Creating a Difference – The Store Ambience in Modern Day Retailing

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Abstracts - The dawn of 21st century has been welcomed by a changing culture in India. It's the change from the traditional retailing to the organized or modern retailing. Organized retailing is the buzz word in India in the 21st century. The Fact lies in the scope of the organized retail which forms only 4% of the total Indian retail market. India has miles to go but it will cover very briskly as per the various international studies. The overwhelming response towards the organized retailing by the youth bears testimony to it. The youth are to be considered just for the reason that the Indian population is a young population as approximately 60% of the total population is below 30 years of age. There are various reasons that have lead to the change in the shift from traditional to modern. One of them being the STORE AMBIENCE. The comfortable, happening, sophisticated calls the young mass. This article is an attempt to study the importance of a good store ambience in organized retailing.

Keywords : Ambience, retail outlet, organized retail

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CREATING A DIFFERENCE THE STORE AMBIENCE IN MODERN DAY RETAILING

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Creating a Difference – The Store Ambience in Modern Day Retailing

Ms. Sangeeta Mohanty[1] Ms. Chitra Sikaria[2]

Abstract : The dawn of 21st century has been welcomed by a changing culture in India. It's the change from the traditional retailing to the organized or modern retailing. Organized retailing is the buzz word in India in the 21st century. The Fact lies in the scope of the organized retail which forms only 4% of the total Indian retail market. India has miles to go but it will cover very briskly as per the various international studies. The overwhelming response towards the organized retailing by the youth bears testimony to it. The youth are to be considered just for the reason that the Indian population is a young population as approximately 60% of the total population is below 30 years of age. There are various reasons that have lead to the change in the shift from traditional to modern. One of them being the STORE AMBIENCE. The comfortable, happening, sophisticated calls the young mass. This article is an attempt to study the importance of a good store ambience in organized retailing.

Keywords : *Ambience, retail outlet, organized retail*

I. Store ambience - a differentiating factor

Today when our country is orienting by imbibing the globalization trends, there are lot of things that are changing. One key to successful in this changing era is INNOVATION. This is no different for ORGANIZED RETAILING. The shopping experience of the customer, which is considered the most important aspect for the success of a retail store, is completely dependent on INNOVATION. The idea is simple - Enhance the customer satisfaction, to add value to the entire SHOPPING EXPERIENCE.

The three elements which complete the SHOPPING EXPERIENCE are:

1. Merchandise
2. Customer support
3. Store Ambience

The store atmosphere more commonly known as store ambience plays a very vital role in enhancing CUSTOMER'S SHOPPING EXPERIENCE. It supplements the other two elements mentioned above.

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People like to be in good atmosphere, which in retail is the STORE AMBIENCE. The store ambience is an environment that is created by visual communications, lighting, music, colors etc., to generate a stimulus among the customer's perceptions & emotions that will affect their purchasing behavior. The store atmosphere is about HAVING A LOOK AND AN ENVIRONMENT that suits the target market & invites consumer for purchase. The Indian consumers generally shop from markets and areas which are tacky, filthy, stinking. They buy goods at bargained prices. But this trend is changing. Instead of moving into weekly haats, melas, mandis or any other traditional form of retail, consumers prefer walking into an air conditioned store to buy the products. Not only had this, but clean & tidy stores, high speed escalators, scented environment, arresting displays draw their attention making it more comfortable and fun to shop. Today the stores have become hotspots of entertainment for a major chunk of the population i.e., the YOUTH. The consumer expectation for modern retailing environment is accelerating at a very fast pace. In order to create an unparalleled experience with the retail store understanding the customer preferences is of prime importance. The store ambience is to be designed to make shopping easy and also give a comfortable feeling. It enhances the shopping experience by assisting the shoppers what they want from an assortment of products in the store. To create a favorable mindset of the consumer towards the store image and store position it is important to have an ambience that has the potential to make the shopping pleasurable by forgetting the bitterness of heavy prices to be paid for expensive products in the stores. With the growing trend of modernization, architects are designing stimulating storefronts and interiors that create an impression of distinctiveness. It helps satisfying the customers and to create a warm welcoming feeling which will certainly enhance a customer's mood and improve the chances of turning a single sale into a long-term relationship. It is incredible to make a sale but it is so much more profitable to keep the customer satisfied thus making developing customer loyalty. Store ambience also assists in enhancing the brand value of the various products. It helps to increase consumer footfalls and provokes them for repeated purchases. It is possible to attract the customers using the right mix of elements of store ambience. It is very simple- a poor ambience negatively affects the representation of the

1

product. A good ambience is also required to facilitate the browsing process for products, which need to be touched & felt before being chosen like clothes. Store ambience acts as a promotion tool used to communicate the store's image. An attractive store ambience is just like 'an icing with cherries on the cake'. A striking store ambience draws the attention of the customer & enables him to take purchase decision within shortest possible time, and thus enhancing the selling process. The shoppers which comprise mostly of the youth desire a comfortable store, so that they can stay for longer on each visit. Shoppers would tend to buy at a leisurely pace in such stores. In many cases, these stores are also utilized for spending waiting or spare time or meeting up with friends. The store ambience is responsible to create a difference between a forgetful transaction and a memorable retail experience.

II. RESEARCH METHODOLOGIES AND DATA COLLECTION

A random sampling technique was used in selecting the sampling units. Data was collected from 120 respondents of the different area of the city Bhubaneswar, Orissa, by using schedule method. The questionnaire was administered to each of the respondents who visited the retail store over one month period. The sample includes male and female, married and unmarried employees from different qualification, occupation, age group and income group. As the youth mass is the regular shopper, it was observed that major chunk of the respondents is youth. The data have been collected in the month of March 2009. In order to identify the important parameters of ambience of a store a questionnaire on different items related to the attributes was constructed on 5-point likert type scale in all eighteen attributes. The statements were measurable on a likert scale of 1-5; where 5 indicated strongly disagree and 1 indicated strongly agrees. The maximum focus was given on store front, lighting, music, store personnel behavior etc.

III. OBJECTIVE OF THE STUDY

To find out the important reason of shifting from traditional to modern format.

To find out the parameters of ambience of a store

To find out the association between the age of the respondents and their preference to westernized outlook and the ad-ons of shopping experience.

To find out the association between the income of the respondents and preference to westernized outlook and the ad-ons of shopping experience.

IV. TOOLS AND TECHNIQUES USED

The statistical tools used for this purpose are Multiple regression technique- It is used to find out the weightage of the dependent variable on independent variable.

Chi-square test of independence of attributes- its property is to find out the association between two variables. Ranking method-its basic property is to arrange a number of attributes in a particular order The data have been analyzed by using SPSS version-11.0

Hypotheses

(1) For age wise analysis the hypothesis of our interest is

H_0: There is no significant association between the age and the Preference of westernized outlook.

H_0: There is no significant association between the age and ad-ons of shopping experience.

(2) For income wise analysis the hypothesis is

H_0: There is no significant association between the income and the Preference of westernized outlook.

H_0: There is no significant association between the income and the ad-ons of shopping experience.

(3) For gender wise analysis the hypothesis is

H_0: There is no significant association between the gender and the Preference of westernized outlook.

H_0: There is no significant association between the gender and the ad-ons of shopping experience.

V. ANALYSIS AND INTERPRETATION

1) Shifting from traditional to modern format

The tendency of shifting from traditional to modern format is correlated with ambience, convenience, quality and the involvement of MNC giving the international experience. Here the basic interest is to find out the weightage of the independent variables (ambience, convenience, quality and the involvement of MNC giving the international experience) on the predictor, "tendency of shifting from traditional to modernformat".

To find out the relationship between the gender of the respondents and their preference to westernized outlook and the ad-ons of shopping experience.

Let Y be the dependent variable

Y = the tendency of shifting from traditional to modern format.

B = the coefficient of determinant (a constant value)

X_1 = Ambience
X_2 = Convenience
X_3 = Quality

X4 = Involvement of MNC giving the international experience.

$$Y = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4$$

Table-1 -Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	X4, X2, X3, X1	.	Enter

a All requested variables entered.

b Dependent Variable: Y

This table shows us the order in which the variables were entered and removed from our model. We can see that in this case three variables were added and none were removed.

Table-2 -Model Summary

Model	R	R Square	Adjusted	Std. Error of the Estimate
1	.625	.390	.268	8.80835

a Predictors: (Constant), X4, X2, X3, X1

Adjusted R Square value tells us that our model accounts for 39% of variance.

Table-3 -ANOVA

Model		Sum of	Df	Mean	F	Si
1	Regression	992.260	4	248.065	3.197	.0
	Residual	1551.740	20	77.587		
	Total	2544.000	24			

a Predictors: (Constant), X4, X2, X3, X1
b Dependent Variable: Y

This table reports an ANOVA, which assesses the overall significance of our model.

Table-4 -Coefficients

Model		Unstandardized Coeff.		Standardized	t	Sig.
		B	Std.	Beta		
1	(Constant)	33.871	22.26		1.521	.144
	X1-Ambience	.498	.216	.514	2.309	.032
	X2-	.227	.413	.111	.551	.588
	X3-Quality	.350	.962	.079	.364	.720
	X4-	-.285	.256	-.218	-1.113	.279

a Dependent Variable: Y

The Standardized Beta Coefficients give a measure of the contribution of each variable to the model. The t and Sig (p) values give a rough estimation of the effect of each predictor variable.

Ambience has the highest beta value (0.498), convenience and quality have the beta values (0.227) and (0.350), involvement of MNC giving the international experience has the negative value of (-0.285).Error variance is explained by constant by (22.267), followed by ambience (0.216), convenience (0.413), quality (0.962), involvement of MNC giving the international experience (0.256). Sample t-test correlates negatively for involvement of MNC giving the international experience (-1.113) with the tendency of shifting from traditional to modern format.

The multiple regression equation is

$$Y = 33.871 + 0.498 X_1 + 0.227 X_2 + 0.350 X_3 - 0.285 X_4$$

Interpretation: The respondents have given more importance to ambience of the store and less importance to the variable "involvement of MNC giving the international experience".

2) Importance of the store ambience in attracting the crowd.

The importance of the store ambience is analyzed with respect to two attributes, westernized outlook and ad-ons of the shopping experience. We conducted a pilot survey on 30 people of different back ground and the majority of the responses favoured to these two attributes. In this case we have tried to find out the association between the personal background and the importance of the sore ambience in attracting the crowd. For this purpose we have performed chi-square test to test the relationship between age, gender, income and the importance of the sore ambience in attracting the crowd.

2.1) Westernized outlook-Gender wise Analysis

Table-5

Gender	Male	Female	Total
Yes	18	63	81
No	13	26	39
Total	31	89	120

Null hypothesis H_0: There is no significant association between the gender and the Preference of westernized outlook.
Alternative hypothesis H_1: There is an association between the gender and the Preference of westernized outlook.
Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 1.495$

Tab. Val of $x^2_{(0.05)}$ at 1 d.f is 3.841
As, $x^2_{cal} < x^2_{tab}$, H_0 is accepted and H_1 is accepted rejected.
Interpretation: There is no significant association between the gender and the Preference of westernized outlook.

2.1.1) Westernized outlook -Income wise analysis.

Table-6

	<10,000	10,000-20,000	20,000-30,000	>30,000	Total
Yes	7	15	22	18	62
No	5	25	24	4	58
Total	12	40	46	22	120

Null hypothesis H_0: There is no significant association between the income and the Preference of westernized outlook.
Alternative hypothesis H_1: There is an association between the income and the Preference of westernized outlook.
Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 11.671$

Tab. Val of $x^2_{(0.05)}$ at 3 d.f is 7.815
As, $x^2_{cal} > x^2_{tab}$, H_0 is rejected and H_1 is accepted.
Interpretation: There is an association between the income and the Preference of westernized outlook.
Westernized outlook -Age wise analysis.

Table-7

Age	15-25	25-35	35-45	45 and more	Total
Yes	23	32	21	2	78
No	7	10	10	15	42
Total	30	42	31	17	120

Null hypothesis H_0: There is no significant association between the age and the Preference of westernized outlook.
Alternative hypothesis H_1: There is an association between the age and the Preference of westernized outlook.

Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 25.368$

Tab. Val of $x^2_{(0.05)}$ at 3 d.f is 7.815

As, $x^2_{cal} > x^2_{tab}$, H_0 is rejected and H_1 is accepted
Interpretation: There is an association between the age and the Preference of westernized outlook.

2.2) Ad-on of the shopping experience- Gender wise Analysis

Table-8

Gender	Male	Female	Total
Yes	21	55	76
No	10	34	44
Total	31	89	120

Null hypothesis H_0: There is no significant association between the gender and ad-ons of shopping experience.
Alternative hypothesis H_1: There is an association between the gender and ad-ons of shopping experience.
Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 0.349$

Tab. Val of $x^2_{(0.05)}$ at 1 d.f is 3.841
As, $x^2_{cal} < x^2_{tab}$, H_0 is accepted and H_1 is rejected
Interpretation: There is no significant association between the gender and ad-ons on shopping experience.

2.2.1) Ad-on of the shopping experience - Income wise analysis.

Table-9

Income	<10,000	10,000-20,000	20,000-30,000	>30,000	Total
Yes	5	20	28	16	69
No	7	20	18	6	51
Total	12	40	46	22	120

Null hypothesis H_0: There is no significant association between the income and ad-on of the shopping experience.
Alternative hypothesis H_1: There is an association between the income and ad-ons of shopping experience.
Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 4.45$

Tab. Val of $x^2_{(0.05)}$ at 3 d.f is 7.815
As, $x^2_{cal} < x^2_{tab}$, H_0 is accepted and H_1 is rejected
Interpretation: There is no significant association between the income and the ad-ons on shopping experience.

2.2.2) Ad-on of the shopping experience -Age wise analysis.

Table-10

	15-25	25-35 years	35-45	45 and more	Total
Yes	22	31	10	8	71
No	8	11	21	9	49
Total	30	42	31	17	120

Null hypothesis H_0: There is no significant association between the age and the ad-ons on shopping experience.
Alternative hypothesis H_1: There is an association between the age and the ad-ons on shopping experience.
Test statistic:

x^2 (Chi-square) $= \sum[(O- E)^2/E] = 16.53$

Tab. Val of $x^2_{(0.05)}$ at 3 d.f is 7.815
As, $x^2_{cal} > x^2_{tab}$, H_0 is rejected and H_1 is accepted

Interpretation: There is an association between the age and the ad-ons on shopping experience.

3) Attributes of Ambience of a Retail Store

The importance of the physical environment in a retail setting has long been recognized. The retail environment has an impact on an array of consumer emotions and attitudes of choosing a store. The analysis of Shifting from traditional to modern format resulted that ambience of the store is the main reason of such shifting. It is therefore necessary to assess the important factors influencing the ambience of a store. There are so many factors, but we have included the following factors only. The data have been collected on 5-point likert type scale in all eighteen attributes. The statements were measurable on a likert scale of 1-5; where 5 indicates strongly disagree and 1 indicates strongly agree.

Table-11

RANKING OF THE PARAMETERS ON THE BASIS OF IMPORTANCE WITH REGARDS TO A RETAIL							
Rank	1	2	3	4	5	Rank sum	Rank
1. Lighting	1x30	2x28	3x19	4x17	5x26	341	5
2. Music	1x35	2x20	3x12	4x17	5x36	359	6
3. Marquee	1x43	2x32	3x20	4x16	5x9	276	3
4. Store Front	1x72	2x28	3x10	4x6	3x4	194	1
5. Display Windows	1x69	2x32	3x8	4x5	5x6	207	2
6. Scent (Smell)	1x9	2x13	3x16	4x37	5x45	456	12
7. Fixtures	1x11	2x13	3x17	4x39	5x40	444	11
8. Temperature	1x8	2x13	3x15	4x36	5x48	463	14
9. Hygiene	1x25	2x16	3x10	4x27	5x42	405	8
10. Theme Setting	1x31	2x32	3x20	4x19	5x18	321	4
11. Posters, Signals, cards	1x20	2x21	3x15	4x32	5x32	395	7
12. Floor Space	1x15	2x12	3x8	4x46	5x39	442	9
13. Product Grouping	1x10	2x11	3x12	4x36	5x51	467	16
14. Traffic Flow Pattern	1x9	2x10	3x15	4x40	5x46	464	15
15. Colors used	1x13	2x14	3x12	4x39	5x42	443	10
16.Store Personnel Behavior	1x9	2x12	3x16	4x38	5x45	458	13
17. Efficient Billing systems	1x9	2x9	3x10	4x36	5x56	481	17
18. Availability of a cafeteria	1x5	2x8	3x9	4x43	5x55	495	18

Interpretation: From the above analysis we observed that the attributes Store Front, Display Windows and Marquee have the lowest rank sum. So, we conclude that the Store Front, Display Windows and Marquee are the prime factors of ambience, where as the least preference goes to Efficient Billing systems and the Availability of a cafeteria.

VI. CONCLUSION

Beyond doubt there is no free lunch. The retailers have to shell out a huge chunk of there investment just to create this shopping experience, but ultimately it is the customer himself who has to bear the load of this investment by paying higher prices for this SHOPPING EXPERIENCE. With competition getting stiffer & stiffer day by day, and the availability of the same brands across all stores, the only way out to differentiate is to STAND OUT of the crowd. Ambience and facilities are more important in cases where the shopper spends more time within the store. Out of the above the more challenging is the execution. It is very evident that customer experience of the store ambience has the ability to make a large difference to a retailer's performance.

The paper explores the following findings in that light.

The respondents have given more importance to ambience of the store and less importance to the variable "involvement of MNC giving the international experience".There is no significant association between the gender and the Preference of westernized outlook, but income And age are associated significantly with Preference of westernized outlook.Income and gender are not significantly associated with ad-ons of the shopping experience. Whereas age is significantly associated with ad-ons of the shopping experienceStore Front, Display Windows and Marquee are the prime factors of ambience, where as the least preference goes to Efficient Billing systems and the Availability of a cafeteria.

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ANNEXURE

SWOT Analysis

STRENGHTS	WEAKNESS
✎ Use of modern technology to succeed over the unorganized retailers ✎ Use of SCM, EDI & ERP etc. packages to minimize cost ✎ Bulk buying & large storage capacities help to reduce cost ✎ Close coordination with the vendors leading to reduction in time & cost	✎ More number of window shoppers than actual consumers ✎ Low conversion rate of footfalls into consumers ✎ Low consumer loyalty for a store as they get the brand in other stores also. ✎ Retail majors are experiencing a ROI of 8-10%.
OPPORTUNITIES	THREATS
✎ Growing population with the rise of middle class income group. ✎ The organized Indian retail industry is just 3% of the total retail industry with an expected growth rate of 25 – 30 % p.a. ✎ Emergence and growth of the organized retail in tier II cities ✎ Potential to tap the 70% untapped rural population offering a lucrative market.	✎ Unorganized retailing a major threat by offering a parallel market to the organized retail. ✎ Prevalence of window-shopping instead of shopping culture. ✎ The stores used as hangout places with friends & families instead for shopping.

8

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