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Linking Retail Strategy, Atmospheric Design and Shopping Behaviour

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Although not usually recognized in the published work in retail atmospherics, the environment created by retail managers is an important strategic variable. Most of the work in atmospherics has focused on consumer reactions to environments while the strategic dimensions of this decision have largely been ignored. The present paper explores this gap by focusing on the managerial dimensions of store atmosphere by linking retail strategies and atmospheric design with consumer behaviours and issues. This discussion underscores the necessity for retail managers to have specific goals for the atmosphere in mind before creating a store design since the retail environment is capable of eliciting a wide range of behaviours from consumers.

Introduction

A well-established research stream, which directly coincides with managerial interests, centres on the nature, importance and construction of an effective retail environment. Kotler (1973) called this intentional control and structuring of environmental cues atmospherics. Since then, the accumulated literature has shown consumers to be sensitive to even minute changes in the retail atmosphere (Turley and Milliman 2000). Even those changes to environmental stimuli that are not noticed, or consciously perceived by the consumer, are capable of causing shoppers to change behaviours while inside the store (Turley and Milliman 2000; Milliman 1982; Gulas and Schewe 1994; Andrus 1986). Additionally, two studies conducted in a service setting also indicate that when a complete atmospheric redesign is performed and the entire atmosphere is altered, consumer perceptions of the facility also change significantly (Pinto and Leonidas 1994; Andrus 1986).

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Finally, studies of the macro environment, shopping districts (Grossbart et al. 1975) and malls (Wakefield and Baker 1998), also suggest that consumers form perceptions of shopping areas based upon the environment which exists, but that these perceptions of the external atmosphere are not consistent and vary between individuals.

What is lacking in the present literature, however, is a clearly articulated discussion of the managerial and strategic issues associated with retail atmospheric design. Retail managers have adopted many of the branding philosophies from goods marketing and have realized that the store environment is similar to a package in that it surrounds the product or products which are for sale. For many larger retail organizations, the design of a store atmosphere actually involves a number of people at several stages. As Bitner (1992) notes, the initial design of service and retail spaces is often performed by personnel from outside of the main-line marketing functions. These architectural and design consultants propose initial designs after conversations with top management about how they want their brand to be presented. After an initial design direction is chosen, visual-merchandising managers, often heavily trained in aesthetic traditions rather than in marketing or management, flesh out these designs and provide detailed renderings of the store design. Finally, top managers either approve or modify these plans depending upon how well they represent the way they feel their brand should be presented. Although actual field level retail managers are often brought into the store design and redesign discussion, frequently this is done in the "backend" of the planning process after a direction has already been chosen by the architects and the store designers and when only small amounts of fine tuning of the store atmosphere and facility is possible.

Academic articles also have not emphasized managerial and strategic purposes associated with facility design. Issues such as tying store atmosphere with corporate and marketing objectives, using design to attract a particular segment of retail shoppers, and using an atmosphere to create a differential advantage are rarely, if ever, discussed in this literature. Although most articles published in this area have managerial implication sections, these discussions are generally aimed at the specific findings associated with a particular study. At present, there have not been any articles which take a more global or macro view of retail atmosphere creation and discuss how retail managers can use this tool strategically. This article attempts to fill that void in the literature by offering a comprehensive view of the store environment as a strategic retail tool.

Store Atmosphere as a Retail Strategy

Figure 1 represents an approach which would allow the atmosphere to be

integrated into the strategic planning process. This figure divides strategic planning on this issue into three separate components. In the first stage, general retail strategies are developed which would encompass a number of controllable variables including the retail atmosphere. In the second stage a specific atmospheric outcome is designed and eventually implemented through store redesigns and in newly constructed stores. Finally, the model recognizes that these designs will have some very specific effects on shopping behaviour and may raise some issues which impact on these consumer behaviour effects. The feedback loop from the outcome issues and shopping behaviours section back to the retail strategy stage recognizes that the outcomes from the store's atmosphere may influence the strategies which are set after the design has been implemented. The central point associated with Figure 1 is that retail executives implement retail strategy for how they want consumers to respond to an atmosphere through the designs that they shape through blending the various atmospheric stimuli into a meaningful environment. The following sections of this paper will discuss the stages in the atmospheric planning process.

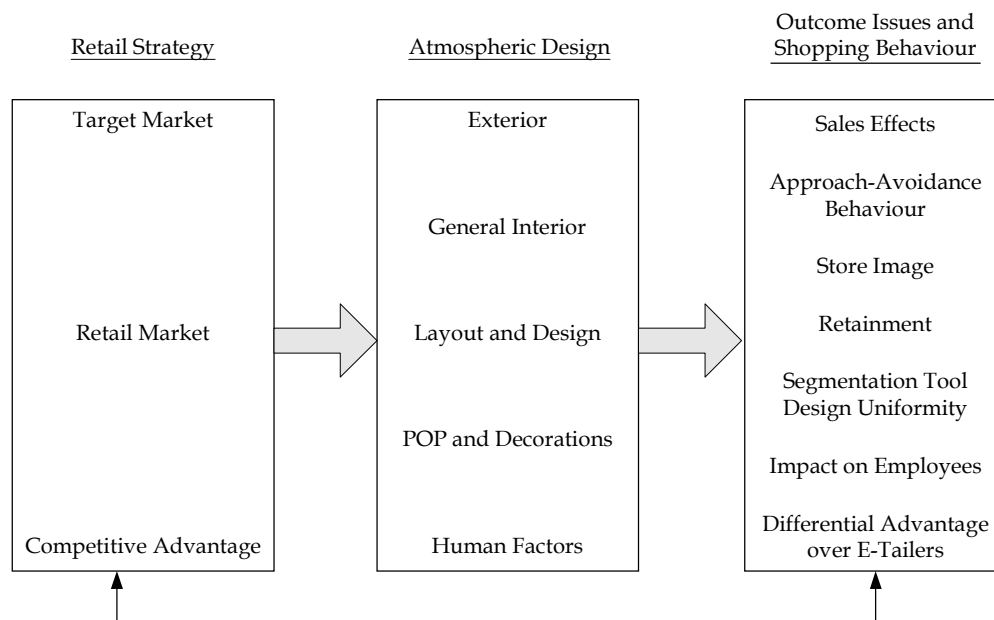


Figure 1. A Strategic View of the Retail Environment

Retail Strategy

Retail firms interact directly with consumers and rely on being able to furnish goods and services which satisfy their needs and wants; therefore, retailers need to embrace a consumer orientation when thinking strategically.

Day (1994) argues that market-driven organizations should adopt an emerging capabilities approach to strategy which explicitly seeks the sources of defensible, competitive elements in the distinctive, difficult to duplicate capabilities the firm has developed. One difficult to duplicate strategic element that some firms have used to differentiate themselves is retail atmosphere.

In his retail text, Lewison (1997) describes three elements associated with retail strategies; choosing a retail format, targeting a specific group of consumers and arriving at a defensible competitive advantage. In this context, choosing a retail format involves choosing from among a number of operating and merchandising tactics while a competitive advantage is a superior or unique aspect associated with the retailer which is capable of delivering need satisfaction to the intended target market. As noted earlier, at least some chains seem to be using the store environment as a method for creating a differential advantage in the marketplace.

As noted in the discussion above, the atmosphere of a store can serve as an important differential or competitive advantage. Finding a differential advantage is as critical for retailers as it is when marketing products since finding a sustainable differential advantage allows a retailer to keep from focusing solely on price as a differentiating trait. In many retail industries, managers do not have a lot of avenues for making their stores truly unique from their competitors. Emphasizing private brands in merchandise assortments, focusing on delivering distinctive service and creating unique atmospherics are often the only true options for managers when attempting to differentiate a store.

This may be particularly true for many specialty stores in North American malls. Many of these stores occupy basic box locations where the shape and the size of the store are fixed, and they find themselves in a situation where their competition in the mall has similar constraints. The atmosphere, through the use of atmospheric variables such as colours, layout, music, flooring, lighting and merchandise arrangements creates a package surrounding the merchandise which can create a unique shopping experience.

In situations where the merchandise carried by competitive retailers is perceived as similar by consumers, the atmosphere probably becomes even more important and creating a unique environment even more necessary. In this context the atmosphere inside the store may become the element in the retail mix which allows a retailer to create a unique dimension to shopping there. Therefore, finding a unique and effective atmospheric design should be a primary concern for retailers in these types of competitive situations.

Atmospheric Design

Once the role of the environment in the strategic goals for the retailer has been identified, the specific atmosphere can then be developed. This can be a difficult task since the retail environment is exceedingly complex and is composed of a wide variety of variables and elements. In addition, implementing a chosen design in large chains takes time, money and a great deal of managerial attention. Although choosing a design can be difficult, implementing a redesign in an established chain can be even more complex for operations oriented retail executives to accomplish.

As noted by Turley and Milliman (2000), this complex environment can be divided into five categories of atmospheric cues. The exterior includes cues such as the building size and shape, the marquee, exterior windows, parking availability and the surrounding area. The general interior includes atmospheric variables like lighting, music, interior colours, ambient scents, temperature and general cleanliness of the store. Layout and design variables are comprised of variables such as merchandise groupings, traffic flow and aisle placements, department locations, racks and fixtures, and placements of cash registers. Point-of-purchase and decoration variables are composed of atmospheric elements like point-of-purchase displays, signs and cards, product displays and interactive displays and kiosks. Human variables in the environment include dimensions such as employee characteristics, employee uniforms and retail crowding and density. The elements associated with these five categories of the retail environment should not be developed separately but rather to accomplish the goals associated with a chosen retail strategy.

Outcome Issues and Shopping Behaviour

The final stage in this strategic view of the retail environment focuses on the outcome issues and shopping behaviours. The atmosphere can influence a wide variety of attitudes and behaviours in consumers which, in turn, raises several managerial issues which should be recognized. These outcome issues and shopping behaviours include sales effects, approach-avoidance behaviour, impact on store image, a differentiation tool, atmospheric as a segmentation tool, uniformity issues, implementation problems, the impact of the environment on employees, the "retainment" aspect of the atmosphere, and the environment as a strategic weapon against e-tailers.

Sales Effects

The most basic argument which can be made for managing atmospheric designs and impressions is based on simple economics. Turley and

Milliman's (2000) review of experimental atmospheric and servicescape studies noted that the link between atmosphere and sales is very strong and robust. They cited and reviewed 28 studies which used sales as a dependent variable. Of these, 25 found some statistical relationship between changes in the retail environment and sales. Studies of environmentally related sales effects have focused on a wide variety of atmospheric stimuli including music (Milliman 1982; Milliman 1986; Yalch and Spangenberg 1988; Yalch and Spangenberg 1990; Areni and Kim 1993; Herrington and Capella 1994; Gulas and Schewe 1994; Herrington and Capella 1996), product display and shelf space (Kotzan and Evanson 1969; Cox 1970; Curhan 1972; Curhan 1974; Wilkinson, Mason and Paksoy 1982; Gagnon and Osterhaus 1985; Bawa, Landwehr and Krishna 1989), in-store signage (Chevalier 1975; Woodside and Waddle 1975; McKinnon, Kelly and Robison 1981; Wilkinson, Mason and Paksoy 1982), atmospheric colours (Bellizzi, Crowley and Hasty 1983; Bellizzi and Hite 1992; Crowley 1993), window displays (Edwards and Shackley 1992) and odours (Hirsch 1995). The effect of scents on sales have also been documented in a recent study undertaken in a shopping centre where the average purchase of shoppers was significantly increased (from Canadian \$48 to \$59) with the use of an ambient citrus scent (Chebat and Michon 2001). This scent positively and significantly affected the perception of the shopping centre and the perceptions of product quality, which in turn enhanced sales and purchasing behaviour.

The accumulated evidence in this area clearly indicates at least two things. First, the environment has the capacity to influence purchasing behaviour of shoppers in a wide variety of types and classifications of retail stores. Second, relatively small changes in a number of the many elements in the retail environment can have an impact on sales and purchasing behaviour.

These findings argue for increased centralized control over the retail environment. Even relatively minor and well-intentioned changes in a store's atmosphere by clerks and field level managers can potentially influence the sales figures for a particular store. Since consumer-purchasing behaviour appears to be sensitive to the environment created by the store's atmosphere, decentralizing atmospheric decisions may not be the optimum decision for most retail organizations. Even if field personnel have an understanding of the environment management wishes to create, they may not all have the capability to arrange and blend the atmospheric components in a satisfactory manner. As noted by both Berman and Evans (1998) and Turley and Milliman (2000), a retail store's atmosphere is complex and is composed of a wide variety of elements and components. The mishandling of even one element in this complex environment could send dissonant signals to consumers and have an adverse effect on purchasing.

Approach-Avoidance Behaviour

A behavioural reaction to a retail atmosphere which is somewhat related to sales, is approach-avoidance behaviour (Meharabian and Russell 1974). Approach behaviours are manifested in positive responses to an environment including a desire to explore it and willingness to stay in it for relatively long periods of time. In contrast, avoidance behaviours are associated with negative reactions to an environment including a desire to leave and not return.

Donovan and Rossiter (1982) extended Mehrabian and Russell's work into retail environments and suggested that the effects of a store's atmosphere are manifested in emotional states which are difficult to express verbally, are transient and may not always be fully recalled when questioned later, and are likely to influence in-store behaviours more than store choice decisions. Donovan and Rossiter's conceptualization of store atmosphere clearly saw this as a tool which affected consumers emotionally and had the ability to influence shopping behaviour at the point of sale. In addition, Mehrabian and Russell (1974) also postulated that three emotional states mediated approach-avoidance behaviours: pleasure, arousal and dominance which are often referred to as the PAD dimensions.

When viewed collectively, these retail specific studies strongly suggest that the atmosphere created by a store's physical facility has an effect on consumer approach-avoidance behaviour (Turley and Milliman 2000). However, the role that the mediating PAD dimensions have on approach-avoidance may be context specific in that studies focusing on different atmospheric stimuli and different types of retail situations have disagreed over which PAD dimensions are dominant influences on behaviour (Turley and Milliman 2000).

From a managerial and strategic perspective, however, the implications of the research in this area are clear. The store's environment clearly influences a consumer's desire to undertake what can be called browsing behaviour, that is, staying in a store and exploring what it has to offer. Browsing behaviour is likely to directly influence both planned shopping behaviour and impulse purchasing, as well as knowledge about the store. Although consumers may shop in stores they consider unpleasant and unattractive, the research in this area indicates that they will spend less time (Donovan and Rossiter 1982; Bellizzi and Hite 1992; Donovan, Rossiter Marcoolyn and Nesdale 1994; Hui, Dube and Chebat 1997; Sherman, Mathur and Smith 1997) and money (Donovan and Rossiter 1982; Bellizzi and Hite 1992; Baker, Levy and Grewal 1992; Donovan, Rossiter, Marcoolyn and Nesdale 1994; Sherman, Mathur and Smith 1997) in these stores.

Impact on Store Image

Marketers have known for some time that the store environment is used by many consumers as a component when forming perceptions of store image (e.g. Berman and Evans 1998). Retail image can be described as “the way a retailer is defined in a shopper’s mind, partly by its functional qualities and partly by an aura of psychological attributes” (Martineau 1958, p. 47). Although there are some retail services, called facility-driven services, such as golf courses and automated car washes where the consumer purchase involves the right to interact with the physical facility (Turley and Fugate 1992), for most retailers the atmosphere would be considered a “psychological attribute” of store image.

The formation of store image is a complex process which can be influenced by a number of variables, and has been difficult for researchers to conceptualize and operationalise (Keaveney and Hunt 1992). Once formed, store image is associated with a number of critical behaviours and variables including store patronage (Korgaonkar, Lund and Price 1985), store loyalty (Sirgy and Samli 1989), proportion of the household budget spent at the store (Hildebrandt 1988) and the image of the brands carried in the store (Pettijohn, Mellott and Pettijohn 1992).

From a managerial and strategic perspective, the atmosphere of a store represents a component of store image which is not as easily matched or duplicated as some of the other components. Retail prices, customer services, merchandise assortments, and advertising and sales promotions are store image components which can be changed with relative ease to neutralize the advantages enjoyed by competitors. A retail environment or atmosphere, however, is very expensive to change particularly for large chain stores. Once a well-defined, unique and successful atmospheric design has been chosen, and then implemented, a retailer can expect this to differentiate it from its competitors for some time.

Atmospherics as a Segmentation Tool

From a managerial perspective, one of the most interesting and important findings from this research stream is that retail environments affect various groups of consumers differently. Although this issue has not been formally addressed in more than a handful of studies, different researchers have reached this same conclusion. Bitner (1992) noted that consumers can respond to a retail store cognitively, emotionally and physiologically and that studies in psychology have found that individual personality traits can influence reactions to environments (Meharabian and Russell 1974; Russell and Snodgrass 1991). Herrington and Capella (1994) also argue that other segmentation variables, such as gender, may influence reactions to, and perceptions of, a retail atmosphere.

Several studies have found these variant reactions to environments by individuals in different market segments. For example, Yalch and Spangenberg (1988) found that younger shoppers reported spending more time shopping with background music conditions while older shoppers perceived they spent more time in the store when foreground music was played through the store's p.a. system. In this study, background music was defined as music with no lyrics while foreground music conditions utilized music with lyrics. In a similar study, Gulas and Schewe (1994) also found age-linked effects between in-store music and shopping behaviour. They reported that baby boomers purchased at significantly higher rates when classic rock was played inside the store and that this type of music had a negative effect on older consumers. Interestingly, older consumers purchased less when any style of music was played than they did in the control (no music) condition. Joyce and Lambert (1996) also reported some age related differences when they found that younger consumers felt more favourable about the store images used in the study than did the older group of consumers.

There is evidence that in addition to the above-cited demographic related perceptions to the store environment, psychographic and behavioural variables can serve to differentiate perception. Bennett (1998) found that Type A personalities were more likely to exhibit higher levels of irritation from having to wait in supermarket queues than Type B personalities. Babin and Darden (1995) reported that action oriented shoppers, those with well defined goals prior to beginning shopping, were less likely to have purchase behaviour influenced by displays, than state oriented shoppers, those who possess cognitive orientation that is more strongly guided by emotional and social influences.

Bloch, Ridgway and Dawson (1994) proposed a very useful typology based upon habitat theory. Retail shoppers were categorized into four groups based on their activities in a shopping mall ("*mall enthusiasts*", "*traditionalists*" "*Grazers*", and "*minimalists*"). The four categories are significantly different in terms of the time spent at the mall and in the consumption of famous products and services. A more recent replication of this study (Chebat and Ruiz 1999) confirms these findings and shows that the "habitat" mediates the effects of the shopping environment on the amount of money spent, the shoppers perception of the shopping mall and product quality. The above discussion underscores the benefits of designing an environment for a particular market segment and the atmospheric problems which can be associated with a store that has a mass-market orientation.

Uniformity Issues

One of the most basic atmospheric problems many chains face is deciding

how uniform their store designs should be. Some chains opt for building what some managers call prototype designs, that is stores which are virtual carbon copies of each other. These types of store designs tend to be developed centrally and local store managers are expected to rigidly follow the designs and displays which have been centrally adopted for the chain. In some of these chains store managers are sent detailed step-by-step instructions of what the display should look like (often accompanied by a picture of the final result) and may even require that a picture from the field be sent back to the firm's visual merchandising personnel. The thinking behind this approach is that these types of rigid environments are likely to yield more consistent perceptions and expectations of the store and that a "brand package" can be created by developing a consistent look. Disadvantages of this approach include high costs during periods when chain-wide store redesigns occur, the inability to capitalize on local themes, and centralized planners who are distant from final consumers and may not fully understand their tastes and preferences.

Other stores decentralize store design and allow for a variety of atmospheres to be created by local store personnel. In some cases these designs are "localized" and feature images and decorations which are indigenous to that particular community or region. An example would be a fast-food restaurant that used decorations and pictures which featured a local university and its sports teams. Chains which opt for the decentralized approach to store design often hope that these varied designs will slow consumers down and therefore increase impulse purchasing. This approach may also recognize that, in some contexts and situations, regional subcultures may mediate perceptions of a prototype design and yield different perceptions to the same design. Disadvantages of this approach include the possibility of very diverse images and general attractiveness of outlets as well as the fact that store image is being constructed by a wide variety of differently trained personnel. Because of the problems associated with the possibility of widely discrepant images for outlets in the same chain, this option appears to have become less popular in recent years.

Finally, some retail organizations use a blended approach. In these chains every store has some similarities, perhaps in marquees, promotional signage material and colours, but also leave room for variations in design where needed. This approach tries to combine the advantages of both the prototype and decentralized designs while minimizing their disadvantages. The extent to which this works is obviously dictated by what degree of standardization is required and what types of variations are allowed. Many chains have been forced into this option due to the lack of uniformity in size and shape of spaces available in many shopping centres. Many retailers have found that they have to be able to expand and contract an atmospheric design theme

because of this lack of uniformity in facility shape and size across location alternatives. Retailers that build freestanding locations obviously do not face this constraint, but still might find that they have to modify their designs because of local and state ordinances. Retailers with wide geographic target markets often find that some atmospheric elements, like lighting and exterior signs, may be subject to different ordinances and rules in different nations, states, regions, cities and even shopping centres.

From a managerial perspective, the issue of the degree and nature of store consistency in atmospheric design is complicated and should be driven by a firm's goals and objectives. Many retail organizations would prefer completely standardized stores but find that option virtually impossible when potential growth sites in different malls and shopping centres come in a variety of sizes and dimensions. Most organizations find that they must fit their atmosphere and store design into the sites available to them. Therefore, prototype designs are probably most used by retailers who choose freestanding locations rather than planned shopping centres. However, retailers have become proficient at creating particular atmospheric designs and then expanding, contracting or shaping them to fit the locations which become available in the markets they want to serve. This philosophy assures a high degree of consistency when uniformity is not possible.

Implementing an Environmental Design

An issue that is strongly related to atmospheric uniformity concerns implementing a chosen plan for a chain's atmospheric design. Obviously this becomes a more problematic issue as the number of stores in a chain increases and the geographic coverage of that chain increases.

For existing retailers the first step may be to conduct an atmospheric audit (Turley 2000). A marketing audit involves a systematic, critical and impartial analysis of a firm's marketing operations (Mokwa 1986). A marketing audit can be very broad and cover the entire operation, or it can be specialized and focus on one area of a business. In contrast, an atmospheric audit would involve an in-depth and systematic examination and evaluation of the retail selling environment. An atmospheric audit would consist of recording and evaluating each variable in a retail environment. A fairly comprehensive discussion of atmospheric audits that includes a listing of these variables that should be considered in an audit can be found in Turley (2000). The auditor would evaluate each element or variable in the environment to see if, as a whole, this atmospheric design is consistent, effective and has the potential to positively influence the customer's image of the store. The objective in this atmospheric audit is to determine whether the retail environment is communicating the desired message about a retail organization to its customers.

It is vitally important that retailers conduct atmospheric audits on a regular basis (Turley 2000). The retail business is constantly changing and new design trends emerge as consumers embrace some changes and reject others. New merchandise also sometimes requires changes in merchandise arrangements and layouts, and is sometimes accompanied by new point-of-purchase display material. Also, because of the high traffic in many retail stores, stores periodically can become “shop-worn” and appear tired to consumers. Because retail managers are constantly in these stores they may not see them objectively and in the same way that consumers do. An atmospheric audit helps retail management take a critical look at this aspect of their business.

After conducting the audit, retail executives must then decide if a redesign of the store is needed, how much change is needed, and if all stores in the chain will adopt uniform or prototype designs. Complete redesigns of large stores can be expensive. Montgomery Ward, an old and established American department store chain, was in the process of redesigning stores when they announced in December of 2000 that they were going out of business. Industry reports estimated that it was costing Montgomery Ward as much as \$2 million per store to renovate (Grant 2000). Toys ‘R’ Us, a smaller toy based super specialty store or “category killer” is currently renovating stores and finding the need to spend between \$200,000 to \$800,000 per store depending on it’s condition (Byrnes 2000).

One of the most troublesome implementation issues facing stores seeking a new atmospheric design is agreeing internally on what that plan should be. There are almost endless possibilities for themes and designs and choosing just one can be a very difficult decision for upper management to make (Turley 2000). Many large chains bring in outside designers to help make these decisions rather than forming internal committees and tasking them with finding the right blend of themes and atmospheric variables. Smaller stores and chains, however, often must make these decisions on their own (Turley 2000).

The second implementation stage entails taking a design “off the drawing boards” and actually into the field. This whole issue of transferring an idea from paper into a physical reality becomes even more complicated when store sizes vary and when some degree of decentralization in a design is allowed by a chain. Implementing a decentralized design has increased risks since a mistake at the local level requires modifying the new look after implementation, which makes the whole process more expensive and time consuming than it already needs to be.

The Impact of the Environment on Employees

Although the majority of published work in this area has centred upon the

effect the retail environment has on customer shopping behaviour, the atmosphere also influences the way employees function and behave. Bitner (1992) noted that while organizational behaviour studies have found that the environment can influence employees, and marketing studies have noted the effect of the atmosphere on customer behaviour, the two research streams rarely, if ever, intersect. However, both employees and customers respond to marketing environments cognitively, emotionally and physiologically and those responses guide their behaviours in the store (Bitner 1992).

Many facility designers and even top marketing managers often fail to appreciate that an environment meant to elicit particular behaviour from consumers during a relatively short stay may have very different effects on store personnel who are spending much longer time periods in the store. One former executive for a major shoe retailer indicated to one of the authors that one of the biggest sources of complaints made by store personnel in this chain was over the music played in the store. The chain was attempting to create an atmospheric image that included using mostly 1950's rock classics while most store personnel were of an age where this music had no relevance to them, and they found the continual exposure to it irritating. Based upon these continual complaints, store executives modified the music which was played in the store allowing for more variety in musical selections.

Store environment also appears to influence the way employees interact with consumers. Dube, Chebat and Morin (1995) found that altering elements in the store atmosphere, in this case music had a significant impact on consumers' desire to affiliate or interact with store personnel. Their research indicates that higher desire to affiliate was associated with higher levels of pleasure and arousal in the music played inside retail stores. An implication of this study is that poorly constructed environments may decrease the possibility of employees being able to approach, interact, and ultimately influence, customers.

Shopping as "Retainment"

Although not often discussed in the academic literature associated with retail atmospherics, modern consumers often expect shopping to be more than simply the purchase of products. For many consumers, particularly those who are state directed (Babin and Darden 1995), shopping is an experience which should be a "fun" activity. These consumers seek excitement and arousal from the environment of a retail store and spend more money in these types of environments (Babin and Darden 1995).

At least some chains are responding to this desire to be entertained while shopping. In a recent newsletter to employees Don Soderquist, Senior Vice Chairman for Wal-Mart, acknowledged the need to entertain consumers and quoted a story from a North Carolina newspaper which illustrated this

notion by comparing Wal-Mart to a sandbox. The writer stated that we are all still kids needing a sandbox to play in, but as we get bigger our sandboxes need to get bigger as well, "and Wal-Mart makes the biggest 'sandbox' around" (Soderquist 2000, p.3).

Atmospheric elements which can be used to entertain consumers include music, in-store televisions, interactive displays and kiosks, live performances by a variety of artists, product use demonstrations and seminars and in-store restaurants. Most of these attempts at entertaining customers recognize that keeping shoppers in stores longer is likely to result in increased browsing behaviour, which in turn is likely to cause increased impulse purchasing (Beatty and Ferrell 1998). Also, keeping customers in one's store longer may also decrease the time available to shop in a competitor's store making this a good defensive weapon for retailers.

A Differential Advantage not Available to Pure Internet Retailers

At one time, most retail goods offered over the Internet were sold by "pure players", that is retailers who sold exclusively over the Internet such as Amazon.com. Revised sales forecasts over the Internet for 1999 have run as high as a 153% increase over 1998 and Internet holiday sales for 1999 are projected to be as high as \$4 billion up from \$1.75 billion in 1998. These revisions have caused more traditional brick-and-mortar retailers to adopt use of the Internet as part of a multi-channel distribution strategy. Retailers using both the Internet and stores as distribution channels have recently been termed as "click-and-mortar" retailers by the popular press (Grant 1999).

Although the long-term impact of the Internet on retailing is still not clear, at least some consumers appear to be willing to shop for a wide variety of merchandise on the Web. Even though shopping on the Internet provides consumers with a number of advantages, there are also some weaknesses associated with this medium. One of the most glaring disadvantages is that a website can not completely surround the product, or the fill up the consumer's senses, the way an atmosphere can when a consumer is physically inside a store. Reaction to the environment is a strong influence on consumers' perceptions of the quality of the merchandise in the store (Baker, Grewal and Parasuraman 1994; Mazursky and Jacoby 1986; Darden and Swinghammer 1985; Olshavsky 1985) which may provide an advantage to retailers that operate traditional brick-and-mortar stores.

Future Research Issues

As noted in the introduction, most of the published research on atmospheric has adopted a consumer rather than managerial perspective. Therefore, there are a number of key managerial and strategic issues that need to be

addressed in future research. An issue of vital importance to retail managers focuses on how consumers process a retail environment. The existing research strongly suggests that a retail environment is very complex and that minor changes in the retail atmosphere can trigger different behaviours from consumers (Turley and Milliman 2000). However, at present we do not know which atmospheric elements are the most salient for consumers when forming impressions and perceptions of a retail store. Consumers probably form impressions about a store relatively quickly, without going through a "checklist" of all the atmospheric elements in the environment. Which atmospheric elements do they use to decide whether a store is acceptable, appropriate and inviting? Is the music played in the store more or less important than the colour scheme and layout design? Or, do consumers make this decision based upon a holistic or macro interpretation of the environment? At this point we just do not know how consumers process an environment when they see it for the first time.

A second issue focuses on the long-term implications associated with remodelling and redesigning store environments. As noted in an earlier section of this article, retailers have to periodically remodel and redesign stores to keep them fresh and current. However, we have little quantitative evidence about the effects of these major remodelling efforts on critical variables like store image, intentions to shop, or changes in sales. The only published studies that have focused on the effect of major store renovations were performed in a services (Pinto and Leonidas 1994; Andrus 1986) rather than goods related context. Again, since most of the published literature in this area has focused on studying the effects of changing one or two variables in the store atmosphere, and we do not know what kinds of changes a major renovation can induce in consumers.

As mentioned earlier, some chains use prototype designs while others opt for decentralized and blended approaches. Nonprototype designs are likely to yield differences in store image and attractiveness of stores in the same chain. How these differences, sometimes within the same market area, affect store image and store perception is not presently known. One of the advantages of a prototype design is that it should produce a more consistent image. However, whether this actually happens, or whether variable designs that may be more suited for a particular location produce enhanced retail perceptions is not known. Research studies should focus on the effects of blended and decentralized design plans on consumer perceptions as well as on sales and profitability.

Finally, although we know that a retail environment has varying influence on different types of consumers, there has been almost no published work that focuses on how to construct an environment for different market segments. For example, are there critical design elements that should be

altered when the intended target market is female rather than male? What types of changes to a design are necessary when a chain moves from one European country into another one? How should stores aimed at Generation X, Baby Boomers and mature consumers differ? One of the most interesting, and managerially frustrating, issues in retail design is that each generation of consumers seems to have different expectations about how a store should package the shopping experience. This continual reinvention of the shopping experience by subsequent generations of consumers ensures that store design and retail atmospherics will continue to be an important and vital topic for both retail executives and academics interested in retail issues.

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