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## BUILDING CONSUMER LOYALTY THROUGH SERVICES CAPE IN SHOPPING MALLS

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**Abstract:** India is experiencing exponential growth in retail sector and Global Retail Development Index consecutively ranked as one of the most promising retail destinations of the world. Due to this reason lot of investments are happening in India and new players are entering the market. Shopping Mall being the latest organized retail format entering the market witnessed huge popularity and consumer attention, luring mall developers going all out to launch their projects. However, the mushrooming growth of shopping malls has posed lot of challenges. Recent studies have revealed that 45% of the malls in cities are vacant. Poor mall management and poor tenant mix have resulted in poor mall traffic and low conversion rate. This paper attempts to explore the possibility of building consumer loyalty through effective use of services cape (physical environment) in a shopping mall to attract and retain serious buyers. Study revealed that seven services cape dimensions considered i.e., ambient factor, aesthetic factor, layout, variety, cleanliness, signs, symbols & artifacts, and social factor are all relevant in shopping mall context and capable of inducing significant variations in consumer loyalty.

**Keywords:** Behavioral Intentions, Consumer Loyalty, Environment, Services Cape, Shopping Mall.

### I. Introduction

India is witnessing the paradigm shift in the mall scenario, from just 3 malls in the year 2000 to 220 malls in the year 2006 to approximately 1,200 shopping malls at present. The number is expected to touch 1,500 by 2019, as per the survey. Malls have transformed shopping from a need driven activity to a leisure time entertainment. Combining shopping, entertainment and eating-out in clean, air-conditioned comfort, malls are a refreshing change from the grind of shopping in overcrowded high streets. With the changing shopping needs and aspirations, consumers are finding it easier to shop at malls where a wide choice of merchandise is available under one roof. Malls have grown to become the ideal haunt for family outings, as these cater to the needs of adults and children alike.

However, the mushrooming growth of shopping malls all over the major metros of India has posed lot of challenges. Recent studies have shown that not everything is bright and sunny as it seems and many retail players have jumped into the fray and joined the rat race without proper planning and strategy. A random survey by ASSOCHAM has revealed that 45% of the malls in cities are vacant. In fast-growing cities like Ahmedabad, Pune and the New Delhi region, vacancy rates at malls are more than 25 percent, according to property consultants Cushman & Wakefield. Poor mall management and poor tenant mix have resulted in poor mall traffic and low conversion rate. Many shopping mall chains are witnessing disappointing traffic at their stores. This has led to the closure of individual shops, at several malls. Though in some cases the foot-falls have been great and phenomenal but not all footfalls are generating business. Not everyone who enters the mall is a prospective consumer, as majority of them come just to hang out, and indulge in window shopping in an air-conditioner environment for free. Therefore, the occupiers are finding it difficult to manage economically. With high real estate cost, many of these retailers have failed to break even, and business has been abysmally low, even non-existent at times. The challenges which many malls are facing today are to keep up with the competition, to attract retailers of a higher quality and to attract serious buyers. At this juncture mall developers need to think of the innovative ways to increase center's sales and profits. This paper attempts to explore the possibility of building consumer loyalty through effective use of services cape (physical environment) in a shopping mall.

### Services cape

Services capes, word coined by Bitner broadly refers to the way service environments are designed and managed where service is performed, delivered and consumed [1]. Servicescape comprises of both tangible and intangible cues which are capable of influencing customer service experiences to a greater extent. As services are intangible in nature, often consumers look for physical cues (tangibles) while evaluating service options [2]. Servicescape which is rich in such physical cues therefore helps in both creating service expectations and assessing service perceptions. According to Bitner, services cape has three major dimensions: Ambient factors (lighting, scent, air quality, temperature, music, and noise), Spatial layout and functionality (the existence and arrangement of machinery, equipment's, and furnishings) and Signs, symbols, and artifacts (signage, artwork and decorative items, POP displays) [1]. The influence of services cape is more obvious in services such as hotels, retail stores, hospitals, amusement parks, where customers



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spend extended periods of time in the physical surroundings of the service provider. Further services capes may influence employees and/or customers and/or their interactions. In case of interpersonal services such as retail outlets and restaurants services cape may influence behaviors of both customers and employees, and also enhance the service experience by facilitating the interaction between them [2]. Recent empirical research has revealed that the very design of a store may translate in to more happier customers, longer stays, higher spending, and faster and efficient service, all of which may have considerable effect on organization's bottom line.

### Services cape and Consumer Loyalty

Many researchers have proved that services cape can substantially influence consumer satisfactions and subsequent behaviors under varied service settings. Donovan and Rossiter first introduced the Mehrabian-Russell (M-R) environmental psychology model into the store atmosphere literature which holds that the environment and its perception (conscious and unconscious) influences emotional responses: pleasure and arousal. These emotional responses in turn lead to approach/avoidance behaviors that include shopping enjoyment, friendliness toward others, desire to explore, desire to stay for long and unplanned spending. The perceived quality of the services cape may play an important role in determining whether or not consumers are satisfied, which in turn influences behavioral intentions. Further services cape (tangibles of SERVQUAL) may influence service quality both directly and indirectly by influencing the perception of intangible service quality dimensions. Music, lights, colors, displays, fragrances and ambience and many more elements shape shoppers' mood and behavior.

Servicescape has been consistently associated with customer loyalty or patronage intentions in retail settings. Environment was the major factor in predicting the consumer loyalty in shopping malls. Andreu et al., showed that, positive perceptions of a retail environment positively influence emotions and patronage intentions. Simpeh, et al., (2011) found that all three Bitner's (1992) services cape factors: ambience, spatial layout and signs, symbols and artifacts were positively associated with customer patronage. Tripathi and Siddiqui, found positive relationships among perceived services cape, customer satisfaction and revisit intentions in shopping malls. Further atmospheric cues are positively correlated with patronage intentions when consumers perceived more hedonic value than utilitarian value as in case of shopping malls. Baker, Parasuraman, Grewal, & Voss, found that store employee and store design perceptions positively affect the interpersonal service quality which in turn has a positive effect on store patronage intentions.

### Dimensions of shopping mall Servicescape

Researchers have explored many dimensions of services cape especially in shopping malls context which together affect the customer behavioral intentions.

**Ambient Factor** - Ambient factors include background variables such as lighting, aroma, noise, music, air quality and temperature which affect the non-visual senses. Though these variables are not part of the primary service but their absence may make customers feel uncomfortable.

**Music** - Atmospheric music (tempo, volume and preference) is known to have tremendous impact on consumer responses. Customers have specific preferences towards music and its evaluation can influence the overall satisfaction. Under slow music people tend to move slowly, explore more, stay for long and end up paying more in a supermarket. Also, customers selected more expensive merchandise when classical music was played in the background. Moreover, shopping time and expenditures were observed to increase with the level of preference for the background music.

**Aroma** - Pleasant ambient odor has significant effects on consumer perceived value and the amount of time spent in the store. Pleasant scents increased the amount of time a consumer spent in the store. Also, shoppers in the scented condition perceived that they had spent less time in the store than shoppers in the no-scent condition. Further in-store aroma influences consumer emotions of pleasure and arousal.

**Lighting** - lighting makes a significant contribution on how a customer experiences a space. Right lighting has been proven to influence the shopping behavior of customers positively. Brighter lighting influenced shoppers to examine and handle more products. Further customers engaged in general communication in bright environments, whereas more intimate conversation occurred in softer light.

**Temperature** - The tactile factors such as temperature and air quality may help in creating a holistic atmosphere in a retail store. These cues signal store's merchandize quality, clientele, comfort, and have significant and positive impact on store image. Store temperature (air conditioning) potentially increases customers' value due to personal comfort and aesthetic values. Moreover,



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shopping malls that are too hot make the buyer dissatisfied. These factors increase customers' exploratory tendencies and sensation seeking behavior and can potentially alter emotional experiences.

Based on above discussion it can be assumed that:

**H1:** There is a significant relationship between ambient factor and consumer loyalty.

**Aesthetic Factor** - Aesthetics refers to a function of architectural style, along with interior décor, colour scheme, pictures/paintings, plants/flowers, ceiling/wall decorations all of which customers can see and use to evaluate the aesthetic quality of the services cape. Aesthetic factors are important because they influence ambience. Other aesthetic factors include the surrounding external environment, the parking and visibility of the facility. Architectural design and interior décor of a shopping mall positively affects desire to stay and higher levels of spending. Store colour is said to influence the trust and store choice. Blue ambient color generates more trust in subjects than green ambient color which in turn significantly affects store choice. Also, consumers reacted more favorably to a blue environment in retail settings, where in “blue stores” had higher simulated purchase rates. Colors also influenced emotional pleasure. Hence,

**H2:** There is a significant relationship between aesthetic factor and consumer loyalty.

**Layout** - Spatial layout and functionality refers to the way in which machinery, equipment, and furnishings, seats, aisles, hallways and walkways, restrooms, and the entrance and exits are designed and arranged in service settings. These factors are important in many services (e.g., theaters, retail stores, concerts, upscale restaurants) because these can affect the comfort of the customer. Layout that makes people feel constricted may have a direct effect on customer quality perceptions, excitement levels, and indirectly on their desire to return. Therefore, we can assume that:

**H3:** There is a significant relationship between layout and consumer loyalty.

**Variety** - shopping mall that offers variety in tenant occupancy and product variety both in individual store and across competing stores is likely attracts more shoppers because of the excitement it generates. Tenant mix is said to influence mall selection, frequency of shopping and shopping Centre image. Further mall variety measured on food service, stores and entertainment options has the strongest influence on customer excitement and desire to stay in the mall [26]. Variety of products has a significant influence on shoppers' satisfaction in shopping malls [30]. All these studies finally point out that:

**H4:** There is a significant relationship between variety and consumer loyalty.

**Sign, Symbols, and Artifacts** - Signs, symbols, and artifacts include signage and décor used to communicate and enhance a certain image or mood, or to direct customers to desired destinations. It was found that signs, symbols and artifacts were positively associated with customer patronage. Indeed, a service setting with legible (clear signage) arrangements may result in positive consumer moods, thus impacting on the relative spend during lunch. These studies clearly state that:

**H5:** There is a significant relationship between sign, symbols and artifacts and consumer loyalty.

**Cleanliness** - Cleanliness has been found to exert a strong influence on consumers' perceptions of retail stores and services. Cleanliness is important especially in those situations in which customers must spend several hours in the service setting and many consumers implicitly associate cleanliness with the quality of the services cape. Cleanliness significantly affected the services cape satisfaction of a slot floor in casino. Further the cleanliness issues were most reported problems in services cape failures in food service industry.Hence it is assumed that:

**H6:** There is a significant relationship between cleanliness and consumer loyalty.

**Social Factor** - Social elements are the employees and customers in the service setting. These cues include physical appearance, number, gender and attire of employees and of other customers. Presence of more social cues in store environment may lead to higher levels of arousal. Bitner found that environment featuring an employee in less than professional attire could influence a customer's attribution and satisfaction when a service failure occurred. Further, more number of sales personnel with professional attire, and greeting customers at the entrance of the store made customers perceive higher service quality. Additionally in an open service encounter sites (e.g., banks, restaurants) where consumers could observe service delivery to other consumers, the way services were delivered influenced not only the opinions of the consumers who received the service, but also the opinions of other consumers who observed service delivery. All these studies essentially point that:

**H7:** There is a significant relationship between social factor and consumer loyalty.

Figure 1: Shopping Mall Services cape and Customer Loyalty



### Data Collection

The data were collected through field survey by means of a self-administered questionnaire. All the constructs were measured using multi-item scales adopted from the previous studies on seven-point Likert-type scales (1- strongly disagree to 7 - strongly agree). The population for the study was defined as visitors of shopping malls in Bangalore. Total of 120 shoppers in selected shopping malls were interviewed inside the malls as they were experiencing the services cape. The demographic profile of sample is given in Table 1.

Table 1: Sample Characteristics

Characteristics		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	81	67.5	67.5	67.5
	Female	39	32.5	32.5	100.0
Age	18 - 25yrs	58	48.3	48.3	48.3
	26 - 35yrs	29	24.2	24.2	72.5
	36 - 45yrs	29	24.2	24.2	96.7
	46 - 55yrs	4	3.3	3.3	100.0
Marital Status	Married	64	53.3	53.3	53.3
	Single	56	46.7	46.7	100.0
Monthly Income	Below 20k	55	45.8	45.8	45.8
	20 - 40k	36	30.0	30.0	75.8
	40 - 60k	27	22.5	22.5	98.3
	Above 60k	2	1.7	1.7	100.0
Occupational Status	Self-employed	25	20.8	20.8	20.8
	Employed	42	35.0	35.0	55.8
	Student	51	42.5	42.5	98.3
	Homemaker	2	1.7	1.7	100.0
Shopping Frequency	Once a week	47	39.2	39.2	39.2
	Fortnightly	31	25.8	25.8	65.0
	Once a month	15	12.5	12.5	77.5
	Occasionally	27	22.5	22.5	100.0

### Data Analysis

The data were analyzed using Correlation and regression analysis were performed.

**1.1 Correlation analysis** - Correlation analysis was carried out to find out the direction and strength of the relationship between dependent and independent variables. Results of the same are presented in Table 3. The Pearson correlation coefficients (p value) range from 0.508 to 0.638 for all services cape dimensions except for social factors which is 0.342. However, all correlations were





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significant at the 0.01 level for a 2-tailed test. This indicates significant relationship between all the services cape dimensions and customer loyalty. This proves the study hypotheses.

**Table 3: Summary of Correlation Coefficients**

	Ambient Factor	Aesthetic Factor	Layout	Variety	Cleanliness	Signs, Symbols & Artifacts	Social Factor
Customer Loyalty	.638** .000	.627** .000	.572** .000	.615** .000	.508** .000	.570** .000	.342** .000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**1.2 Regression Analysis** - Regression analysis was performed to test for the predictive power of the dimensions of services cape on customer loyalty. Table 4 represents the regression summary of the variables in the study. The table is indicating the value of R= 0.716 (R ranges from -1 to 1) which shows the positive and strong relationship between the predictor variables and dependent variable. Regression coefficient is significant at the 0.05 level (p=0.000, R<sup>2</sup> = 0.512 and F=16.813). This substantiates the predictive power of services cape dimensions on consumer loyalty. Further value of R<sup>2</sup>= 0.512 (greater than 0.5) illustrate that model is a good fit for data and is explaining the variation in dependent variable.

**Table 4: Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.716 <sup>a</sup>	.512	.482	.55378	16.813	.000 <sup>b</sup>

## II. Discussions

First, the correlation results show positive relationship among the dependent and independent variables. The Pearson correlation (p) value for ambient factor and consumer loyalty is 0.638 and the significance value is 0.000. P-value greater than 0.5 at significance level of 0.05 shows the strong and positive relationship among these variables. Therefore, ambience which includes background music, scent, lighting, and temperature and air quality of a shopping mall is significantly associated with consumer loyalty. This study establishes the fact that if ambience of mall is enhanced consumers become more loyal.

P-value between aesthetic factor and loyalty is 0.627 with significance value of 0.000, which shows a strong and positive relationship between aesthetics which comprised of architectural style, décor, colours, surrounding area, accessibility and visibility of a mall and consumer loyalty. Mall developers therefore need to invest in improving the aesthetic value of malls if they want their customers to visit again.

P-value of 0.615 and significance value of 0.000 between variety and loyalty denotes a strong and positive relationship among these variables. Hence, shopping malls providing high on variety in terms of stores, goods, food, and entertainment may be able to retain maximum number of consumers.

P-value of 0.572 between layout and loyalty suggests strong and positive relationship at significance value of 0.000. Spatial layout which makes consumers get where they want to go easily with wider walking spaces and working lifts will definitely enhance consumer loyalty intentions towards that mall. In a country where the retail space is limited and sky rocketing real estate costs, mall developers need to work more creatively in this regard.

Further p-value between signs, symbols & artifacts and loyalty is 0.570, which is greater than 0.5 at significance level of 0.05 shows the strong and positive relationship among these variables. Sufficient, clear and easy to understand signage, attractive decorations and POP displays therefore greatly influence the consumer loyalty towards that mall.

Cleanliness with p-value of 0.508 and significance value of 0.000 is strongly associated with loyalty. Cleanliness measured on clean walkways, restrooms, food service areas, and parking area, hence is more influential in building consumer loyalty of a shopping mall.

Social factor with p-value of 0.342, though less than 0.5 at 95% confidence level is also significantly related to consumer loyalty. Social factor includes physical appearance, friendliness and crowding of employees and other shoppers. This study proves that



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to some extent social factor do influence consumer loyalty in a shopping mall.

Finally, regression results with value of  $R = 0.716$  show the positive and strong relationships between the predictor variables and dependent variable. Here ambience, aesthetics, layout, variety, signs, symbols & artifacts, cleanliness, and social factors acting as the predictor variables induce a strong effect on consumer loyalty in a shopping mall. Therefore it can be concluded that malls featuring these aspects can build strong consumer loyalty and can have edge over other malls.

### III. Conclusions

Study proves that services cape plays a major role in building consumer loyalty in a shopping mall, which was the basic objective. Seven dimensions considered here i.e., ambient factor, aesthetic factor, layout, variety, cleanliness, signs, symbols & artifacts, and social factor could able to induce significant variations in consumer loyalty. Therefore, retail managers must design the servicescape incorporating these aspects. Further periodic tracking of consumer perception on these elements and bringing in more favorable changes as and when required is essential. However, studies with larger samples and on other retail formats are necessary in Indian context. Also, future studies may analyse the relative importance of different services cape elements in enhancing consumer loyalty, so that resources may be allocated accordingly. Finally, the increasing competition among shopping malls encourages managers to take account of consumer experience in the shopping environment as a potential tool of differentiation and appropriate use of services cape in overall retail strategy will definitely help them in not only attracting consumers but also retain them by providing excellent shopping experiences.

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