

# The impact of store environment on shopping behavior and loyalty

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**ABSTRACT** This paper reviews some studies developed on store environment effects on shopping behaviors and the intention to come back and increase the propensity for loyalty, aiming to understand the effects of brand experience, such as ambient odor, luminosity and layout. A conceptual framework was developed integrating those three main constructs and trying to establish several conclusions useful for brands and some propositions for future investigation.

Some authors argue that having attractive stores may be used as a differentiation argument (Levy and Weitz, 1995); they go on by referring music, lighting, products presentation, colours, ambient temperature, appropriate signage and employees attendance as key issues to influence the consumers' behaviour and intention to buy.

The context for our investigation relates to real points of sale – Nespresso's Coffee Stores – and we hypothesized that ambient conditions and stores' layout have a positive effect on the customers' intention to buy and become brand loyal.

A questionnaire was developed and presented to a sample of 100 persons and data was treated using SPSS; after treating data we were able to conclude that a considerable number of individuals prefer stores with the adequate luminosity, a good layout and an agreeable smell, important factors to make them feel satisfied and wish to continue shopping there over time; we must highlight that all respondents were familiar with the Nespresso concept and stores.

It was possible after doing this research to understand that the way a store is organized and all the interior details can create positive experiences and feelings in the consumers' minds, allowing brands to avoid shopping occasions with no emotional impact and no positive perceptions.

Nespresso is, therefore, a good example of how the capacity to offer a nice point of sale contributes to positive feelings – Satisfaction - and the intention to keep coming back and recommend friends to do the same – Loyalty. Luminosity, Layout and Smell were the constructs tested.

**Keywords:** Satisfaction; Loyalty; Brand Experience; Environment; Ambient odor and Luminosity

## 1. INTRODUCTION

The capacity to induce a certain behavior and to lead customers to buy once in-store is something that any market player should bear in mind; everything that can change the consumer intentions and lead them to buy, particularly a special atmosphere and a well designed and managed layout, is recognized to have an important effect in the way consumers behave and in what they really choose to take with them (Cox, 1964; Gardner and Siomkos, 1985; Baker et al, 1994; Levy and Weitz, 1995; Michon et al, 2005).

Several authors developed previous research and state that the way the point of sale is managed influences shopping behaviors (Kotzan and Erauson, 1969; Frank and Massey, 1970; Curhan,

1974; Gulas and Schewe, 1994; Areni and Kim, 1995; Herrington and Capella, 1996; Smith and Burns, 1996; Areni et al, 1999; Turley and Milliman, 2000; Michon et al, 2005; Faria et al, 2012); in fact, some authors state that "... such atmospheric planning can make the difference between a business success or failure" (Bitner, 1990 in Turley and Milliman, 2000: 193); with management they aim to consider the environment characteristics (ex.: product exposition, lack on product failures on shelves) and the ambient ones (ex.: ambient odor, luminosity). What seems to be consensual is that consumers react positively to some stimulus and may react negatively to others (Michon et al, 2005).

Our research aims to explore how ambient smell, layout and lightning affect the buying intention of the final consumer and leads him/her to become a loyal client. Choosing Nespresso, due to the concept itself, seems to us a proper example, since the brand pays a lot of attention to all the aspects related to the shops/boutiques layout and decoration.

## 2. BUYING BEHAVIOUR

Although we are living an economic crisis and there is no doubt that this environment is changing buying behaviors, there are still opportunities for brands and stores because the consumers will continue to evolve and the stores should evolve with them (Faria et al, 2012). Understanding the current market in its various areas of trade must go beyond studying the economic process to adopting marketing strategies that involves producing and distributing consumer goods or services (Pinheiro et al, 2006; Faria et al, 2012). "Companies try to define the right planning strategies, using market research and study's results to create positive relationships with consumers..." as they aim to satisfy their needs and desires" (Turley and Milliman, 2000: 193); in fact, managers are always trying to plan, build, change and manage the so called "in-touch" points (stores) in a strong attempt to influence consumers' behavior (Bitner, 1992) and, at the same time, they've realized the need to avoid having product failures, because this creates negative perceptions towards their brands and/or stores (Faria et al, 2012).

Hawkins and Coney (2001, in Faria et al, 2012) state that the consumer behavior studies the impact of some processes both in public and in private consumption. Other authors are inclined to identify the study of consumer behavior as the set of physical and mental activities played out by consumers as a result of their decisions, the manner in which they seek, pick, buy and use products and services to satisfy a latent need (Ehrenber et al, 1990; Engel, 1984), as a result of some stimulating factors (Turley and Milliman, 2000; Michon et al, 2005; Faria et al, 2012).

### 2.1. Ambient smell

The physical point of sale continues to play a key and strategic role, being one of the main points of contact between the brands and the consumers (Griffit, 1970; Faria et al, 2012).

Many individuals visit and circulate through the commercial spaces without really buying anything; while some just want to enjoy the spaces, pass time, socialize, be intellectually stimulated, entertain or simply repeat a previous experience, others choose to delay their purchases because they don't find everything they need or simply because they were not properly stimulated (Faria et al, 2013).

According to some authors the perception and the interpretation of scents is a complex phenomenon and consists in biological, psychological and memory answers (Wilkie, 1995; Turley and Milliman, 2000; Michon et al, 2005). What a marketer shall not ignore is that of the five human senses, smell is considered to be "... the most closely attached to emotional reactions" (Michon et al, 2005: 577); therefore, ambient odors in any point of sale must be considered as an important atmospheric variable to study because fragrances may produce certain reactions from consumers (Michon et al, 2005).

Some authors don't find support to the existence of a direct relation (positive or negative effect) of ambient odor in the consumers' behavior (Bone and Ellen, 1999); others state that it might not have a consistent effect (Fiore et al, 2000). However, more and more authors believe that smell influences/can influence consumers' willing to buy (Eroglu and Machleit, 1990; Grossbart et al, 1990; Micthel et al, 1995; Spangenberg et al, 1996; Morrin and Ratneshwar, 2000; Turley and Milliman, 2000; Michon et al, 2005).

## 2.2. Layout

Berman and Evans (1995) tried to present atmospheric stimuli into five categories; they identified the exterior of the store, the general interior, the layout, the decoration and the human variables; for these authors the general interior, the layout and human variables represent an important role in consumers' satisfaction. According to these authors it is very important for managers to adapt the atmospheric elements if they aim to communicate a certain image to a particular segment or target market and, therefore, induce certain behaviour (result) on clients. To sum up (Table 1):

**Table 1 – Atmospheric stimuli that can affect the Consumer**

STIMULO	EXAMPLES
Store's Exterior	<ul style="list-style-type: none"> <li>• Entries (Doors);</li> <li>• Building size;</li> <li>• Architectural design;</li> <li>• Parking;</li> <li>• Traffic;</li> <li>• Stores all around;</li> <li>• Etc.</li> </ul>
Store's Interior	<ul style="list-style-type: none"> <li>• Light;</li> <li>• Colours used;</li> <li>• Temperature;</li> <li>• Cleanness;</li> <li>• Etc.</li> </ul>
Layout y Design	<ul style="list-style-type: none"> <li>• Width of Corridors;</li> <li>• Products' disposition;</li> <li>• Sections;</li> <li>• Cash registers;</li> <li>• Furniture.</li> </ul>
Decoration	<ul style="list-style-type: none"> <li>• Shelves;</li> <li>• Labels;</li> <li>• Sinaletics;</li> <li>• Photos and Sections' identification;</li> <li>• Etc.</li> </ul>
Human Variables	<ul style="list-style-type: none"> <li>• Employees' good/bad looking;</li> <li>• Uniforms;</li> <li>• Other Clients visiting the store;</li> <li>• Etc.</li> </ul>

Source: Turley and Milliman, 2005

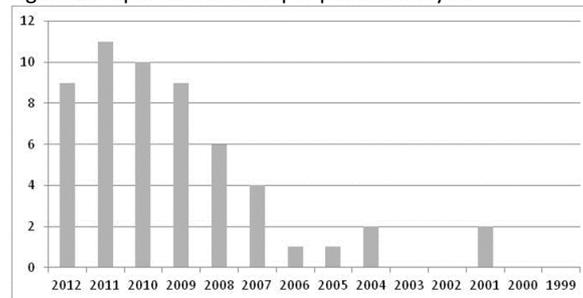
### 3. RESULTS OF SYSTEMATIC LITERATURE REVIEW

#### 3.1. Descriptive statistics

Regarding paper distribution per year (see Figure 1), there has been an ascendant tendency. The first paper was published in 1999, and until 2007, only 19% of papers were published in this field. Also, it is important to note that, from 2008 until 2012, the papers published represent 81%. This is a clear indicator of the emergence of this field.

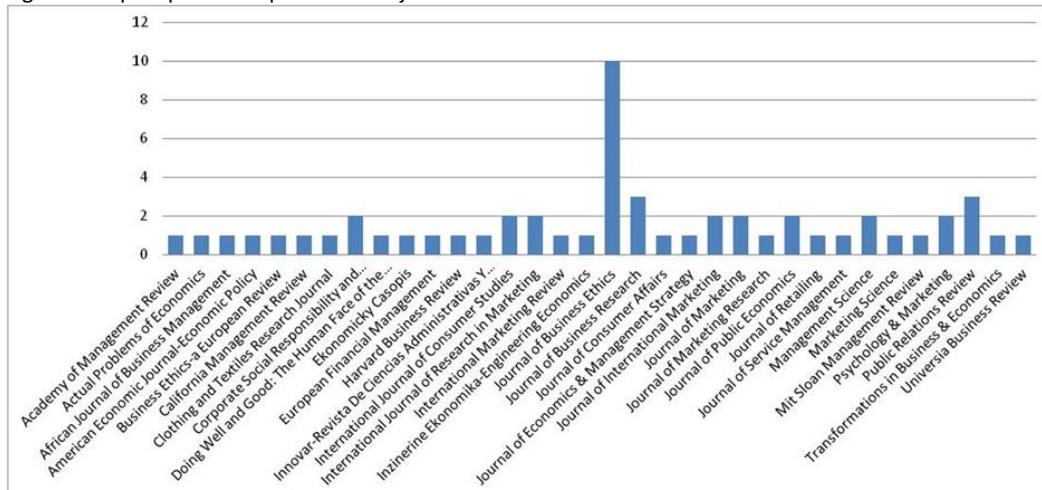
Regarding scientific journals that were most representative in terms of number of publications in the late years (see Figure 2), there is one journal that stands out, Journal of Business Ethics, which concentrates about 18% of papers of our sample. Other occurrences are barely significant nevertheless it is interesting to note that when analyzing the journals scope, 25% address Marketing issues. So we can identify two different approaches regarding the study of CSR and Price, one from the ethics perspective and the other from the marketing side.

Figure 1. Paper distribution per publication year



The analysis of top authors showed that there is one author with 4 papers (Sen) and one with 3 papers (Bhattacharya). Both of this authors work together. There are only six authors (Bigne-Alcaniz, Curras-Perez, Leszczyc, McManus, Mohr & Webb) with two papers each. The remaining authors only have one paper each.

Figure 2. Papers published per scientific journal

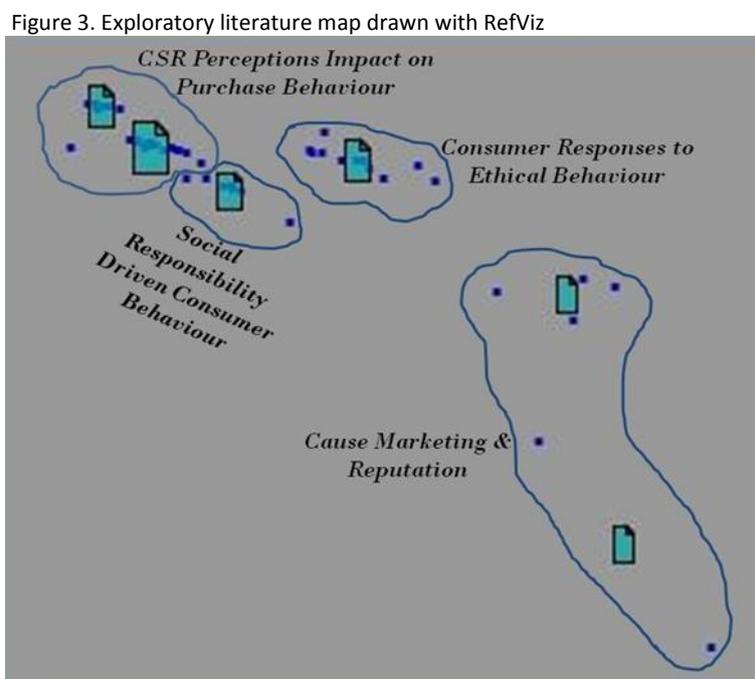


### 3.2. Exploratory galaxies: results from data-mining in Refviz

RefViz defines groups using word count and semantic distance and the researcher uses major topics and minor topics, together with stop words and thesaurus to ensure quality of the data mining process (Agrawal, 2009).

Based on calculations of number of words and semantic distance (applied to abstracts, titles and keywords), as well as the personalized thesaurus available for the analyzed sample, RefViz software draws maps of literature that can be used to comprehend the invisible colleges, or to identify trends and gaps based on contrasting different time intervals.

Figure 3 presents the literature map drawn with RefViz 2.0 for the relevant sample characterized in the previous section. Considering that a key issue in defining the final map is the elimination of outliers in the first outputs, the literature map we presented was obtained after three iterations, when no outlier could be identified, i.e. is a robust output.



Looking at Figure 3, it is possible to identify six clusters of references. For the purpose of this analysis it was decided to group some clusters and name them for content analysis, namely: CSR perceptions impact on purchase behaviour, social responsibility driven consumer behaviour, consumer responses to ethical behaviour and cause marketing & reputation.

## 4. CONTENT ANALYSIS: RESULTS

### 4.1. CSR perceptions impact on purchase behaviour (group 1)

This group of papers deal with a specific aspect of consumers' behaviour – purchase intention – and consumers' perceptions about CSR activities. Several papers in this group present evidence

that supports the relation between perceptions of CSR and purchase behaviour (Oeberseder et al., 2011; Carvalho et al., 2010; Mohr & Webb, 2005; Alniacik et al., 2011).

However, how this relation occurs is still in dispute. While some (Sen & Bhattacharya, 2001) argue that under specific conditions, CSR initiatives can even decrease consumers' intentions to buy, others (Carvalho et al., 2010; Mohr & Webb, 2005) emphasize that CSR has a positive impact on the evaluation of the company and purchase intentions. A different approach, focused on communication and information, is taken by Alniacik et al. (2011) putting the emphasis on negative and positive information about the corporate social and environmental responsibility. The results demonstrate that positive CSR information about a firm enhances consumers' intentions to purchase. When looking at the relation between investments in communication and purchase intention, Bigne-Alcaniz & Curras-Perez (2008) reinforce this approach concluding that the brand's CSR image and the corporate ability image influences purchase intention. The lack of agreement on this issue may be explained by the complexity behind the process of evaluation of CSR initiatives. As Oeberseder et al. (2011) found this complexity is due to the fact that consumers distinguish between core, central and peripheral factors when evaluating (and perceiving) CSR initiatives.

#### **4.2. Social Responsibility Driven Consumer Behaviour (group 2)**

Social responsibility drives consumer behaviour leading to positive responses regarding purchase likelihood (Oezsomer & Altaras 2008), attitudes towards the organisation (Lichtenstein et al, 2004) and generation of revenue (McManus & Bennet 2011). By aligning the cause with the type of consumer, organisations may be able to obtain a higher response rate from customers, thereby increasing the level of consumer involvement and engagement (Mattila & Hanks, 2012). Also, some studies confirm that CSR influences customer perceptions of price fairness (Matute-Vallejo et al, 2011), thus helping to improve consumer engagement..

#### **4.3. Consumer responses to ethical behaviour (group 3)**

The consumer responses to ethical behaviour are influenced by different factors, namely specific consumer's ethical consciousness, ethical cognitive effort, perception of ethical justice, motivation judgment, institutional rationality, and corporate social responsibility-corporate ability (Deng, 2012). The changing of attitudes of consumers regarding different aspects of responsibility and the change of consumption habits forces organisations to look for new alternatives of activities that address corporate social responsibility (Banyte et al, 2010). But in order to do so, organisations need to know if consumers would be willing to pay higher prices for ethically produced goods, since they tend to be more expensive to develop (Trudel & Cotte, 2009). Although not fully exploited within the literature there are a few attempts to analyse and prove that consumers will pay a premium price for products from a social responsible organisation (Trudel & Cotte, 2009; Arora & Henderson, 2007; Boboc et al, 2009).

#### **4.4. Cause marketing & reputation**

Literature in this field embraces how cause related marketing affects reputation (Eccles et al, 2007) and allows companies to charge premium prices. The number of firms carrying a cause-related product has significantly increased in recent years (Krishna & Rajan, 2009). Linking products to a cause tend to increase sales both of that product and, via a spillover effect, of other products in the firm's portfolio (Krishna & Rajan, 2009). Overall, research in this field implies that, by owning cause-related products, companies can not only improve their image in the public eye but also increase profits (Krishna & Rajan, 2009; Elfenbein & McManus 2010).

Regarding research that links auctions, and bidder motives, with social responsibility, results show that auctions with proceeds donated to charity lead to significantly higher selling prices (Haruvy & Leszczyc, 2009; Chang, 2008). One might conclude that research demonstrates that cause related marketing affects reputation in a favourable way and that companies may even get greater benefits if they adjust marketing strategy to understand which premium price to charge to which product and cause.

### **5. DISCUSSION AND FINAL CONSIDERATIONS**

One of the initial findings was the confrontation with the small amount of papers that resulted from the queries. A total of 55 relevant papers within a search equation applied to all years. Considering that the relevant papers spanned within 11 years, which means an average of about 5 papers per year, this clearly shows little scientific production. Taking into consideration that 80% of the papers were produced between 2008 and 2012, it demonstrates that this is an unexplored area but with a growing trend.

This research illustrates clear gaps within the scientific literature that can be explored by researchers wishing to deliver innovative and useful research. In fact, although the analysis allows identifying four main research areas within the subject, each group comprises just a few papers (between 6 and 31).

The main topics reflected in each group are CSR perceptions and its relation with purchase intention (group 1), how CSR drives consumer behavior, namely consumer involvement and engagement (group 2), the ethical dimension of CSR and its impact on consumer response, namely the willingness to pay a higher price (group 3), and finally, the case of cause-related marketing approach (group 4), which may represent a specific form of CSR, allowing companies to boost their reputation and set up higher prices.

Besides the research implications, empirical implications show that CSR is an important asset for companies, not only at the operational level – enhancing consumer involvement and engagement and purchase intention –, but also on a strategic level by reinforcing attitudes toward the organization and reputation.

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**APPENDICES**

Appendix 1 – First Search

<i>First search was performed on December 7<sup>th</sup>, 2012, in three different moments</i>					
<i>Search 1, Search 2, and Search 3 which were afterwards combined with an OR operator</i>					
Search equation	Database	Refined by	Timespan	Lemmatization	Results
"csr AND price" IN Topic	Social & Behavioural Sciences (SBS) database of ISI Current Contents	document type = (Article or Review) AND Subject Areas = (Business Economics)	All years	ON	36
"corporate social responsibility AND price" IN Topic					95
"social responsibility AND price" IN Topic					215

Appendix 2 – Second Search

<i>Second search was performed on December 13<sup>th</sup>, 2012, in fifteen different moments</i>				
<i>Search 1 to Search 15 which were afterwards combined with an OR operator</i>				
Search equation	Database	Refined by	Timespan	Results
"premium price AND csr" IN Topic	Social & Behavioural Sciences (SBS) database of ISI Current Contents		2000-2012	2
"premium price AND social responsibility" IN Topic			All years	14
"premium price AND corporate social responsibility" IN Topic			All years	8
"purchase* behavior AND corporate social responsibility" IN Topic			All years	33
"purchase* behavior AND social responsibility" IN Topic			All years	49
"purchase* behavior AND csr IN Topic			All years	18
"price fairness AND csr" IN Topic			All years	3
"price fairness AND social responsibility" IN Topic			All years	8
"price fairness AND corporate social responsibility" IN Topic			All years	5
"purchase intention AND corporate social responsibility" IN Topic			All years	33
"purchase intention AND social responsibility" IN Topic			All years	41
"purchase intention AND csr" IN Topic			All years	18
"price effects AND csr" IN Topic			All years	14
"price effects AND corporate social responsibility" IN Topic			All years	32
"price effects AND social responsibility" IN Topic			All years	56