
ATMOSPHERE ATTRIBUTES AND CUSTOMER SATISFACTION: A CASE STUDY OF CARGILLS SUPERMARKET MATARA

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ABSTRACT

A distinctive retailing needs to improve its image in the long-run. Atmosphere can help to create that positive customer image which leads to customer satisfaction. It not only encourages customer satisfaction, but also reinforces the store advertising effort. Internal and external atmosphere variables play the main role in the success or failure of retailing. Atmosphere can be defined as everything that customer sees, both internal and external, that creates a positive image of a business and result in attention, interest, desire and action on the part of the customer. As far as product that are offered by the supermarkets are concerned, it is very similar in the industry level. But the differentiator is the level of service quality and how customers perceived it. Therefore, supermarkets can apply internal and external atmosphere variables. The main objective of the research study is to identify the role of internal and external atmosphere on customer satisfaction related in the supermarket segment in Matara district. Data were collected through a structured questionnaire from 205 respondents who were willing to purchase products from Cargills Food City in Matara district. Collected data were analyzed using correlation and regression techniques through SPSS. Findings revealed that, atmosphere variables have a high impact on customer satisfaction in supermarkets. In terms of regression analysis, there is a significant positive impact of atmosphere attributes on customer satisfaction. Furthermore, correlation proved that, there is a positive relationship between studied variables of internal atmosphere, external atmosphere and customer satisfaction. Therefore, supermarket atmosphere does have impact on customer satisfaction and it is recommended that supermarkets must take due care creating and developing its atmosphere variables.

Keywords: *customer satisfaction, external atmosphere, internal atmosphere*

1. INTRODUCTION

In this fast-moving modern business world, the competition is very high. Therefore, every firm is facing a competition to sustain in the markets. Therefore, they use various strategies. Because of this competition they try to give higher value and satisfaction for customers more than the other competitive firms. Hence, they create their business environment to attract customers for their business. Therefore, they consider about how to build a customer satisfied environment (physical resources) to give a superior service where the customer is satisfied.

According to Babin (2000), the overall atmosphere of a store can create a favourable consuming context and generate positive perceptible emotions about the store among consumers. Store environmental factors can influence the subjective feelings experienced by consumers in the store and influence the shopping intention, consumption amount, perceived quality, satisfaction and shopping value. A pleasant store atmosphere can prolong the time consumers spend in the store, increasing the likelihood that the consumer will find something he or she needs, as well as increasing impulse buying.

The retail atmosphere provides a complex physical stimulus. The design and layout of a store for instance width of aisles and music inside the store will influence the level of satisfaction and purchase patterns (Bohl, 2012). As far as appearance is concerned, store atmosphere is very important. It has a lot of sub components. They are layout, lighting, temperature, visual communication, colours, size of sales area, outside and inside decoration, product display, crowding within the store, prestige so on (Silva, 2010). According to Han-Shen (2011), environmental stimulus variables into five categories: (1) External variables including exterior signs, entrance, exterior display window, architectural style and surrounding area; (2) General interior variables, including flooring and carpeting, lighting, scents, music, temperature, cleanliness, wall composition and colour schemes; (3) Layout and design variables, including space design and allocation, placement of equipment, grouping of merchandise, waiting rooms, waiting queues and furniture; (4) Point of purchase and decoration variables, including products displays, point of purchase displays, sign and cards, artwork, and price displays; (5) Human variables, including employee characteristics, employee uniforms, crowding, customer characteristics and privacy.

In terms of the internal appearance the supermarket use decorations. Based on various types of colours, colour schemes applied in elements of interior design of environments have been shown to have an effect on shopping behaviour (Bohl, 2012). In terms of external appearance, the firms mainly focused banner, walk and entry, window displays, lawns and gardens, colour of building, height of building, and architectural style of building. External variables as item in a

general measure of store atmosphere (landscaping of garden, outdoor exhibition area) (Bohl, 2012). Because in the present business context they have got dramatically improvement with in short period of time and have been of able spread up their business so fast for every district. Thus, they have got large number of networks in Sri Lanka. Therefore, researcher investigates, is there any relationship with the internal and external atmosphere used by them in making satisfied customer while getting the attraction towards the firm. Therefore, the result of the research will also help to other business field for making satisfied customer through atmosphere

1.1. Research Problem

In the present modern business world, the competition is very high. Therefore, every firm is facing a competition to sustain in the markets. Therefore, they are following various strategies. Because of this competition they try to give higher value and satisfaction for their customers rather than other competitive firms. Hence, once they create their business, they consider about how to attract the customers towards the business and how to build customer satisfied environment for giving a superior service where the customer is satisfied. Therefore, when building the business, they consider about firm's attractiveness, appearance, pleasance and so on. In this situation they pay their attention to design internal appearance and external appearance in an attractive way. But they can't understand whether these atmosphere factors are accepted or not by the customers (Babin, 2000). And also, owners of supermarket may have not awareness about which atmosphere factors are suitable or not to satisfy customers (Babin, 2000). The research gap of this study is existed on the relationship propositions between atmosphere attributes and customer satisfaction. Food retailing is an important industry in this regard. Retailing provides an important service to consumers, making goods available when and where consumers want to buy them (Jobber, 1995). Gradually, retailing has become an increasingly growing and competitive activity both local and internationally. In terms of Matara district, it shows a huge potential that there is much attention to open supermarkets in the district with high competition. To be succeed those business activities in the environment, retailers must formulate productive strategies in aiding to increase customer satisfaction. Therefore, this study attempts to fulfill the research gap in investigating how atmosphere attributes (internal and external atmosphere factors) aid to increase customer satisfaction.

1.2. Research Questions & Objectives

1.2.1. Research Questions

- What is the relationship between internal atmosphere and customer satisfaction?

- What is the relationship between external atmosphere and customer satisfaction?

1.2.2. Research Objectives

- To examine the relationship between internal atmosphere and customer satisfaction
- To examine the relationship between external atmosphere and customer satisfaction

2. LITERATURE REVIEW

Atmosphere attributes and its construct formulation have gained the attention of marketing and retailing literature for many years. The store atmosphere provided the non-language communication between retail stores and customers. Retail stores presented commodity and product or service information to customers through the design of store atmosphere while customers would sort the retail store in to a certain type according to their perception on the environment and thus form an overall impression to apply as the standard of purchase decisions (Shen & Hsieh, 2011).

As far as internal atmosphere is concerned, it is considered as a major component of atmosphere in this study. This research used three different environment cues as the store environment dimension; (1) “Store Design Cues” refers to all aesthetic-related objects; tangibles and visible environment components exist in the forefront of the customers’ perception which are more obvious sources of visual stimulation to the customer, and include internal and external architecture, decorations, color, product arrangement, signs, space arrangement so on. (2) “Store Music Cues” is the intangible background condition of the environment; that no visual feeling can affect the consumers’ subconscious. This includes music genre, volume, and environment noisiness. (3) “Store Employee Cues” refers to the level of feeling related to stimulation from employees, including employee appearance, friendliness, number, professional ability so on (Shen & Hsieh, 2011).

As a second variable of atmosphere is also included in substantial factors which are affected to consumer satisfaction as it is described by the authors. The number of researches into effects of external variables is limited. Researcher found only one study looking at the impact of environmental attributes of a larger area around a store (a shopping district) on shopper behavior. While customers were shown to form perception of large complex macro environments, this varied greatly depending on shopper typology (Bohl, 2012).

More recent research into a consumers' decision to enter the store based on information received from window displays suggests that product category related information has a stronger effect on purchase decisions than store-related information. Also, pre-knowledge of the customer about the product category have a mediating effect on shopping decisions. Consumers with medium knowledge of clothing are more influenced by window displays than those with low or high knowledge (Block & Chandram, 2002).

In any market context satisfaction plays a major role. Especially in B to C context it plays a distinctive role as it is described by many authors. The overall atmosphere of a store can create a favorable consuming context and generate positive perceptive emotions about the store among consumers. Store environmental factors can influence the subjective feelings experienced by consumers in the store and influence the shopping intention, consumption amount, perceived quality, satisfaction, and shopping value (Shen & Hsien, 2011). A pleasant store atmosphere can prolong the time consumers spend in the store, increasing the likelihood that the consumer will find something he or she needs, as well as increasing impulse buying. Positive perceptions of the environment of a shopping mall have been shown to have some positive effect on the level of excitement, which in turn leads to higher re-patronage intentions. The décor, layout, music so on of a mall are especially important to keep customers in a mall once they enter (Bohl, 2012). Studies showed also that way how a product is displayed has an impact on the effect. Product displays increase the probability of unplanned purchase, but not of planned purchase. This effect is significantly stronger for product categories that are purchased relatively often (Inman, Winer & Ferraro, 2009).

Use of hi-tech equipment many commercial spaces for services are provided with modern equipment. Thus, extra services are offered such as access to wireless internet, the possibility to watch financial and business news, the possibility to do certain operations electronically, through the computer. All these generate, for a certain public, the appreciation of effectiveness, efficiency and create the interest of returning to that location as soon as possible.

Meenakumari (2013), found that after consumers use a product or a service, positive or negative emotions will be will be stimulated in the consumer, which then further affect appraisal of satisfaction. In this study, customer satisfaction refers to the degree of affection shown by customer after experiencing the entirety of appraisal. Based on the research of Meenakumari (1996), most in-store customer buying decisions are formed as a result of store environment factors, which then produce buying emotions, which then in turn lead to impulse purchases. And also found that, after consumers purchase products or services, their personal psychology undergoes some changes, which then influences later behaviors. Thus, when customers feel satisfaction, they are more likely to produce behaviors such as patronage behaviors, discussion of products and

services with others, purchasing and so on. As a result, only the occurrence of buying behaviors will bring satisfaction of the store to the customer. Therefore, buying behaviors will directly influence customer satisfaction.

3. RESEARCH METHODOLOGY

The aim of this present study is to identify the role of internal and external atmosphere on customer satisfaction related in the supermarket segment in Matara District. Theoretical population of the present study can be identified as, customers who are willing to purchase products from supermarkets in Matara District. Accordingly, the customers who purchase products from Cargills Food City in Matara have been selected as the study sample. In this study the researcher used the convenient sampling method. Convenient sampling (also known as Haphazard Sampling or Accidental Sampling) is a type of nonprobability or non-random sampling where members of the target population which meet certain practical criteria, such as easy accessibility, geographical proximity, availability at any given time, or the willingness to participate are included for the purpose of the study (Ilker Etikan, Sulaiman Abubakar Musa et al. 2016).

Close Ended with Five Point Likert scale questionnaires were distributed among 205 customers of Cargills Food City in Matara and were selected to collect primary data for the study. This sample consisted of customers from both urban and rural areas. Secondary data were collected from annual reports, research papers and etc. Some of the characteristics of the composition of the sample can be brief as follows.

Table 1: Sampling distribution of customers

Category	Sub Category	Frequency
Gender	Male	136
	Female	69
Age	18-25	23
	26-35	58
	36-45	63
	46-55	39
	Above 55	22
Income (Rs.)	20,000 or Below	22
	20,001-29,999	72
	30,000-50,000	91
	Over 50,000	20
Education Level	G.C.E. O/L	32
	G.C.E. A/L	92
	Under Graduate Level	16
	Post Graduate Level	48
	Profession	17

Visit Frequency of Supermarket	Several Days a Week	45
	Once a Week	95
	Once a Month	40
	A Few Days a Month	25
Considering Factors of Buying	Price	40
	Quality	40
	Brand	16
	Benefits	98
	Range of Products	40

Source: Survey Data, 2019

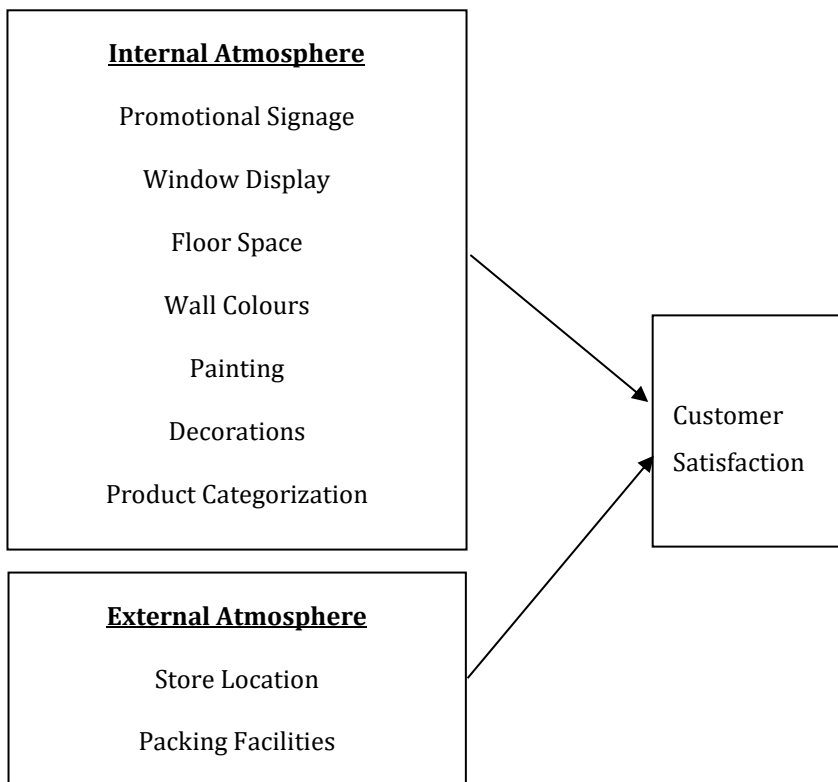


Figure1: Conceptual framework

The Foundation of the framework is going to explain relationship between Internal Atmosphere and Customer Satisfaction, and External Atmosphere and Customer Satisfaction. Thus, Independent Variables are Internal Atmosphere and External Atmosphere and Dependent Variable is Customer Satisfaction.

3.1 Variable Selection and Hypotheses Development

In this area, it briefly describes the items which will consist of questionnaire to test the hypothesis. And also, the research will use Likert Scale method for measuring data. The Likert Scale in its original conception is an ordinal scale. In other words, it is a non-metric scale where the variables can be ordered in relation to the respondents' level of agreement with the statements (Silva & Giraldi, 2010). The measures espoused from previous studies and they are examining internal atmosphere, external atmosphere and customer satisfaction. The suggested measures will have to be further developed before they can be used.

Table 2: Internal atmosphere

Variable	Measurement	References
Internal Atmosphere	I get influence to buy more when I see the promotional signage.	Meenakumari, (2013)
	I visit store when there is an attractive window display.	
	I tend to purchase in supermarket where floor space is sufficient to walk around.	
	Wall colours attract me in the supermarket.	
	Paintings attract me in the supermarket.	Aspfors, (2010)
	Decoration in the store leads me to stay for a long period of time.	
	I attracted in lighting in the supermarket.	
	The product categorization meets my expectations.	
Internal Atmosphere	Layout in the supermarket makes easy me to select good.	Silva & Giraldi, (2010)
	The store renews it stock frequently, to keep us with the latest style trends.	

Source: Author own contraction with Reference Literature

Table 3: External atmosphere

Variable	Measurement	References
External Atmosphere	Store locations convenience me.	Silva & Giraldi, (2010)
	I believe in the store is well-known in the city.	
	The store offers me extra services. (Ex: children park, coffee bar, parking facilities)	Aspfors, (2010)

I think the store is pleasant place to shop.	Silva & Giraldi, (2010)
The store provides me bench to sit and rest.	Aspfors, (2010)

Source: Author own contraction with Reference Literature

Table 4: Customer satisfaction

Variables	Measurements	References
Customer Satisfaction	Compared to other store layout, I'm very satisfied with this store layout.	Silva & Giraldi, (2010)
	The store offers the assortment of products I am looking for. I'm satisfied with the way of categorized products in the super market.	Aspfors, (2010)
	I'm pleased to have visited this super market. I would recommend this supermarket to my friends or others.	Namkung & Jang, (2007)
	Based on all my experiences with this store, I'm very satisfied (Ex: lighting, decorations, colours, parking so on)	Babin & Attaway, (2000)

Source: Author own contraction with Reference Literature

Based on the above framework, following hypothesis have been formulated for this study.

Table 5: Research hypotheses

Hypothesis	Statement
H ₁	There is a Positive Relationship Between Internal Atmosphere of Supermarket and Customer Satisfaction
H ₂	There is a Positive Relationship Between External Atmosphere of Supermarket and Customer Satisfaction

Source: Survey Data, 2019

4. ANALYSIS & RESULTS

4.1. Reliability of Study Variables

Cronbach's alpha is used as a statistical measurement to measure internal consistency of a set of data. This coefficient varies from 0 - 1, and the value 0.6 or less generally indicates unsatisfactory internal consistency reliability.

Table 6: Cronbach's Alpha and descriptive statistics of the study dimension

Variable	Cronbach's Alpha	No. of Items
Internal Atmosphere	0.598	10
External Atmosphere	0.637	05
Customer Satisfaction	0.693	06

Source: Survey Data, 2019

According to Table 6 Cronbach's Alpha values for questions regarding Internal Atmosphere and External Atmosphere have been recorded as 0.598 and 0.637 respectively. Customer Satisfaction alpha value is recorded as 0.693 as well. Thus, the study variables have acceptable reliabilities with alpha value near or above the 0.6 criterions.

4.2. Correlation

4.2.1. Correlation between Internal and External Atmosphere and Customer Satisfaction

Correlation is the statistic measurement of the relationship between selected two variables. The Pearson Correlation analysis method was used to find the relationship between study variables. Also, it measures the contribution of independent variables to dependent variables.

Table 7: Correlation and customer satisfaction

	Customer Satisfaction	Internal Atmosphere
Internal Atmosphere	.477***	
External Atmosphere	.580***	.365***

Source: Survey Data, 2019

According to the correlation table, the relationship between Internal Atmosphere and Customer Satisfaction is 0.477. It means there is a positive relationship between internal atmosphere and customer satisfaction. And also, relationship between External Atmosphere and Customer Satisfaction shows positive relationship. Its statistically value is 0.580. Those statistical values have calculated 95% confident level.

4.3. Internal Atmosphere, External Atmosphere & Customer Satisfaction

Table 8: Descriptive Statistics

Descriptive Statistics		
	Mean	Std. Deviation
Independent Variable		
(Internal Atmosphere, External Atmosphere)		
Internal Atmosphere	3.50	1.035
External Atmosphere	3.73	1.069
Dependent Variable		
(Customer Satisfaction)		
Satisfaction	3.72	1.037

Source: Survey Data 2019

Table 8 illustrates the summarized view of the descriptive statistics of the study variables. As per the information given by the above table is concerned, mean value of all most all internal and external variables are closer to 4.0. Thus, it expresses that, the atmosphere attributes which is offered by the supermarket is in a very good condition. Further, mean value of customer satisfaction is closer to 4.0 as well. Thus, it shows that the customers are satisfied with the service which is offered by the supermarket.

4.4. Regression

The Regression analysis can be identified as a statistical process for estimating the relationship among variables. This analysis helps to understand how to typical value of dependent variable changes when any one of the independent variables is varied, while the other variables are held fix.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646	.417	.411	.468

Source: Survey Data, 2019

Normally, value “R” represents the relationship between dependent variable with independent variables. It is more than 25%. According to the model

summary table, R Value is 0.646. It means that dependent variable can be increased 64.6%, through increasing dependent variables.

R Square Value means that accuracy of the model. It is more than 50%. According to model summary table, it shows 0.417. R Square Value ($R^2 = 0.417$). It represents that model was accurate in 41.7%. The extent of independent variables described dependent variable can explain using Adjusted R Square. According to table, impact of 41.1% of the variation in the dependent variable; Customer Satisfaction can be explained using the independent internal atmosphere. ($R^2 = 0.411$, $p < 0.05$). And also, researcher recognized that the remaining value (59.9%) shows that impact of another atmosphere variable.

4.5. Coefficients

Table 10: Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Internal Atmosphere	.418	.079	.306	5.303	.000
External Atmosphere	.557	.069	.468	8.109	.000

Source: Survey Data, 2019

The result of the regression analysis further revealed that all the independent variables; promotional signage, window display, floor space, wall colours, painting, decorations, lighting, layout ($B = 0.418$, $t = 5.303$, $p > 0.05$). External variable; store location, parking facilities, pleasant bench ($B = 0.577$, $t = 8.109$, $p > 0.05$).

Also, Standardized Coefficient (β) is a good dimension to regression. Using this standardized coefficient, we can get comparable measurement for independent variables. In order to 0.306, 0.468 standardized coefficient values for internal atmosphere and external atmosphere. This means that changes of one unit of internal atmosphere factor will result to 0.306 changes of customer satisfaction. And also, the change of one unit of internal atmosphere factor will result to 0.468 changers of customer satisfaction.

4.6. Hypotheses Testing

There are two hypotheses in this study to examine the relationship between internal atmosphere and customer satisfaction and external atmosphere and customer satisfaction. These two hypotheses are tested by researcher as follows.

H_1 – There is a Positive Relationship between Internal Atmosphere of Supermarket and Customer Satisfaction

The correlation coefficient value for internal atmosphere and customer satisfaction is 0.477 ($r=0.477$). A standard beta value is 0.306. And also, significant of the study is 0.000. This proved that the relationship between internal atmosphere and customer satisfaction is positive. According to the first hypothesis of the study it can be accepted.

H₂ – There is a Positive Relationship between External Atmosphere of Supermarket and Customer Satisfaction

According to correlation and regression analysis, internal atmosphere correlation value is 0.580 ($r=0.580$) and standard beta value is 0.468. And also, significant value is 0.000. When considering this statistical evidence, it proved that there is a positive relationship between external atmosphere and customer satisfaction. Thus, second hypothesis can be accepted.

Table 11: Hypotheses Testing Information

Hypothesis	Expected	Observed	Status	Value
H ₁	Positive Relationship	Positive Relationship	Supported	$\beta=0.306$ $R=0.477$
H ₂	Positive Relationship	Positive Relationship	Supported	$\beta=0.306$ $R=0.580$

Source: Survey Data, 2019

5. FINDINGS & CONCLUSION

5.1. Findings

According to this study, the researcher found that there is a positive relationship between internal atmosphere and customer satisfaction. The correlation was 0.477 between internal atmosphere and customer satisfaction, 0.580 was correlation between external atmosphere and customer satisfaction. The significant level was 0.000. These correlations proved that positive relationship between studied variables of internal atmosphere, external atmosphere and customer satisfaction. These correlations proved that, there is a positive relationship between atmosphere attributes and customer satisfaction.

According to the regression analysis “B” values for internal atmosphere and external atmosphere are 0.418 and 0.557 respectively. The statistic β values have been proved that there is a positive relationship between internal atmosphere and external atmosphere with customer satisfaction. As per the analytical descriptive table which reveals that, customers agree with most of statements. Therefore, those items have influenced in making purchases of customers. When considering the Cronbach’s alpha value of internal and external atmosphere variables, it is recorded as 0.598 and 0.637 respectively. It showed higher acceptable reliability values that indicate the reliability level is

good for all most all the item of the atmosphere attributes. When it comes to the customer satisfaction dimension of the study that represents six items and all items are good measurements of measuring the customer satisfaction. It is proved by the alpha value for six items showed higher acceptable reliability value which is recorded as 0.693. The regression can be identified as a statistical process for estimating the relationship among variables. According to the model summary table, R value is 0.616. It means that customer satisfaction has been increased 64.6%, through increasing internal and external atmosphere variables. Adjusted R Square value is 41.1% which shows that atmosphere variable has somewhat impact on customer satisfaction. The result of the regression analysis further revealed that, all the independent variables; promotional signage, window display, floor space, wall colours, painting, decorations, lighting, layout ($B=0.418$, $t=5.303$, $p>0.05$) and external variables; store location, parking facilities, pleasant place, bench ($B=0.557$, $t=8.109$, $p>0.05$).

5.2. Conclusion

Atmosphere variables have high impact on customer satisfaction in supermarkets. Most of the consumers are influenced of atmosphere variables namely promotional signage, window display, floor space, wall colours, paintings, decorations, lighting, layout, product categorization, location, bench and parking facilities used in supermarket. It is found from the study that the supermarkets have women visitors than men. Women customers are more influenced by the attractive atmosphere variables of the supermarket. Therefore, retailers must create their store atmosphere in an effective way. In internal atmosphere, supermarket must arrange products logically and grouping must be done for a category so that a product of one type, brand, pack so on are found within the category. Supermarket atmosphere does have impact on customer satisfaction. It is recommended that supermarket must take due care creating and developing their atmosphere variables.

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