, p. 266).

In an attempt to explain the holistic and multidimensional character of the atmosphere, the review of the elements of store atmosphere was conducted, too. For the purpose of getting better insight into the importance of atmosphere as the silent sales person (Reddy & Reddy, 2012), it has been explored in the selected retail context of the Republic of Croatia. Croatia is the Southeast European country with modern retailing forms (supermarkets, hypermarkets and discounters) which accounted for 76 per cent of grocery sales in 2011 (Nielsen Q1 Reports, 2012). Top 10 retailers hold almost 80 per cent of the Croatian market, similar to situations on the markets of the developed Central and East European countries. A research study included both retailers' and customers' perspective. Following the structure of the chapter, the discussion of the results, conclusion and future research possibilities are given. Emphasis is placed on the managerial implications, as retailers must be certain that their stores are up-to-date and portray an image that is appealing to their target markets (Baker et al., 1992, p. 446).

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