Retail store environment and customer experience: a paradigm

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Abstract
Purpose – The current context of retail is extremely challenging. Retail environments are pushing consumers to appreciate hedonic aspects of consumption. Retailers are finding new ways to offer customers something unique or special in order to encourage traffic to physical stores. People like to touch, feel, smell, taste, inspect, test and try on. It is a holistic approach that involves both emotional and rational triggers (Meyer, 2006, p. 1). The paper aims to discuss these issues.

Design/methodology/approach – The basic proposition is that a shopper’s behavior is influenced by the environment. The environment (store) influences a shopper’s emotions and mood, which in turn influence the shopper’s behavior (Ebster and Garaus, 2011, p. 108). Mehrabian found a significant amount of research to back Holbrook’s findings that “emotion is a key link in the shopping experience” determining that consumers’ reactions within stores are based on their emotional states, which are stimulated by store designs (Mehrabian, 1977).

Findings – It is important to focus on engaging the customer both emotionally and behaviorally, which means that the communication on social media and physical retail stores should both excel in emotional appeal, and encourage various forms of interaction with the brand. Increasingly, success at retail is less about what the retailer has to sell and more about how they sell it. This is the new experiential paradigm shift in shopping. This will become even more critical in the future as success at retail will continue to shift toward how well retailers play to the emotions, psychology and feelings of the shopper (Danziger, 2006, p. 17). The need whether utilitarian or hedonic carries them to the store but emotions make them stay and shop.

Originality/value – Both utilitarian and hedonic experiences – whether they are derived from consuming products or total experience, including products, people, places and the environment – contribute in differing degrees, to the overall experience of consumption.

Keywords Customer behaviour, Hedonic consumption, Customer experience, Retail store design, Shopper’s behaviour, Physical stores

Paper type Literature review

1. Introduction
“People will forget what you said, people will forget what you did, but people will never forget how you made them feel,” Maya Angelou (2013). What people remember about shopping experience is determined by the mood, feelings and intensity of emotions created in particular moments while shopping.

Many retailers are incorporating the customer experience as a component of their customer offerings. Faced with increased competition from web retailing, merchants are elevating the in-store experience into something more exciting, entertaining and educational to lure shoppers through the door. The store no longer exists just to move merchandise and ring up transactions. Increasingly, it also serves as showroom, museum, and warehouse and fulfillment center. Stores are routinely practicing one-upmanship in inducing more store visits by making shopping fun and entertaining (Poulsson and Kale, 2004, p. 268).

Creating an experience for consumers is more important than ever (Rauen, 2006). Getting people in the store is not enough. What consumers want is a memorable event that engages them.
Pine and Gilmore argue that businesses must orchestrate memorable events for their customers, and that memory itself becomes the product – the “experience.” More advanced experience businesses can begin charging for the value of the “transformation” that an experience offers. In 1971, Toffler talked about the upcoming “experiential industry,” in which people in the “future,” would be willing to allocate high percentages of their salaries to live amazing experiences. From bustling downtowns to suburban malls, the brick-and-mortar store is poised for reinvention. What consumers want are products, communications and marketing campaigns that dazzle their senses, touch their hearts, and stimulate their minds. Consumers no longer buy commodities; “they express who they are and identify the relationships that are important to them through consumption” (Kim et al., 2007, p. 8).

According to Hirschman and Elizabeth (1984), consumption may be viewed as a process that provides an individual with cognitive and sensory experiences. Cognitive consumption seeks tangible benefits from performing utilitarian functions. It involves satisfying basic physiological needs and assures the security of satisfactory purchase performance. Utilitarian experience involves offering of attributes such as convenience, value, customer service, confidentiality by retailers to the customers. These attributes will positively enhance the consumers’ experience. Consumers can therefore purchase what they want, the way they want it, at the right time and preferably at a competitive price (Kim et al., 2007, p. 69).

Kaltcheva and Weitz (2006) feel that factors such as type of the store, its location, economic climate, convenience, time of the year can impact the shopping experience. Some retailers (e.g. Starbucks, Apple, Barnes and Noble) attempt to create engaging environments in their stores that encourage shopping. In contrast, other retail chains (e.g. Home Depot) are successful with their minimalist warehouse-style shopping environments (Levy and Weitz, 2004). Local markets, weekly bazaars, flea market, farmers market solve the purpose of buying day to day needs. Utilitarian consumption is related to necessity rather than recreation. However, the current research studies indicate the factors impacting shopping experiences in local market also, which might involve a hedonic experience as well. Like, a farmers market too, involves the sensory experience – a sight of colorful fruits and vegetables and spices, aroma of freshly ground spices or baked items and cheese, social interaction, a feeling of community.

Sensory consumption is associated with the intangible benefits pertaining to emotional and hedonic aspects of experiences (Hirschman and Holbrook, 1982). They identify hedonic consumption as involving product experiences that stimulate consumers’ feelings and imaginings. Malls and shopping centers provide the customers with utilitarian needs as well as hedonic experiences.

No amount of advertising, marketing promotion, in-store advertising or window display can impact the customers, the need often drives them to the stores to shop, set them on a mission and moves them to action but there is not a (one) thing that marketers or retailers can do about building a need. On the other hand they can create desire, which is purely an emotional response (Danziger, 2006, p. 21). Therefore, it is the need whether utilitarian or hedonic, that carries them to the store but the emotions make them stay in the store and shop.

2. Paradigm of customer experience
Holbrook and Hirschman (1982) are believed to be the first ones to introduce the experiential perspective of consumer behavior and marketing. Traditional consumer
research has tended to neglect such experiential aspects of behavior, resulting in limited understanding of the importance of hedonic benefits.

Increasingly, success at retail is less about what the retailer has to sell and more about how they sell it. This is the new experiential paradigm shift in shopping. This will become even more critical in the future as success at retail will continue to shift toward how well retailers play to the emotions, psychology and feelings of the shopper (Danziger, 2006, p. 17).

Currently, a variety of terms are being used when discussing experiences in retail environments. Carù and Cova (2003) for instance used the term consumer experiences, market consumption experiences or shopping experiences in retail environments, Healy et al. (2007) reflect on “retail experiences.” Broadly speaking, “experience” is an interaction between a company (brand/product/service) and a customer, being shaped by the characteristics of the customer and those of the product, company or brand, and always influenced by the context or environment in which the interaction takes place (Same and Larimo, 2012).

Walls et al. (2011a, b) define consumer experience as multidimensional takeaway impression or outcome, based on the consumer’s willingness and capacity to be affected and influenced by physical and/or human interaction dimensions.

Similarly, for Schmitt (2010), customer experience can be defined as perceptions, feelings and thoughts that customers have when they encounter products and brands in the marketplace and engage in consumption activities as well as the memory of such experiences.

Due to the experiential shift, making a retail concept work today is far less about the tangibles or objective aspects of the business – product, location, price and all about intangibles that color and flavor the shoppers experience in the store.

Pine and Gilmore (1999) acknowledged the emergence of what they call experience economy. They pointed out the nature and progression of economic value goes from commodities to goods, to services and finally to experiences (see Figure 1). Retailers should shift up from selling goods to services, and from selling services to experiences, which is what people value more today (Pine, 2010).

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**Figure 1.**

Hedonic consumer experience

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Commodities --------------- fungible, natural

Goods ------------------ tangible, standardized

Services ----------------- intangible, customized

Experiences -------------- memorable, personal
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Source: Kim et al. (2007)
Like for instance, Build-a-Bear workshop provides an interactive store environment by encouraging participation and creativity by selecting personalized components to create bears like – stitching, sounds, names, clothing, etc. This consumer involvement transforms the consumption of a generic teddy bear into a differentiated premium experience. The premium experience yields profit for the retailer.

3. Discussion

In order to be successful a retailer must offer an enhanced, truly memorable and distinctive shopping experience to its customers (Danziger, 2006, p. 17). The goal of experiential store design is to use a variety of emotional and cognitive stimuli to create a unique shopping experience for each customer. People like to touch, feel, smell, taste, inspect, test and try on. It is a holistic approach that involves both emotional and rational triggers (Meyer, 2006, p. 1). Research has demonstrated that shopping environments invoke emotional responses in consumers (Machleit and Eroglu, 2000) and that these emotions, in turn, influence customer shopping behavior (Donovan and Rossiter, 1982; Darden and Babin 1994; Sherman et al., 1997).

Similarly, according to the researchers (Mossberg, 2007; Pine and Gilmore, 1998, 1999; Walls et al., 2011a, b) experiences trigger a multitude of emotional, physical, cognitive and spiritual reactions. Shopping is not always a rational experience. Customers make impulse decisions, which are influenced by stimuli like lighting, product positioning, imagery, sound and smell (Morrell, 2012). Shoppers do not love a store simply because they love the merchandise they carry. They love a store because it touches them personally and emotionally. What is really important to understand about shopping today is that shoppers focus on the total shopping experience (Danziger, 2006, p. 15). The shopping experience is process oriented. It includes much more than simply getting what you want. It focusses on all the activities and events that were part of it: the design of the shopping environment in the store or online, the service personnel, how they greeted you, whether you bought something extra and how you felt while you were shopping (Schmitt, 2003, p. 14). Studies suggest that store location, atmosphere, emotional attributes, sensory stimulation and visual presentation are contributing factors to customers’ behavioral responses (Ahn, 2008; Andreu et al., 2006; Gobé, 2001; Lam, 2001; Park and Farr, 2007; Healey, 2008; Song, 2009).

Despite the growing recognition of the importance of customer experiences in retail practice, academic literature on this topic often lacks conceptualization of the phenomenon as such.

Research on customer experiences in retail environments from a holistic perspective seems to be truly scarce (Jüttner et al., 2009; Petermans and Van Cleempoel, 2010b; Petermans, 2012; Verhoef et al., 2009).

Convention research has neglected an important portion of consumer experience. The behavior of people in general and of consumers is fascinating and endlessly complex result of a multifaceted interaction between organism and environment. By focussing single mindedly on the consumer as information processor, recent consumer research has tended to neglect the equally important experiential aspect of consumption, thereby limiting our understanding of consumer behavior. Future research needs work toward redressing the imbalance by broadening the area of study to include some consideration of consumer fantasies, feelings and fun (Hirschman and Holbrook, 1982).
4. Conclusion

Measuring emotion in hedonic experiences is extremely important due to the emotional components of experiential consumption (Havlena and Holbrook, 1986). A challenge that seems to be emerging from the literature is how can organizations systematically engineer their customer experiences (Carbone and Haeckel, 1994) in order to achieve the “triple bottom line”, i.e. to make them not only better for the customer but also better for the organization’s staff and better for its bottom line, i.e. economical and more efficient (Bate and Robert, 2007; H.M. Government, 2007). Retailers can generate positive returns by creating an exciting and stimulating shopping environment (Kaltcheva and Weitz, 2006).

Retailers are known to design store environments in a manner that will enhance customer positive feelings, assuming this would lead to desired consumer behavior such as higher willingness to purchase or longer stays (Mano, 1999). The longer a consumer spends in a retail environment, the more he is likely to spend (Donovan et al., 1994; Wakefield and Baker, 1998). Work by Donovan and Rossiter (1982) found that enjoyment of a retail experience results in more time being spent shopping and return patronage. A customer is satisfied and will return with a purchase in case his expectations are met and will eventually like the place and vice-a-versa (Baker et al., 1992). Pullman and Gross (2004) state that customer experiences can encourage store and retailer loyalty, not only through a functional design, but also by creating emotional connection through an engaging, compelling and consistent context.

Psychologists, Mehrabian and Russell (1974) developed a simple model that explains how individuals react to a specific environment. The basic proposition is that a shopper’s behavior is influenced by the environment. The store environment influences a shopper’s emotions and mood, which in turn influence the shopper’s behavior (Ebster and Garaus, 2011, p. 108). Mehrabian found a significant amount of research to back Holbrook’s findings that emotion is a key link in the shopping experience determining that consumers’ reactions within stores are based on their emotional states, which are stimulated by store designs (Mehrabian, 1977). A customer’s satisfaction with and preference for a retail store is based upon their emotional state (Dawson et al., 1990). What drives consumers toward hedonic products and services is a search for a hedonic response, i.e., a combined response from the emotions, senses, imagination and intellect (Carù and Cova, 2007, p. 109).

According to (Bitner, 1992) an individual affects and is affected by physical surroundings, depending upon the mood he is in while entering the store, i.e. happy, sad, anxious, excited.

Recently, psychologists have studied environment-behavior relationships, resulting in the swiftly growing psychological discipline known as “environmental psychology” (Donovan and Rossiter 1982). This discipline attempts to predict the collective effect of stimuli in a particular environment upon different peoples’ feelings and behavior (Mehrabian 1976). Thus, the main concerns in environmental psychology may be summarized as “(1) the direct impact of physical stimuli on human emotions and (2) the effect of the physical stimuli on a variety of behaviors, such as work performance or social interaction” (Mehrabian and Russell, 1974, p. 4).

Mehrabian and Russel (1974) proposed that environmental stimuli and approach-avoidance behavior is linked through three states of emotion: pleasure (P), arousal (A) and dominance (D), which they referred to as PAD. They proposed that
the sensory variables, in the environment, the rate of information (i.e. the amount of information in the environment) and individual differences in affective response influences people’s affective responses to the environment, which in turn induce people to approach or avoid the environment. Several researchers have studied the effect of pleasure and arousal in relation to store environment (Donovan and Rossiter, 1982; Marcoolyn and Nesdale, 1994; Baker et al., 1992; Sherman et al., 1997; Tai and Fung, 1997; Wirtz et al., 2000; Mattila and Wirtz, 2001).

Donovan and Rossiter (1982) found a positive relationship between pleasure and arousal; while Baker et al. (1992) found an increase among the two with the intention to remain in the store and spend money. Perceptions of pleasantness and arousal are important in consumer evaluations of physical and non-physical store elements. Donovan et al. (1994) confirmed that when consumers experience pleasantness in a store environment, the experience can have a significant positive influence on their purchasing behavior. They concluded that by adding upbeat music, using bright colors and implementing other elements that create arousal, retailers can create a store that is perceived by shoppers as more pleasant (Figure 2).

The manner in which these emotional states of PAD are combined determines whether a consumer approaches or avoids an environment such as retail store (Ward et al., 2003). Retailers can draw targeted customers into their stores by triggering approach behavior while simultaneously creating an environment that leads to avoidance behavior by those consumers who were not identified as the intended target. Like, environmental stimuli (e.g. store lighting) can influence a consumer’s emotional state (e.g. pleasure, arousal), which in turn drives the consumer’s approach or avoidance behavior (e.g. willingness to buy) (Puccinelli et al., 2009).

**Figure 2.**
Mehrabian and Russell approach-avoidance model

![Figure 2.](image-url)

Source: Mehrabian and Russell (1974, p. 8)
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