

Association of Customer Satisfaction with Store Environment

A Study on Bhat-Bhateni Super Market and Departmental Store

Sarita Maharjan *
saritamaharjan78@gmail.com

Abstract

This paper aims at analysing the relationships between store environment and customer satisfaction of Bhat-Bhateni Supermarket and Department Store. Descriptive and analytical research designs were used in this study. Judgemental sampling technique was used to collect opinion survey data through structured questionnaire. Out of 150 questionnaires distributed to customers of Bhatbhateni Super Stores under Bhat-Bhateni Supermarket and Department Store in Kathmandu valley, only 60.61 percent of them were found practical. Compare mean test and Gamma test are used to analyse the association between customer satisfaction and store environment at Bhabhateni Super Stores. Compare means test shows that only customers' perceptions on employees of Bhatbhateni Super Stores are different by gender. Gamma coefficients show that customer satisfaction has a significant positive association with music, lighting, assortment, interior design and employees except layout. Store environment plays an important role in business. Friendly store environment could be a good factor for supermarket to enhance customers' satisfaction level.

Keywords: Store environment, Customer satisfaction, Supermarket

1. Introduction

Today's competitive business environment cannot deny the facts that the effect of store environment on customer behavior involving attraction, higher purchase rate and loyalty. Store environment is the physical surroundings of a store that is made up of many elements, including music, lighting, layout, directional signage and human elements. It is the image or impression of a store in the minds of customers. The physical environment also leads to customer satisfaction (Seo, Kim & Choi, 2015). Furthermore, Bitner (1992) stated that the physical environment not only influences the customers' pre-purchase decision but also the post-purchase quality assessment and satisfaction in terms of the related goods and services.

Retailers often display unique behaviour in the physical environment of the store to influence consumer behaviour. Unique characteristics can be, among others, store environment elements which are communicated by in-store marketing, which includes the layout of the store, presentation of the products and the allocation of the store space (Zentes, Morschett & SchrammKlein, 2017).

* Faculty Member at Shanker Dev Campus, Tribhuvan University.

Retailers pay more attention to the physical environment, in comparison to wholesalers and manufactures, because this is the place where the final goods are bought (Kotler, 1973). The place where a product is consumed or bought is an aspect of the total product. This aspect can be very influential in the purchase decision of customers, which makes it an important marketing tool for retailers (Kotler, 1973). The physical environment consists of different store environment elements. These elements consist of background characteristics of the store environment (Bitner, 1992), design factors and social factors (Baker, Grewal & Parasuraman, 1994). Store environment and the emotional state among others, are determining factors of the customers' purchase behaviour (Sherman, Mathur & Smith, 1997). In other words, the number of purchase and the time and money spent in a store can be higher (than the customer intended), following the pleasant shopping experience induced by the store environment elements (Donovan, Rossiter, Marcoolyn & Nesdale, 1994).

Good overall impression of the nature in terms of products available in the store, the store itself and the experience they expect when shopping at the store represent the store environment (Dunne & Lusch, 2005). So, it can be said that the store image is actually a reaction of the overall customer to store environment.

Dunne and Lusch (2005) revealed that store environment is an important element in retailing given that 70 percent of the purchase was an impulse buying or unplanned purchases. Kotler (2006) was among the first researchers to acknowledge how the significance of store atmospherics had emotional effects on consumers' decisions. According to Duong (2016), there are four factors namely, ambience, layout, lighting, temperature control, décor and background music. Similarly, Cho and Hofacker (2008), consumers' shopping decision and store selection are systematic and not haphazard.

The retailing industry has played a vitally important role in meeting the needs of a modern society. Research shows that aspects of the store environment such as ambience, design, and social factors, have a strong influence on customer behaviors and perceptions (Baker et al., 2002; Liao et al. 2012; Seock, 2009).

Some other researchers have identified some potential predictors of satisfaction like service/products quality, service hospitality experiences design, perceived value, retail store image and customer relationship benefits (Hong & Yang, 2009).

A departmental store is a big retailing outlet with a number of departments in specific product line. Bhat-Bhateni Super Market and Department Store was established in 1984 A.D by Mr. Min Bahadur Gurung, the company's Owner and Chairman, as a 'single shutter' 120 sq. ft. cold store. Since then, Mr. Gurung, who gave up a lucrative career in banking to dedicate himself to the store, has overseen the company as it has grown from its humble beginning to becoming a household name in the country. Today, Bhatbhateni has a combined 1,000,000 sq. ft. sales area across its 15 locations and employs 4,500 full-time employees 95 percent of whom are women. With daily sales exceeding NPR 5.5 Crore (USD 550,000.00), Bhatbhateni is also the largest taxpayer in the retail sector in Nepal.

Today, Bhat-Bhateni is Nepal's leading supermarket and departmental store chain, spread out in Kathmandu the capital city and economic hub and in all major cities around the country. Bhatbhateni is one of Nepal's most trusted brands and sees a daily footfall of over 100,000 patrons. It handles a wide variety of quality products to satisfy customer needs providing one-

stop shopping. Bhatbhateni offers a full range of products from local and foreign suppliers, including wide range of fruits, vegetables, groceries, liquor, toiletries, cosmetics, kitchenware, readymade garments, leather products, stationaries, sports, toys, electronic products, jewelry and many more products. Bhatbhateni stores offer unique and convenient experience for customers, where they can save time and money.

Despite the initiatives taken by supermarkets to store environment factors, it remains unclear as to what extent these factors contribute to Bhatbhateni Super Stores' customer satisfaction in Kathmandu valley. Therefore, this study examines the influence of store environment on customer satisfaction in Bhatbhateni Super Stores, Kathmandu valley.

1.1 Statement of the problem

The success of the business largely depends upon its ability to satisfy the customers. Customers' choose a store as per their requirement and it is the responsibility of the store to understand the behaviour and perception of customers in order to fulfil or satisfy their want and desire. Store environment is one of the stimuli that can positively or negatively influence customers. It refers to the efforts to create the congenial environment that can influence the customers. Store environment must be design to attract customers and must understand what their customers expect from their organization and consider all the factors that influence the customer satisfaction. Therefore, this research is focused on influence of store environment on customer satisfaction in Bhatbhateni Super Stores (BSS).

In this research, some questions have been made to analyse the association between customer satisfaction and store environment. This research paper attempts to answer the following questions:

- What is the perception of customers towards store environment?
- To what extent are the customers satisfied with BSS?
- What is the association between customer satisfaction and store environment at BSS?

1.2 Objectives of the study

- To analyse the level of satisfaction among customers towards BSS.
- To compare the perception of male and female customers of BSS.
- To analyse the association between customer satisfaction and store environment of BSS.

1.3 Significance of the study

With increase in competition, retailers attempt to ensure that the stores are interesting to target markets. Store environment plays an important role in a customers' decision whether or not to shop in the store. This study reveals how the store environment affects the customer satisfaction. It will help organization to develop an advanced store environment that creates a positive impression on customers. The study will also be a guideline for future researchers. This study will provide insights as how store environment can influence the customer satisfaction. It is important for entrepreneurs who want to start up the business in this sector. This study encompasses useful information on various scopes of store environment. This information is valuable to Nepalese business in service industry in identifying the existing and new trends and the best possible use of store environment components in the work place.

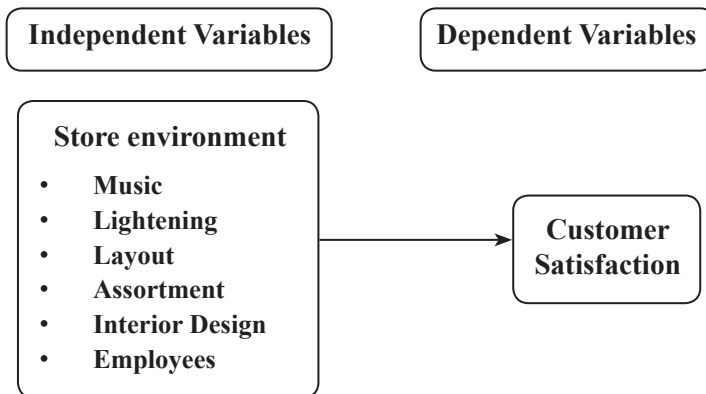


Figure 1. Research framework of association between customer satisfaction and store environment.

2. Research Hypothesis

Null hypothesis 1:

There is no significant association between customer satisfaction and store environment.

Null hypothesis 2:

There is no significant difference between male and female customers' perception on store environment

2.1 Variables Description

Music: Music is an element of the store environment that can be easily controlled, and can be inexpensive to change (Wakefield & Baker, 1998).

Lightening: Lighting is used in stores to highlight certain products, create dramatic effects and to let the store appear bright and inviting (Varley, 2014).

Layout: Bitner (1992) defines spatial layout as “the ways in which machinery, equipment, and furnishings are arranged, the size and shape of those items, and the spatial relationships among them.”, and functionality as “the ability of the same items to facilitate performance and the accomplishment of goals.”

Customer Satisfaction: Customer satisfaction could be defined as an overall assessment of the performance of different attributes and factors which are forming a product or a service (Bartikowski & Llosa, 2004).

It has been found also that customer satisfaction is a part of business philosophy which creates the value for customers, predicts guests' expectations as well as it is able and responsible to satisfy visitors' needs. As a matter of fact, quality of service and customer satisfaction is the critical factors for successful business (Gronoos 1990; Parasuraman et al., 1988).

3. Methodology

This study administers descriptive and analytical research design to analyse the customers'

satisfaction on store environment [i.e., Music (5), Lighting (5), Layout (5), Assortment (4), Interior Design (6), Employees (7)]. It covers only the customers of Bhat-Bhateni Super Market and Department Store located in Kathmandu valley. Data were collected from Bhatbhateni Super Stores located at Kathmandu Valley through questionnaires.

Considering the level of understanding, most of the questionnaires have been modified so as to make the respondents clear about the questions and help them answer the questions. Furthermore, the structure questionnaire contained multiple choice questions and rating questions.

The respondents were requested to give their opinions in a 5 point Likert scale for various statements. The scale of responses are numbered as 1 for 'strongly disagree', 2 for 'disagree', 3 for 'fairly agree', 4 for 'agree', and 5 for 'strongly agree'. The opinion survey shows the perception of customers on five different issues of store environment. Each of the issue categories contains four to seven statements.

This research is conducted to identify the association between customer satisfaction and store environment of Bhatbhateni Super Market and Department Store. Judgmental sampling technique has been used to track the respondents in this study and Data were collected based on opinion survey. A population is basically defined as the universe of units from which the sample is to be selected (Gauri & Gronhaug, 2005). The target population is all the customers who go to shop at Bhatbhateni Super Stores in the Kathmandu valley. The total sample size was taken for this study was only 91 respondents, out of the distribution of 150 questionnaires to customers of Bhatbhateni Super Stores in Kathmandu valley.

One sample mean test is employed to confirm the satisfaction level of customers with given variables. Compare means test is administered to examine the customers' perception on employees of Bhatbhateni by gender. Gamma test is used to identify the association between customers' satisfaction and store environment of Bhatbhateni Super Stores, such as music, lighting, layout, assortment, interior design, and employees.

In case of analytical tools, the study has used only reliability test, compare mean test and Gamma test to examine the influence of store environment on customer satisfaction in Bhatbhateni Super Stores. Collected data were only based on primary source. The study results could have some limitations due to the limited analytical tools used.

4. Study Results and Discussion

The five point Likert-based scales for questionnaires were administered to the respondents. To test the reliability of answers of the questionnaires, reliability analysis is used in the study. Cronbach's alpha (α) is a measure of reliability that is most widely used (George & Mallery, 2009). They described a rule of thumb that $\alpha > 0.9$ – excellent, $\alpha > 0.8$ – good, $\alpha > 0.7$ – acceptable, $\alpha > 0.6$ – questionable, $\alpha > 0.5$ – poor, and $\alpha < 0.5$ – unacceptable.

As opinion survey, the reliability of perception of customers on their satisfaction and store environment are tested with four to seven scale items. Table 1 presents that the Cronbach's alpha values are more than 0.5 for each of the variables. So, the reliabilities of each variable are okay (George & Mallery, 2009).

Table 1*Reliability Analysis*

Variable	No. of Item	Cronbach's Alpha
Music	5	0.748
Lighting	5	0.559
Layout	5	0.666
Assortment	4	0.684
Interior Design	6	0.831
Employees	7	0.897
Customer Satisfaction	6	0.837

4.1 Perception of Customer on Store Environment

Table 2 shows that average means score of perception of customers towards store environment and their satisfaction level. It is observed that the mean scores of all variables are greater than 3 (i.e., fairly agree). Computing t-statistic, one sample mean test is used to test the significant level of all variables taking test value 3. Since the corresponding p-value of t-statistics of all variables are less than 0.05 each (i.e., $0.000 < 0.05$), all variables are significant at 5 percent level. This means that perception of customers towards store environment such as music, lighting, layout, assortment, interior design, employees positively significant. The result shows that customers of the Bhatbhateni Super Stores are satisfied.

Table 2*One - Sample Test*

Test Value = 3							
Variables	Mean	t-statistic	df	p-value	Mean Difference	95% Confidence Interval	
						Lower	Upper
Music	3.243	18.427	90	0.000	0.243*	0.217	0.269
Lighting	3.471	885.915	90	0.000	0.471*	0.470	0.473
Layout	3.437	231.826	90	0.000	0.437*	0.433	0.441
Assortment	3.552	388.903	90	0.000	0.552*	0.549	0.555
Interior Design	3.412	199.541	90	0.000	0.412*	0.408	0.416
Employees	3.139	7.621	90	0.000	0.139*	0.103	0.175
Customer Satisfaction	3.384	46.253	90	0.000	0.384*	0.368	0.401

(*) indicates that the value is significant at 1 percent level.

4.2 Equality of Variance Test

Levene's F statistic is used to test the equality of variance in two groups (i.e., male and female). Table 3 depicts that corresponding p-values of all Levene's F statistics are more than 0.10 (10%) for each of the variables. Since the p-values are more than 0.10, the differences in mean deviations are not significant. So, the variances between male and female groups are equal in all variables. Thus, equal variance is assumed for compare mean analysis using t-test.

Table 3
Levene's Test for Equality of Variances

Variables	Gender	N	Mean Deviation	Diff	Levene's Test		
					df	F-Stat.	p-value
Music	Male	50	0.573	0.002	1, 89	0.000	0.984
	Female	41	0.571				
Lighting	Male	50	0.531	0.109	1, 89	2.058	0.155
	Female	41	0.422				
Layout	Male	50	0.520	-0.030	1, 89	0.178	0.674
	Female	41	0.549				
Assortment	Male	50	0.573	0.074	1, 89	0.921	0.340
	Female	41	0.499				
Interior Design	Male	50	0.557	0.098	1, 89	1.355	0.248
	Female	41	0.459				
Employees	Male	50	0.596	-0.030	1, 89	0.104	0.748
	Female	41	0.626				
Customer Satisfaction	Male	50	0.509	0.011	1, 89	0.020	0.888
	Female	41	0.498				

4.3 Gender-wise Perception on Store Environment

Table 4 presents that number of male and female customers of Bhatbhateni Super Stores are 50 and 41 respectively. From the individual t-test, p-value of all issues are more than 0.10 (*ie.*, $p\text{-value} > 0.10$) which are not significant at 10 percent level of significance except ‘employees’. The corresponding p-value of ‘employees’ is 0.032 (*ie.*, $0.032 < 0.05$) that is less than 0.05 (5%). This result reveals that there is a significant different perception between male customers and female customers on employees of Bhatbhateni Super Stores. As shown in Table 3, the mean score of perceptions of male customers and female customers on employees are 3.295 and 2.948 respectively. The t-test reveals that male customers are more satisfied than female on employees of Bhatbhateni Super Stores (*ie.*, $3.295 > 2.948$).

Table 4
Compare Mean Test

Variables	Gender	N	Mean	Diff.	t-Test		
					df	t-Stat.	p-value
Music	Male	50	3.356	0.251	89	1.606	0.112
	Female	41	3.105				
Lighting	Male	50	3.476	0.01	89	0.079	0.937
	Female	41	3.466				
Layout	Male	50	3.453	0.036	89	0.269	0.788
	Female	41	3.417				
Assortment	Male	50	3.540	-0.027	89	-0.195	0.846
	Female	41	3.567				

Interior Design	Male	50	3.430	0.04	89	0.284	0.777
	Female	41	3.390				
Employees	Male	50	3.295	0.347**	89	2.173	0.032
	Female	41	2.948				
Customer Satisfac- tion	Male	50	3.455	0.158	89	1.187	0.238
	Female	41	3.297				

(*) indicates that the value is significant at 1 percent level.

4.4 Gamma Test

The value of Gamma in Table 5 is calculated from the cross tabulation of 5-points scale (*ie.*, one for ‘strongly disagree’ to five for ‘strongly agree’) obtaining from the summary of total scores of various statements under “customer satisfaction” and summary of total scores of various statements under ‘music’, ‘lighting’, ‘layout’, ‘assortment’, ‘interior design’, and ‘employees’ respectively. The “Customer satisfaction” being dependent variable and other variables as independent variables are cross tabulated in matrix each. It also presents the frequency and percentage distribution of respondents in each of the cell of 5-points scale as well as Gamma which shows the extent of relationship between each of two groups.

Processing the 5-points scale matrix of “customer satisfaction” with each of ‘music’, ‘lighting’, ‘assortment’, ‘interior design’, and ‘employees’, Table 4 shows that the value of Gamma are significant at 1 percent level ($p\text{-values} < 0.01$) except layout. The corresponding $p\text{-value}$ of layout is more than 0.1 (*ie.*, $0.106 > 0.1$). So, it is not significant at 10 percent level. This means that customer satisfaction is affected to the extent of 46.5 percent, 59.7 percent, 68.7 percent, 63.4 percent and 75.7 percent by ‘music’, ‘lighting’, ‘assortment’, ‘interior design’, and ‘employees’ respectively but there is no significant association between customer satisfaction and layout.

Table 5

Association of Customer Satisfaction with Different Variables

Variables	Gamma Coefficient	p-value
Music	0.465*	0.002
Lighting	0.597*	0.000
Layout	0.274	0.106
Assortment	0.687*	0.000
Interior Design	0.634*	0.000
Employees	0.757*	0.000

(*) indicates that the value is significant at 1 percent level.

From the result, it is found that there is a significant association of customer satisfaction with music, lighting, assortment, interior design and employees. Baker et al. (2002) in their research also reveals that music and lighting have a significant influence on store environment. Similarly, interior design has also a significant impact on consumers’ perception in Liao et al. (2012). Music has a significant influence on customers’ behaviour in the study of Seock

(2009). The result of this research is similar with the study of Duong (2016). Duong (2016) also found that the store environment on customer satisfaction is positively significant correlated with music, lighting, assortment. It is also found from this study that layout has not significant impact on customer satisfaction. This result is contrary with Duong (2016). Layout is also significant in the study of Duong (2016). However, all store environment variables except layout affect the customer satisfaction.

5. Conclusion

In today's competitive world, one can hardly deny the facts that the impact of store environment on purchasing behavior of customers. Various store-owners want to provide a perfect store environment for their customers. The findings, it is concluded that there is a significant effect of store environment on customer satisfaction in Bhatbhateni Super Stores. Customers of the Bhatbhateni Super Stores are satisfied with store environment like music, lighting, assortment, interior design and employees except layout.

Only customers' perceptions on employees' behaviour in Bhatbhateni Super Stores are different by gender. Male customers are more satisfied than female customer with the employees' behaviour of Bhatbhateni Super Stores. But the perception between male and female are not significantly different towards music, lighting, layout and assortment. However, in overall satisfaction level of male and female customers of Bhatbhateni Super Stores are not significantly different.

Therefore, it is proven that a congenial store environment is a good factor for the supermarket to enhance the customers' satisfaction level.

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