The Influence of Store Atmosphere on Emotional Responses and Re-Purchase Intentions

Diyah Tulipa (Corresponding author)
Department of Management, Widya Mandala Catholic University Surabaya
Jl. Dinoyo 42-44, Surabaya 60265, Indonesia
Tel: 62-31-5678478 ext 122 E-mail: d_tulipa@yahoo.com

Sri Gunawan
Department of Management, Airlangga University
Jl. Airlangga No 4, Surabaya 60286, Indonesia
Tel: 62-31-5033642

V. Henky Supit
Department of Management, Airlangga University
Jl. Airlangga No 4, Surabaya 60286, Indonesia
Tel: 62-31-5033642

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Abstract

Shopping experiences are not only how consumer acquires goods but also how the experiences fulfill pleasure and happiness. This study examines the store environments (physical facilities, display of product and point of purchase) that could influence emotional responses (positive emotion and satisfaction) and repurchase intention. This study employed 260 customers of grocery stores in Surabaya, Indonesia. The results show that physical facilities affect satisfaction. Display of product and point of purchase have influence positive emotions.
Positive emotion gives impact to customer satisfaction, then in turn satisfaction affect repurchase intention. However, positive emotion was not influence repurchase intention, significantly.

**Keywords:** Store atmosphere, Positive emotions, Satisfaction, Repurchase intention
1. Introduction

In 1974, Kotler introduced atmospheric to refer to a term of control and creation of an environment for a specific purposes. Then, this significant finding makes marketing researchers and practitioners began to pay a special attention to a store atmosphere (Seock, 2009). Atmospheric is an environment inside a store (e.g. color, lighting, decoration, displays) in which consumers make decisions (Sirgy, Grewal, & Mangleburg, 2000) and a psychological feeling a customer’s gets when visiting the store, refers to physical characteristics that drew customers (Berman & Evans, 2013). This phenomenon affects the study of consumer behavior that not only based on consumer response to the product or service, but also based on consumer response to the environment (Massara, Liu, & Melara, 2010). Store environment consider as a stimulus to perform a behavior.

Studies on atmospheric show that store atmosphere affect the number of purchases. Customers appraise private product and buy them when the products displayed aesthetically (Richardson, Jain, & Dick, 1996). Consumers visit a store because the store layout was attractive (Seock, 2009) and customer buy more items, spend more time to shop, and spend more money when a store designed aesthetically (Vieira, 2010).

Experience in consuming goods is not only a process to select the best goods in an effort to meet the physical needs, but also the fulfillment of emotional needs such as pleasure and happiness. Certain emotions generated from different assessments of the environment (Lazarus, 1991). Store environment could evoke consumers’ positive emotion that leads to satisfaction and repurchase intention. Empirical studies support that atmosphere influence positive emotion then influence satisfaction and intention to purchase (Lee, Lee, Lee, & Babin, 2008; Loureiro & Kastenholz, 2011; Menon & Dube, 2000).

Understanding the importance of a store atmosphere that could affect the consumer decision to purchase is critical for retailers. Therefore, it is imperatives for retailers to understand shopping atmosphere that will evoke positive emotions of consumer. By creating store atmosphere, retailers could encourage consumers to make a purchase. This study explores the store atmosphere as a place for consumers to make a decision-making process to purchase.

2. Literature Review

2.1 Store Environment and Emotional Response

Sirgy et al. (2000) states that the retail environment or store environment refers to two terminologies including store locations and store atmosphere. Store location refers to store placed geographically, close to consumers and to other public infrastructures, while store atmosphere refers to atmosphere inside the store or selling area. Berman and Evans (2013) define store atmosphere as physical characteristics of the store including physical facilities, signs of information, music and scent. All physical characteristics are intended to provide convenience to consumers to enjoy the shopping experience and gain satisfaction in shopping. Turley and Milliman (2000) identify the antecedent of the store atmosphere into five
categories: (1) external variables, environment surrounding the store, (2) general interior, atmosphere or situation inside the store, (3) layout and design variables consisting of design and allocation of space, placement of facilities, grouping of goods, waiting rooms, queues and furniture, (4) point of purchase and decoration variables including product displays, point of purchase displays, instructions and cards, artwork and price displays, (5) human resource variables consisting of worker characteristics, uniforms, crowds, customer characteristics and privacy.

Convenience shopping is mostly determined by the quality of the physical facilities presented by the store on the selling area. The selection of fixture types in accordance with products, a unique fixture and an aesthetic fixture display will provide convenience. When consumers feel convenience with physical facilities they will satisfy to the experience in exploring the store. Therefore, a hypothesis proposed which is related to the physical facilities of the store and consumer satisfaction is:

H1: Physical facilities will have positive relationship with satisfaction.

The products that are laid out neatly and aesthetically and are equipped with adequate information about those products (e.g. point of purchase) will make consumers interested, pleased and comfortable with the experiences in exploring the product. Creating a different display of product and point of purchase exciting and aesthetic can attract consumers. The strategy of presenting product and point of purchase in a different way is used to obtain the goal which is influencing consumers’ emotion (Jang & Namkung, 2009). Thus, displays of product and point of purchase can evoke consumer positive emotions. The hypothetical posed in relation with the display of product and structuring information are:

H2: Display of product will have positive relationship with positive emotion.

H3: Point of Purchase will have positive relationship with positive emotion.

2.2 Emotional Responses: Positive Emotion and Consumer Satisfaction

Positive emotion was applied in research by Lee et al. (2008) who study consumer response to an environment in a festival. Emotions are used as predictors in measuring consumer satisfaction and loyalty. Consumer who had positive emotions tended to process information better (Aaker, 2013), have a better memorized of information and think positively on the stimulus given (Bagozzi, Gopinath, & Nyer, 1999). Positive emotion leads to consumers’ satisfaction. Therefore a hypothesis proposed in this study is:

H4: Positive emotion will have positive relationship with satisfaction.

Satisfaction is a fulfillment of the needs and desires of consumers. Satisfying shopping experience will be a basis for consumers to remain interested in the goods or services provided by a store and it will make consumers want to buy goods or services. Similarly, it happens on consumers while visiting outlets or stores. The higher the satisfaction experienced by consumers, the higher the intention of consumers to return to the store (Wong & Sohal,
2003).

Oliver, Rust, and Varki (1997) define satisfaction as a consumer response to fulfillment of their needs. Satisfaction is also defined as a consumer feeling based on the experience of consumption, arising after an evaluation ((Limayem, Hirt, & Cheung, 2007). It is such as fulfillment of needs, emotional response which is a sense of comfort or positive emotions that is associated with the experience in purchasing a product or service, visit stores or malls as a unity in shopping. Therefore, hypothesis proposed in this study is:

H5 : Positive emotion will have positive relationship with repurchase intention.

2.3 Repurchase Intention

Fornell in Martin and Morich (2011) stated that marketers assessed satisfaction as the terminology of a confirmation or disconfirmation of meeting expectations. If a product value meets the expectations, customers will get satisfaction. On the other hands, failure to meet consumer expectations will lead to dissatisfaction and if the value of the product exceeds consumer expectations, customers will delight. Consumer satisfaction is an important component in determining repeat purchase and loyalty.

Repeat purchase intention is a desire of customers to make a repeat purchase of the same product in the future. Intentions are stored in human memory, and at the right time it would turn into action (Azjen, 2005). Customers will repeat the purchase when they satisfied with the experience of the process of purchase or after they consume the goods. Satisfy consumer will revisit the store and make a repeat purchase of the same items. Proposed hypothesis relating to the satisfaction and repeat purchase intention is as follows:

H6 : Satisfaction will have positive relationship with repurchase intention.

3. Research Method

3.1 Participant

Table 1. Participant Characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Numbers (N=260)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>105</td>
<td>40.38</td>
</tr>
<tr>
<td>Females</td>
<td>155</td>
<td>59.62</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 – 34 years old</td>
<td>179</td>
<td>68.85</td>
</tr>
<tr>
<td>35 – 54 years old</td>
<td>68</td>
<td>26.15</td>
</tr>
<tr>
<td>55 – 65 years old</td>
<td>13</td>
<td>5.00</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>34</td>
<td>13.08</td>
</tr>
<tr>
<td>Employees</td>
<td>117</td>
<td>45.00</td>
</tr>
<tr>
<td>Housewives</td>
<td>61</td>
<td>23.46</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>48</td>
<td>18.46</td>
</tr>
<tr>
<td>Money Spent (IDR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 100.000</td>
<td>43</td>
<td>16.54</td>
</tr>
</tbody>
</table>
This study involved 260 customers of 4 hypermarkets in Surabaya, Indonesia. Most of the sample are women (59.62%) with the most age range from 20 – 40 years old. Money spent for each shopping visit mostly ranged from Rp. 100,000 – Rp. 500,000 (about US$ 10-50). The greatest used of shopping are for personal/family needs. They have visited the same store for 2-3 times for the last two months. All characteristics of respondent are presented in Table 1.

3.2 Measures

Each instrument of constructs was adopted from multi-item scale validated in previous study that identified and modified to fit this study (Kaltcheva, Patino, & Chebat, 2011; Lee et al., 2008; Limayem et al., 2007; Vieira, 2010; Yang and Jolly, 2009). Six constructs relating to customer’s experience were applied to the model those are physical facilities (6 indicators), display (3 indicators), point of purchase (3 indicators), positive emotions (4 indicators), satisfaction (4 indicators) and repurchase intention (3 indicators). Each construct was measured using 5-point scale, ranging from 1 (completely disagree) to 5 (completely agree).

**Physical facility** (X₁) is a consumer’s perception regarding the placement of facility which is different (Kaltcheva et al., 2011) and artistic (Vieira, 2010). Physical facilities are measured using 6 items (e.g. Layout of the fixture in this store is different from usual)

**Display of product** (X₂) is a consumer’s perception regarding the product display which are different (Kaltcheva et al., 2011) and artistic (Vieira, 2010). Measurement product display using by 3 items (e.g. Display of product in this store is different from other stores).

**Point of Purchase** (X₃) is a consumer’s perception regarding the signs used by the store in order to deliver information about a product that is placed near the product which are different (Kaltcheva et al., 2011) and artistic (Vieira, 2010). Point of purchase was measured using 3 items (e.g. Point of purchase of the product in store on this moment is different from the last point of purchase)

**Positive Emotion** (Y₁) is consumer’s feeling while shopping in the store associated with store environment created by retailer (Bagozzi et al., 1999). There were four indicators used to measure positive emotions (Lee et al., 2008) include happy, energetic, excited and relaxed. Items used to measure the expression of positive emotions (e.g. I am happy with the presentation of the store).
Satisfaction \((Y_2)\) consumer’s feeling within shopping or after shopping associated with the experience of shopping. There were 4 indicators to measure satisfactions: satisfied, pleased, contented and delighted (Limayem et al., 2007). Each statement show how the consumer’s feeling related to his/her satisfaction to the shopping experience (e.g. I am pleased with the store that gave me a good shopping experience).

Re-Purchase Intention \((Y_3)\) is an interest or a desire of consumers to make a repeat purchase of the same product in the same store in the future. There are three indicators proposed by Azjen (2005) and Yang and Jolly (2009) used to measure variables of repeat purchase intention those are when, where and how. There are 3 statements used to measure repeat purchase intention (e.g. I intent to buy the same product in the next two months).

3.3 Procedures

The study was conducted on 4 Hypermarket outlets in Surabaya, Indonesia with a sample size of 260. Thereby, the number of respondents from each outlet was \(260/4 = 65\) respondents. Sampling was based on store intercept (D.A. Aaker, Kumar, & Day, 2007). In determining the respondents, there are four aspects to be considered include store selection, place determination, interview allocation and shop visitors. Based on store selection, this study was used 4 hypermarkets’ customers in Surabaya – Indonesia as respondent. The interviews were conducted at the exit since the goal is to interview consumer after the purchase has been made. Since each store has different rush hours and busy days, the interviews then were conducted on weekdays (Monday – Friday) and on weekends (Saturday and Sunday) when more visitors coming. In orders to get the right respondent, the criterion set for the respondents was customers who visited the store at least 2 times in the last 2 months.

3.4 Statistical Analysis

Data were processed and presented based on the principles of inferential descriptive statistics. The analysis was conducted to prove hypotheses with Structural Equation Modeling (SEM) by using AMOS and SPSS programs.

4. Results

Test of outliers, validity and reliability were conducted in order to confirm that data supported further analysis. The first step was examined the data for outliers with Mahalanobis Distance, \(p < .001\). The results of the identification showed that there were eleven respondents (4%) whose answers were beyond the normal distribution. Considering that the number was relatively small compared to the overall number of respondents (260 respondents), all data used for further analysis.

The second step was assessment of the reliability and validity. Composite reliability was adopted in assessment of reliability. The composite reliability for each construct ranged from .64 to .86. Each latent construct had satisfactory internal consistency. Convergent validity was assessed by factor loadings of each indicator on the latent constructs. The standardized factor loadings ranged from .53 to .84 at \(p < .001\). Every item loaded
significantly on its construct. Table 2 presented a summary of the reliability and validity data.

Structural equation modeling was used to test the hypothesized model. The fit statistics of the structural model showed good fit, $\chi^2 (161, N=260) = 373.536; \chi^2/df = 2.32; p < .001; CFI = .89; GFI = .88; RMSEA = .07$. Path coefficients for structural equation modeling are shown in Figure 1. The study supported the idea that store environment influence the emotional responses and repurchase intention.

Table 2. Assessment of Reliability and Validity for All Variables in the Model

<table>
<thead>
<tr>
<th>Latent Constructs</th>
<th>Indicators</th>
<th>#item</th>
<th>Factor Loadings</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Facilities</td>
<td>1</td>
<td>2</td>
<td>.70</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>.89</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>2</td>
<td>.59</td>
<td>.77</td>
</tr>
<tr>
<td>Product Display</td>
<td>1</td>
<td>1</td>
<td>.59</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>.70</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>.53</td>
<td>.64</td>
</tr>
<tr>
<td>Point of Purchase</td>
<td>1</td>
<td>1</td>
<td>.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>.73</td>
<td>.73</td>
</tr>
<tr>
<td>Emotion Positive</td>
<td>1</td>
<td>1</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>.72</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>.85</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>.72</td>
<td>.86</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>1</td>
<td>1</td>
<td>.59</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>.72</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>.69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>.72</td>
<td>.78</td>
</tr>
<tr>
<td>Re-Purchase Intention</td>
<td>1</td>
<td>1</td>
<td>.73</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>.60</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>1</td>
<td>.74</td>
<td>.73</td>
</tr>
</tbody>
</table>

Complete hypothesis test results can be seen in Table 3. The set of Hypotheses H1-H3 posited that store environment have a positive relation with positive emotion and satisfaction. Specifically, H1 predicted that physical facilities will have positive relationship with satisfaction. As hypothesized, physical facilities have positive relationship with satisfaction ($\gamma_1 = 0.25, p<.001$), so H1 was supported. This result confirms previous studies by Chebat and Michon (2003), Jang and Namkung (2009), Lee et al. (2008), Sherman, Mathur, and Smith (1997) and Yoo, Park, and MacInnis (1998). Physical facilities are object of customer evaluation. Customer visit the store frequently, customer will explore the store and involve with the physical facilities. The same presentation of physical facilities will make boredom. Consumers need something new and attracted when they going to shopping. A unique physical facility make consumer satisfy with their shopping experience. Thus, it is important for the store to changes the arrangement of physical facilities and present in aesthetic in order
to satisfy consumer

Figure 1. Path Coefficient of Structural Model of physical facilities, display of product, point of purchase, positive emotion, satisfaction and repurchase intention.

Numbers represent standardized coefficients **( p <.001)

H₂ stated that display of product will have positive relationship with positive emotion. These results also indicate that the relationship between product display and emotions was positive and significant (γ₂ = 0.47, p<.001). Thus, H₂ was supported. Since consumer perception of product display is positive, it can evoke positive emotions of consumers in shopping. So, it is necessary and important for a store to create the placement of product display that changes from time to time, that is different from other stores and that has artistic elements.

The other hypothesis related to store environment and emotional responses is H₃ that predicted point of purchase will have positive relationship with positive emotion. As hypothesized, the result shows that point of purchase affected positive emotions significantly (γ₃ = 0.39, p<.001). So, H₃ was supported. A different point of purchase such as a different point of purchase from previous days or a different point of purchase from other stores will evoke positive emotions. Similarly, an artistic point of purchase will also give a good perception and could evoke positive emotions in shopping. Therefore, it is important for a store to present point of purchase that can generate positive consumers’ perception.

H₄ predicted that positive emotion will have positive relationship with satisfaction. In line with H₄, the result shows that positive emotion has a significant effect on satisfaction (β₁ = 0.50, p<.001). So, H₄ was supported. Consumers with positive emotion, as a result of a pleasant environment, give a positive assessment to the product and retailer. This result supports the previous research by Burns and Neisner (2006), Loureiro and Kastenholz (2011) and Oliver (1980) who suggested positive emotion have positive relationship with satisfaction. As a consequence, it is important for the store to create a good shopping experience for consumer to evoke positive emotions then gain consumer satisfaction.
The results of this study were not supported H₅ that proposed positive emotion will have positive relationship with repurchase intention ($\beta_2 = 0.03$, n.s). The relationship between these constructs was positive but not significant. Efforts to build consumer positive emotions in the store will not give a significant contribution to repeat purchase intention in the store. Relationship between positive emotions and repeat purchase intention can really be seen through indirect relationship by being mediated by satisfaction. This gives an understanding that positive emotions cannot be used to attract people to do a repeat purchase in the future. Since the nature of emotion is only temporary, positive emotions also cannot stay for a long time to wait for the right moment to turn in action.

Table 3. Hypotheses Test

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Variables</th>
<th>Path Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Physical facilities will have positive relationship with satisfaction.</td>
<td>Physical Facilities $\rightarrow$ Satisfaction</td>
<td>$\gamma_1$ 0.25** Supported</td>
</tr>
<tr>
<td>H2: Display of product will have positive relationship with positive emotion.</td>
<td>Display $\rightarrow$ Positive Emotion</td>
<td>$\gamma_2$ 0.47** Supported</td>
</tr>
<tr>
<td>H3: Point of Purchase will have positive relationship with positive emotion.</td>
<td>Point of Purchase $\rightarrow$ Positive Emotion</td>
<td>$\gamma_3$ 0.39** Supported</td>
</tr>
<tr>
<td>H4: Positive emotion will have positive relationship with satisfaction.</td>
<td>Positive Emotion $\rightarrow$ Satisfaction</td>
<td>$\beta_1$ 0.50** Supported</td>
</tr>
<tr>
<td>H5: Positive emotion will have positive relationship with repurchase intention.</td>
<td>Positive Emotion $\rightarrow$ Repurchase Intention</td>
<td>$\beta_2$ 0.03 Not Supported</td>
</tr>
<tr>
<td>H6: Satisfaction will have positive relationship with repurchase intention.</td>
<td>Satisfaction $\rightarrow$ Repurchase Intention</td>
<td>$\beta_3$ 0.70** Supported</td>
</tr>
</tbody>
</table>

**p < .001
*p < .01

H₆ stated that satisfaction will have positive relationship with repurchase intention. As hypothesized, this study shows that satisfaction have a positive effect on repurchase intention and statistically significant ($\beta_3 = 0.70$, p<.001). Thus, H₆ was supported. Satisfaction experience in buying will be the basis for consumers to remain interested in the goods or services and retailers, and make them want to buy more goods or services at the future. The higher the level of consumers satisfaction, the greater the likelihood the consumers will go shopping at the same retailer (Wong & Sohal, 2003) and buying the same product. So, it is necessary for the store to generate consumer satisfaction since consumers’ satisfaction has a
crucial meaning for the retailers as it relates to the company’s success (Darrian, Tucci, & Wiman, 2001).

5. Conclusion

This study supports the idea that store environment (physical facilities, display and point of purchase) influences the emotional response (positive emotion and satisfaction) on repurchase intention. Physical facilities are considered to be able to create satisfaction, display of product and point of purchase are considered to be able to evoke positive emotions of consumers. Consumers with positive emotion, as a result of a pleasant environment, tend to be satisfied and have an intention to buy the same product in the future.

It is interesting to note that positive emotions did not directly affect repeat purchase intention. However, positive emotions directly affected repeat purchase intention with satisfaction as the mediating variable. As previously explained, naturally emotions only stay temporary in a person in relatively short time duration, while intention is stored in memory which can turn to action at any right time.

Positive emotions indirectly affected repeat purchase intention through satisfaction as a mediating. Emotion which is only temporary in nature actually be able to build consumer satisfaction. A person whose positive emotion has been aroused will have a better assessment on the existing object. Thus, when consumer positive emotion has been stimulated, it will be easier for retailers to build consumer satisfaction because consumers have already had positive attitude towards the products, atmosphere of the store or retailer. The nature of positive emotion that have only happens temporarily can be used to build consumer satisfaction which stays longer and it can be used to build repeat purchase intention.

Suggestion for practitioners in the field of retail is the retailers have to look at applied strategies with regard to store atmosphere. When store layout is different from other stores, well-arranged, and artistically organized, the store atmosphere can build positive consumer emotions. Consumers with positive emotion will give a positive evaluation to the store atmosphere. Consumers will satisfied and they have an intention to return to the store and make a purchase of the products at the store. Therefore, a strategy that can be carried out by the store in an effort to increase repeat purchase intention is by creating such a store atmosphere that could generate consumer positive emotions.

Limitation of this study is research setting which is only limited for hypermarket. In aims to generalize the results for retail grocery, replication of the study should be conducted in other retailing format.

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