THE EFFECTS OF RETAIL INTERIOR ENVIRONMENT ON CUSTOMER SHOPPING BEHAVIOR WITH SPECIAL REFERENCE TO FASHION MARKET IN SRI LANKA

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Dissertation submitted in partial fulfilment of the requirements for the degree Master of Science in Interior Design

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DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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Acknowledgement

This dissertation becomes a reality with the kind support and help of many individuals. I would like to extend my sincere thanks to all of them & would like to express my special gratitude to;

Dr. Gamini Weerasinghe, Department of Architecture, University of Moratuwa, for imparting his knowledge and expertise as a supervisor for the study despite his many other academic and professional commitments.

Archt. D.P.Chandrasekare & all academic staff in the PG Diploma leading to Master of Science in Interior Design, Department of Architecture, University of Moratuwa & Professor Kelly Beaverford, Associate professor- Interior Design University of Manitoba, Canada, for their valuable comments.

Mrs. Geethika Ratnayake, Senior Lecturer, Department of Statistics, University of Sri Jayewardenepura for imparting her knowledge and expertise in the field of statistics and structural equation modelling.

Deshamanaya Vidyajothi Archt. Ashley de Vos, my mentor & employer for his keen interest & overwhelming attitude to help students & kind co-operation throughout my study period.

Management and Staff of selected retail stores for their cooperation given for the study and the survey.

Anuka, Manori & Sumedha for their contribution given to conduct the survey and all shoppers participate the survey.

Archt. Gishan Ratnayake, my husband for his constant encouragement with love & support.

My parents, brother & mother-in-law for their kind support.

Finally, I am indebted to my little daughter, "Pulsai" who has to spent lot of time away from me to allow me to focus on the study.

Abstract

Traditional retail activities, 'pola' and 'kade' have also upgraded in order to compete with the modern retail format in Sri Lanka. The scale of the Sri Lankan retail market is anticipated at in between 25-30 billion (USD), out of which organized players constitute only three percent.

At present Sri Lanka's spending patterns resemble western nations, whose populace needs extra way of life merchandise and aspiration of luxury items. Sri Lankan customer has been stimulated with international lifestyle and need more requirements. The rising living standards of Sri Lankans' are converting their spending styles and choices in the direction of greater first-class branded goods and services.

Customer needs fuels the modern-day retailing and the heart of the growth of modern-day retailing is the 'Customer'.

The significance of environments in retail context has for long been identified both among practitioners and researchers.

The research problem of this study was "How the interior environment genuinely affects the customer behaviour in designing fashion retail stores in Sri Lanka?"

The study explored interior environments and their effects on consumer behaviour with special reference to retail fashion design market in Sri Lanka. It provided a systematic over view of concept of interior designed atmospheres and their effects on consumer behaviour in fashion design retail context by employing Stimulus-Organism-Response (S-O-R) model.

In addition to the traditional store stimuli of social factors, design factors and ambient factors, study introduced merchandise factors as a stimulus within fashion design retail stores.

Further it incorporated with both intellectual and intuitive evaluations as customers 'internal states

The specific research objectives of the study were to investigate:

- The effects of store environmental factors and merchandise factors on intellectual evaluation toward store and merchandise, respectively;
- The effects of intellectual evaluation toward store and merchandise on intuitive evaluation toward store and merchandise, respectively;
- The effects of intellectual and evaluation towards store and merchandise on approachavoidance behaviours.

The study conducted in the context of fashion design retail market in Sri Lanka and shopping intercept survey methodology employed to collect the data and data analyzed by using a structural equation modelling approach.

Further the study provided research implications, managerial implications, and avenues for future research.

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CHAPTER ONE

1.1 INTRODUCTION

With the abundance of re-sellers selling similar merchandise, consumers expect a unique shopping experience and unique products from each vendor. To purchase a simple item, present consumer has variety of different stores and vendors. When it involves shopping experience, each of the above stores or vendors has something different or unique to offer. The retail store must define what is unique and special about its offering that makes it higher than other stores. In order to achieve this, the retail store has to contain unique branding strategies that deliver the particular store to purchaser's minds at the time of purchase.

At past consumers particularly focused on product functions or attributes to opt for a store or a shopping place. But present consumers ask for added beneficial elements to select stores for their purchases. A pleasant environment of the retail chain outlets is one of those elements which are extremely desired the role of store environment in the success of retail outlet cannot be neglected (Turley & Milliman, 2000).

"Environment is a term that is used to explain our feelings towards the shopping experience which cannot be seen" (Milliman, 1986).

Kotler (1973-74) describes shop environment as "the design of the of retail chain outlet that produces specific emotional effects on the buyer that enhances his purchasing probability".

The attractive and impressive environment of retail stores creates an enjoyable experience among the customers, which directly impacts customers' purchase intention and their decision making process (Srinivasan & Srivastava, 2010).

Wakefield & Baker (1998) proved that the probability of customers staying longer in store increases due to environmental factors. When a consumer feels satisfied from the retail environment of the store, he spends more time in a particular store and buys more because of pleasant environmental factors (Bohl, 2012). The environment has a

massive impact on the consumers' emotion and satisfaction. The impressive environment of the retail chain outlets enhances the customer satisfaction level and purchase experience (Silva & Giraldi, 2010).

Numerous researchers have identified the impact of environment on the behaviour of consumers in the store but still empirical studies on the impact of store environment on the behaviour of consumers are limited. Many studies were conducted, but they are aimed on one environmental variable at a time and left others. But in reality consumer behaviour is affected by numerous environmental factors together.

1.2 Research Problem

The research problem of this study is the impact of the interior environment on the consumer shopping behaviour in fashion retail market in Sri Lanka.

1.3 Research Objectives

Research objectives of this study are;

- Examine store environmental factors such as social, design and merchandise factors which force consumers' intellectual evaluation towards the both store and merchandise.
- Explore the impact of intellectual assessments towards the store and merchandise on intuitive evaluation toward store and merchandise individually.
- Examine consumer response behaviour (how consumers' internal status affect on his shopping activities)

1.4 Significant Of the Study

Study attempts to be one of the first studies which examine the consumer behaviour towards fashion retail environments in Sri Lankan context.

It is expected to be comprehending client observation towards the store and merchandise factors offered by the fashion retailer. It examined the impact of these factors on customers' intellectual and intuitive evaluations, which eventually affect their shopping behaviour.

Further this study elaborated with the literature review with special reference to retail interior environmental designs and consumer behaviour. The theoretical frame work was illustrated with developing research model by utilizing S-O-R model (Mehrabian and Russell 1974) and a hypothesis developed based on that. Study was granted with a special reference to the sample selection, data collection and statistical analysis. Next the results were presented with discussion. Finally conclusions were made.

1.5 Delimitations of the Study

Study is limited only to investigate the design of retail atmosphere and how the atmospheric cues encountered in a retail environment and how it contribute to the creation of a retail experience of a design retail stores for selected retailers in Sri Lanka. Therefore it is important to emphasize that the findings of the study cannot generalized to all retailers in Sri Lanka, nor to all interior designers who specialize in retail design environments.

1.6 Contribution of the Study

Study could make a significant contribution to interior design research in Sri Lanka. The theoretical knowledge generated by the study could enable retail managers and professional interior designers to develop an understanding of the significance of retail design in strategic planning for fashion retailers. Furthermore, it will contribute to an understanding and appreciation of the role of interior designers to design and create interior atmospheres that allow retailers to create retail stores that are differential targeted to their specific consumer market.

Study will have significant implications for the future in this area of design research, as it will provide professionals and academics with insight into retail design in Sri Lanka, enabling them to further advance the fundamental body of knowledge in the field of Interior Design, Retailing and Retail Management.

1.7 Structure Of Dissertation

The structure of the study is composed into six sections.

Chapter 1 gives an introduction to the investigation that graphs the setting of the study and displays the significance and necessity for the study. The research problem and the purpose of the study portrayed and its objectives discussed.

Chapter 2 discusses the retail definition, the retail transformation in Sri Lanka. Further it discuss theories of Interior environmental factors based on past research material

Chapter 3 depicts the brief portrayal of the logical examinations and theoretical framework.

Chapter 4 discusses research strategy and statistical methodologies used in the study.

Chapter 5 discusses the case studies and data analysis.

Chapter 6 gives an audit of the study considered and presents the conclusions.

1.8 Operational Definitions

Store Environment - Every physical and non physical components of a store, which are inside the retailer's manage to upgrade clients' shopping knowledge in the store (Machleit & Eroglu, 2000).

Store stimuli - Outside elements show in a store which is related amid the basic leadership circumstance (Lee, 2008).

Social factors - The nearness of workers and different clients in the store (Mantrala, 2010).

Design factors - The optical components of a space which is influence to exist at the cutting edge of shoppers' mindfulness (e.g., color, layout, architecture) (Mantrala,

2010).

Ambient factors - The non- optical components of a space (e.g., temperature, music, lighting) (Mantrala, 2010).

Organism - Inward procedures and structures interceding between stimuli outside to the individual and the last activities, responses, or reactions transmitted. (Klanten & Borges, 2013).

Intellectual evaluation - The assessment that is related with shopper discernment prepare, which begins from data handling and induction hypotheses (Kowatsch & Maass, 2010).

Intuitive evaluation - A decision whether a protest is wonderful, alluring, important, amiable, or ideal (Kowatsch & Maass, 2010).

Response - The mental responses, for example, states of mind as well as behavioral responses of purchasers (Kowatsch & Maass, 2010).

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into 3 sections, Retail definition and consumer experience, Retail transformation in Sri Lankan context and Existing theories based on interior environmental factors.

2.2 Defining Retail

There are many approaches to understanding and defining retailing; most emphasize retailing as a business activity of selling goods or services to the final consumer. Gilbert, 2003 have defined retail as "any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution."(p 6)

2.3 Retail Differentiation and Consumer Experience

A unique customer experience is the best way to produce a sustainable business growth, especially in highly competitive industries. It would have a ready and loyal customer base across all of its delivery channels, would improve its market share, and become more profitable.

Retailers make usage of retail environmental design to perceive and enhance a positive shopping environment foundation by making signs that attract buyers into retail stores and to associate with them in a fantastic shopping learning (Baker, Parasuraman, Grewal and Vos 2002; Hu and Jasper 2006; Verhoef et al 2009; Grewal et al 2009). While genuinely retail stores were planned to oblige things, current examples put more noticeable emphasis on the experience, perceptions, and sentiments of the client (Murialdo 2013). Accordingly, a complimentary affiliation and strong relationship between the retail plan and the retail organization have been able to improve its market share, and become more profitable.

2.4 Retail Transformation in Sri Lanka

The earliest trading place in ancient Sri Lanka could be traced back to 6th to BC to 12th century AD. This was the period when the agricultural settlements on the Malwathu-Oya in Anuradhapura kingdom been established and a central area was chosen to barter and trade. Those central spaces transformed into first known retail spaces or "pola" in early Sri Lanka.

This traditional retail space is known as "pola" was a simple geometric formation where a centre aisle was created with the outlets located on either side; it was for maximum interaction between the buyer and the seller. Within this "pola" trading occurs mostly in small open sheds constructed using timber posts and covered with locally available materials such as "kadjan" in the early days and with available modern materials in recent times.

These small individual sheds act as retail stores which can maintain their identity within the whole context. Important features of these types of arrangements are convenient locations



Figure 2.1 Native Shops near Colombo 1929 Source: Twentieth Century Impressions of Ceylon



Market - Borella 1938
Source: Twentieth Century Impressions of Ceylon



Market - Trincomalee Source: Twentieth Century Impressions of Ceylon

with functional flexibility and accessibility to the goods being sold. Bargaining can be done as against today's supermarkets which greatly add to the character and popularity of the "pola" amongst people from all walks of life.

A sense of enclosure is derived from grid pattern where the sellers on the outer periphery define the space. This may be further emphasized by the colourful polyethylene sheets strung up to protect from the harsh midday sun and as well as it gives vibrant quality to the interior atmosphere of the sheds. These coverings along with the multi- hued fresh products, fish, household goods and garment/apparel and fashion items from the identity and character of the ancient retail space known as "pola" making them distinct gathering spots in the city for purchasing bargaining and socializing with one's neighbours and friends. Refer figure 2.1-2.5

It's identified that present Sri Lankan consumer needs and lifestyle that have been changed rapidly over the recent past, compared to other Asian countries. Open economy and a boom



Figure 2.4 Contemporary Village Market Source: By Author



Figure 2.5 Contemporary Market -Suburban Source: By Author



Figure 2.6 Super market Source: By Author

in the tourism industry has a huge impact on present Sri Lankan consumer needs and is much more complex compared to the past. Refer figure 2.6-2.9

Persistent change of customer shopping activities and needs affects the advancement of contemporary retailing.

Today's client is more cognizant in their acquiring choices. They look for better esteem for their cash, careful about unique advancements; inquire about best arrangements accessible and willing to utilize distinctive channels to get to those. Who purchases what and where they go to get it.

Concurring the Economic and social measurements of Sri Lanka 2014 (Central bank of Sri Lanka) and Jones Lang Lasell (2013) "Refreshingly Sri Lanka- An Island of retail opportunity" the extent of the Sri Lankan retail market is assessed at between USD 25 billion and USD 30 billion, out of which organized players represent just 3%.



Figure 2.7 Apparel market-Suburbs Source: By Author



Figure 2.8 Contemporary fashion retail store Source: By Author



Figure 2.9
Designer fashion retail store
Source: By Author

The rising expectations for everyday comforts of Sri Lankans are changing their spending examples and inclinations toward more quality marketed products and services.

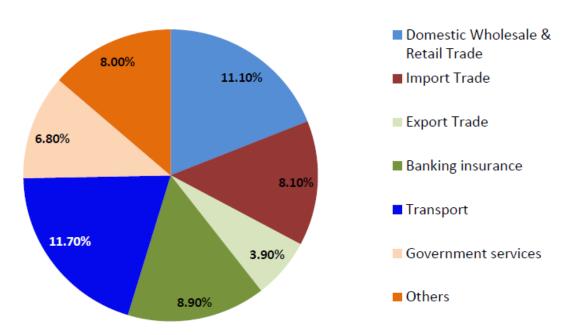


Figure 2.10
Services Sector – The Driving Force of the Economy
Source: CBSL. APSL research

2.4.1 Contemporary Sri Lankan fashion design industry

According to the Oxford English Dictionary, Fashion is "a popular or the latest style of clothing, hair, decoration or behaviour" or "the production and marketing of new styles of clothing and cosmetics". As the definition clearly states, fashion is a part of day-to-day lives of people all over the world from the very primitive tribes to the people of developed countries.

Considering the contemporary Sri Lankan society, it is evident that the influence of fashion has a considerable impact on the day-to-day life of people. Being a multicultural society, the adoption of fashion differs from one set of people to another and it also differs based on the region. As per fashion Designer's point of view, the awareness on fashion and the use of it among Sri Lankans is not up to the level compared to other parts of developed world.

Sri Lankans have adopted European and American Fashion designs to a considerable level. Especially in urban context, casual clothing styles such as denim jeans are common and even in rural context, dresses such as trousers and skirts are widely used. European and American formal dressing codes were adopted by most of the Sri Lankan business organizations while traditional "sarees" also can be seen (Navaratne, .2011).

People tend to wear colourful and trendy fashion designs with a bit of fancy touch in present context and considerable increase in fashion trends and brand loyalty can be seen in the country. Original and fake products which carry the famous international brand names such as "Nike", "CK", "Tommy Hilfiger", etc is a common sight.

In addition local well established fashion chains are also introducing their own fashion brands such as "Licc", "Avirate", "Envoy", etc.

2.5 Introduction to Retail Stores and Retail Design

The importance of store to retailer identity is highlighted when Doyle & Broadbridge (1999) suggest that the retail store and associated consumer experience represent the interface between the consumer and the retailer. The retail store is a mechanism of brand communication and it is a representation of the retailer when transactions occur (Doyle & Broadbridge 1999).

The image of the retail store, the manner in which it enhances the positive shopping experience and how it provides superior value to the consumer market is identified by authors such as Baker *et al* (2002), Davies and Ward (2002), Dunn and Lusch (2007), Kent (2007), Puccinelli *et al* (2009) and Verhoef *et al* (2009). In addition, the relationship between store image and consumer behavior has been widely researched by authors such as Babin and Attaway (2000), Grewal *et al* (2009), Kim *et al* (2007), Kotler (1974) and (Ann, & Koenraad, 2010)These studies suggest that the image of the retail store environment is a combination of consumer's cognitive and emotional responses, which in turn represents what the store signifies or means to the consumer.

2.6 Interior Environment in Fashion Retail Stores

The Interior environment of a store can be elaborate in three factors such as social, design and ambient. Past research work identified those three factors as traditional store environment factors. In this study merchandise factor is added as a component of the store interior environment in addition to traditional store environment factors.

Social factors are the boosts that incorporate existence of workers and different clients in the store. Design factors are the boosts that speak to the visual components of a space such as layout designs, colour, and shading, lighting, signage & architectural components etc. Ambient factors are the boosts that allude to non-visual components (e.g., temperature, music, and scent) that affect the purchaser's intuitive states. Merchandise factor is the boost that promotes the sale of products, especially by their presentation in retail outlets.

2.6.1 Social factors

Store workers and diverse consumers in the store are perceived as social components in the retail store environment (Levy, Weitz, & Beitelspacher, 2011). The social factor consolidates worker quality or physical appearance, the number of agents and gender of workers of different customers. The physical appearance of retailers is essential since it is an approach to conveying to customers about the store's image. (Menthula, 2013)

A retail store depicted by distinction image social components such as more deals staff on the floor and they wear proficient clothing, and a business agent welcome customers at the entry to the store were viewed as giving higher organization quality than a store depicted by markdown picture social components.

Singh (2006) discovered social factors to emphatically influence specific intellectual assessments, for instance, sensed merchandise quality, cost, and administration quality. Zeithaml, Bitner, & Gremler, (2012) found a cluttered circumstance, incorporating a delegate in unprofessional garments, could affect a customer dedication's the time when an organization disillusionment happened.

Zeithaml, Bitner, & Gremler, (2012) concentrated on consumer-to-consumer communications in stimulation delight stops and found that organization experiences were impacted by other consumers' adhere to standards of direct and by the obvious pleasantry of various consumers.

An instance of detecting congestion influencing observation is by virtue of markdown stores where the amount of various consumers is an irreplaceable part of the rebate store environment. In such a condition, proximity of not a lot of consumers could adversely influence costumers' store appraisal and satisfaction (Zeithaml, Bitner, & Gremler, 2012). Social factors are imperative for fashion retailers as an approach to make an affirmative store image.

2.6.2 Design factors

Design of a store is an essential part of the store environment. Design factors can be classified as practical or tasteful in existence. (Jacobsen, 2011).

Design factors, for example, design layouts, stock affiliation or merchandise organization, and affluence, or user comfort come under practical or functional factors which are identified as a part of the design factors.

Aesthetic or tasteful factors such as colour, texture, and decor can be identified as another part of design factors in the store environment. Mantrala, (2010) Jacobsen, (2011) Fernie, Fernie, & Moore, (2015) has been found these design factors affect persona's appraisals of individuals and physical entity in the particular environment.

Singh (2006) established store design factors can affect mental appraisals. Furthermore, store design factors positively influence customer concurring opinion about merchandise sold in the store.

2.6.2.1 Floor plans and layout

Findings of the Mesher, (2010) Piotrowski & Rogers, (2016), states design and displays in the fashion retail stores add one-fourth gross revenue of the store. Gathering of items, rack spaces, and allotment of floor space, department allocations and wall decorations identify under display.

Banat and wandebori (2012) defined layout as section of selling area, space utilization and provision, a grouping of products.

Some researchers identified there are five types of floor layouts which can apply to the store designs. Such as Straight floor plan, Diagonal floor plan, Angular/curve floor plan, Geometric floor plan and Mixed (free) floor plan.

(Refer figure 2.11-2.16)

The straight floor arranges makes ideal utilization of the dividers, and uses the space in the wisest way. The straight floor arrangement makes spaces inside the retail environment for customers to move and shop uninhibitedly. It is one of the normally

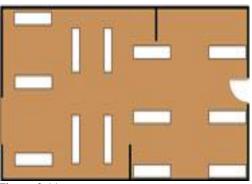


Figure 2.11

Sketch - Straight floor plan

Source: By Author

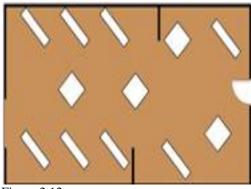


Figure 2.12

Sketch - Diagonal floor plan

Source: By Author

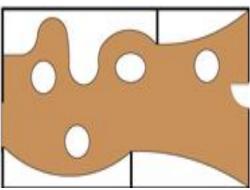


Figure 2.13

Sketch -curve floor plan

Source: By Author

executed store plans.

As per the diagonal floor arrange, the rack or racks are kept inclining to each other for the store owner or for staff to have a watch on customers. Diagonal floor arranges functions admirably in stores where customers have freedom to stroll in and get stuck all alone.

The racks and mechanical assemblies are given a geometric shape in such a story organized. The geometric floor mastermind gives an in vogue and surprising look to the store. The mixed floor plan takes into consideration angular, diagonal and straight layout to give rise to the most functional store layout.

Product display emphatically influences the customers expectation and observation about the item. Customer's advancement in the stores is gigantically impacted by the show of the items in the stores (Zeithaml, Bitner, & Gremler, 2012).

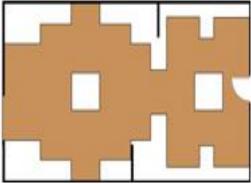


Figure 2.14

Sketch - Geometric floor plan

Source: By Author

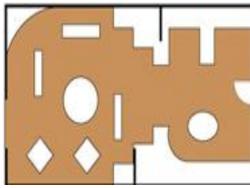


Figure 2.15

Sketch - mixed (free) floor plan

Source: By Author



Figure 2.16

Sketch - Fashion Retail Store Floor Plan Source:https://s-media-cache-ak0.pinimg.com

2.6.2.2 Colour

The utilization of various colour schemes in exterior and interior environment of the store is one of the factors to draw in customers by retailers.

Colour used within the shop environment can affect consumers 'cognitive evaluations of the shop interior and the merchandise (Bellizzi, Crowley, & Hasty, 1983).

Colour has great impact on the consumer's perception about the merchandise (Yuksel, 2009).

Colour builds feelings and affects consumer behaviour and attitude (Banat & Wandebori, 2012).

Colour theoreticians Beneath & Wandebori, 2012, Yuksel, 2009, Watson, & Sephton, 2007, found colour generates sentiments influences customers behaviour and disposition and it could fortify recollections, contemplations, and experiences.



Figure 2.17

White colour used to portray light and purity and it gives clean and bright fashion retail interior environment

Source: https://www.architonic.com



Figure 2.18

Black colour described as the presence of all color and it's an attention grabber. Black really makes merchandise pop

Source: http://retaildesignblog.net/



Figure 2.19

Red is the colour grabs customers attention.

Source: http://www.e-architect.co.

Further they found colour has magnificent effect of customer's observation about the product and good colour of the retail store environment will get customers consideration and make positive discernment about the merchandise.

Colours have differences in their importance, with changes in cultural context. For example, the colour black has different significance in western and eastern cultures. Globally the colour pink is used to communicate feminity, green is used for freshness, natural, and vegetarian. Further, the colour preferences of customers change with change in fashion, fad, and trend.

Understanding colour preferences of customers can help in communicating and building store image. Customers have learned to associate meaning with different colours or colour combination that are imbibed in to the culture. Understanding colour prejudices and their meaning beyond the textual context on a local context can help in adding value to the store's image (Lawes, 2008).



Figure 2.20
Pink is a happy, romantic, light-hearted colour.
This gives soothing environment to the fashion retail interior.

Source: http://retaildesignblog.net/



Figure 2.21- Blue is a colour that is attractive to the majority of people, so it is a good choice for these stores with combined with yellow or orange colours.

Source: http://retaildesignblog.net/



Figure 2.22- Brown signifies warmth and security. It's a stable, dependable, down-to-earth colour.

Source: http://retaildesignblog.net/

2.6.2.3 Lighting

Lighting is an important factor of retail environment. It is mainly used to highlight products. It creates excitement and has a positive impact on customers purchasing conduct (Mehrabian & Albert, (1976).

The impact of in-store illumination on shoppers' cognition, value, and consumption behaviour can be seen in reference to customer's arousal and vision as these are two important of lighting effects. outcomes changes customers' mood, creates and excitement gives thematic appreciation to the store image (Areni and Kim, 1994).

Areni and Kim (1994) and Fernie, Fernie, & Moore, (2015) found the issue of "image" versus "function" is highly critical in creating an appropriate shop environment.

Low lighting can increment comfort level, but brighter lighting is more vital in a retail environment, as it is identified with higher itemized contribution of purchasers and more positive customer recognition of the store environment (Torres-Baumgarten & Yucetepe, 2011).



Figure 2.23

Spot lights used to highlighted the display products

http://retaildesignblog.net/



Figure 2.24
Interior lighting
http://retaildesignblog.net/



Figure 2.25
Interior lighting
http://retaildesignblog.net/

2.6.2.4 Signage

Collection of signs refers as Signage. They are posters, labels, and graphics the retailer uses outside and inside the store to guide customers in. These elements together fulfil a number of different functions, such Organizational signage, Location signage, Category signage & Promotional signage (Newman & Cullen, 2001, Ebster & Garaus, 2013)

Signs and graphics utilized as part of the store and act as scaffold between the product and the objective marker. They make a dramatic impact, include identity, excellence, and convey store image (Kumar, 2010).



Figure 2.26

Signage used to give more information about products

Source: http://www.paulinaarcklin.net/good-



Figure 2.27

Signage used to give more information about store

Source:http://www.coast-agency.

2.6.3 Ambient factors

Ambient factors, referred as non-visual factors, which include sound (Music), olfactory (scent) & Temperature.

2.6.3.1 Sound (Music)

Music can be defined as a pleasant sound that impacts customer's conscious and unconscious decisions. Music played in retail stores significantly impacts consumer purchase intention (Banat & Wandebori, 2012).

Music styles and tempos deeply influence customers in increasing sales of the retail stores. Pleasant sounds at retail stores associated with longer consumption time. Customers spend less time in stores when the music is played louder as compared to soft (Lea-Greenwood, 2013).

2.6.3.2 Olfactory (scent)

Aroma or fragrance in the retail stores has an observable effect on customers purchasing expectation. Aroma is a lovely scent that impacts client inclination and feelings which make the clients remain additional time and feel energized (Banat & Wandebori, 2012).

Choice of one aroma ought to be favoured over different fragrances. Customers spend more cash at the outlets with single aroma contrasted with those scustomers who were presented to numerous aromas (Haberland, 2010).

2.6.3.3 Temperature

The temperature at a retail store incredibly affects customers purchase contemplation. Outrageous temperature, low or high makes negative sentiments among customers; it prompts to disappointment among customers and thus, customers invest less energy in the store and create a negative informal exchange (Lam, 2001. Zeynep.E & Nilgun, G.2011).

2.6.4 Merchandise factor

Merchandise factor is the boost that promotes the sale of products, especially by their presentation in retail outlets. The use and manipulation of attractive sales displays and retail floor layouts to engage customers and boost sales referred activity is Visual Merchandising.

In present retail industry, Visual Merchandising assumes a vital part to attract customers in to the store and make them to purchase products.

Visual merchandising consists two main techniques; interior and exterior displays, known as in-store design and window displays. (Figure no. 1.28 - 1.32.) The goal of these two techniques is to attract the attention of customers, invite them into the store, to keep them in the store as long as possible, and to influence purchasing decisions. It was found these two techniques have the greatest effect on impulse buying. (Hefer & Cant, 2013)



Figure 2.28
Visual merchandising- Exterior
Source: http://retaildesignblog.net/



Figure 2.29 Visual merchandising- Interior



Source: http://retaildesignblog.net/ Figure 2.30

Visual merchandising- Interior Source: http://retaildesignblog.net

CHAPTER 3

THEORITICAL FRAMEWORK

3.1 Introduction

A retail shop can provide selected surroundings that affect a customer's choice of purchasing behaviour (Musso, Druica, & Musso, 2014).

The impact of store environment for customer behaviour inside a store has been concentrated on by several researchers. According to Kotler's (1973) definition of atmospherics as the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability (p.50) (Achrol & Kotler, 2011).

From the retailer point of view, store environment is the exertion by the retailer to make a reasonable environment to create positive feelings inside the client, which will improve the likelihood of obtaining. From the client point of view, store environment gives signals, in light of which clients build up a picture about the retailer.

This study will adjust Mehrabian and Russell's environmental psychology model and apply it with regards to form fashion retail stores to comprehend the impact of store environment and Merchandise on subjective assessments and feelings produced and the result factors as far as an approach - shirking behaviour.

3.2. The Mehrabian – Russell model

The Mehrabian – Russell (MR) model (1974) developed the basic SOR model in an environmental psychology context. The basic premise of the model is that a shopper's perception of and behaviour within a retail environment are the result of

emotional states generated by that environment (Baker, 1992., Grewal, Levy, & Kumar, 2009).

The S-O-R framework (see figure 3.1) assumes that the environment contains some stimuli (S) which cause changes to people's interior or organism states(O), which generate approach or avoidance responses(R)((Noel, 2009)



Figure 3.1 The Mehrabian – Russell model (1974)

Source: Mehrabian, A. & Russell, J.A., Retail and Distribution Management: an approach to environmental psychology (1974)

3.2.1. The Stimuli

The stimulus is defined in the model as that which affects the internal mood of the person, being described in the consumer behaviour field as the external factors associated with a pending decision.

Baker & Wakefield (2011), identified environmental constituent of a store in three factors such as social, design and ambient. Except for the traditional environmental factors in the present retail market in Sri Lanka, merchandise plays a major role as a stimulus within the fashion retail stores. Several researchers such as Kincade & Gibson, (2006); Kumar (2010), Koumbis, (2014), (Bailey & Baker, 2014), Vecchi & Buckley, (2016) studied Merchandise factor as a part of the store environment and store image. Types of stimuli such as social, design, ambient and merchandise factors discussed in chapter 2.

3.2.2. The Organism

According to Bagozzi, Gurhan-Canli, & Priester, (2002), Lantos, (2015), the Organism is defined as those internal processes and structures that intervene between the external stimulus to people and their actions, reactions or responses.

Being these internal processes the result of perceptions, psychological factors, feelings, and thoughts.

Mehrabian & Russell, (1974), Sorensen, (2016) recognized two sorts of intraindividual evaluations such as intellectual and intuitive.

3.2.2.1 Intellectual evaluation and Intuitive evaluation

Intellectual evaluation

Observation process is essential for customers which first secure particular desires on items and administrations from the recognition procedure before they do genuine shopping practices (Kotler, 1973).

The stimulus in store environment will give vital data to customers; they will construe the data. For example, value, item, benefit, quality and so forth of the retail location (Baker et al., 2002, Chen and Hsieh 2010).

Chen & Hsieh (2010), state the greater part of the past reviews on the store environment overlooked the significance of intellectual assessments, talking about the effect of natural boost on individual passionate responses and practices straightforwardly (Lin, 2004).

In any case, an ever increasing number of researchers consider utilization conduct as a basic leadership procedure of recognition. They think the factors of customer recognition will likewise impact customer practices; a few researchers have started to use discernment to prepare in S-OR model, with the expectation of finding out about the effect of observation in the investigations of the store environment.

Bitner's (1992) services cape model was the most punctual hypothetical model that included the idea of recognition in the store environment. It considered that in-store environment, clients would have perception, enthusiastic and mental responses against nature, he was in; these three sorts of responses would have consequences for customer practices. To customers, store environment could give the insights of items and benefits and make a constant impression of observation in customer minds (Zeithaml, Bitner, Prepared, & Zeithaml-Bitner, 2000); customers would build up convictions on surrounding store environment and take the convictions as the premise of deciding where and administration quality (Zeithaml, Bitner, Prepared, & Zeithaml-Bitner, 2000).

Intuitive evaluation

In a shopping procedure, the shopping environment will influence customer and he will create diverse, passionate or emotional reactions by joining his request or intentions. According to Mehrabian and Russell (1974) emotional or affective evaluation can be measured by three factors such as pleasure-displeasure, arousal-non arousal and dominance- submissiveness.

The dimension of pleasure can be measured using a descriptive scale or observing behaviours such as smile, any kind of facial expression, gesture, etc. It measures the degree of happiness and joy the person has (Sullivan & Adcock, 2002, Lantos, 2015).

Arousal defined as "an affected property (dimension) ranging from sleep to frantic excitement" (Mehrabian and Russell 1974), varies along a single dimension from a calm state to a frenetic one (Bigne & Andreu, 2004) being able to be measured by blood pleasure, eye dilation, skin temperature, breathing, etc. (Sullivan & Adcock, 2002, Lantos, 2015)

Dominance, considered as the weakest part of the model in the empirical research (Vieira, 2013), refers to the degree in which a person feels restricted or freedom to act (Bigne and Andreu, 2004)

3.2.3. The Response

The response is defined by Bagozzi (2010) as the outcome or final action, the reaction of consumers, including psychological reactions such attitudes and or behavioural reactions.

Chen and Hsieh (2010) states "In Mehrabian and Russell's (1974) S-O-R model, customer behavioural responses are customer's intentions of approaching or avoiding certain environment, which is called approach-avoidance behaviors. Customer's behavioural response to consumption environment can be sorted into two categories; one is approach while the other is avoidance. Approach behavior means to approach certain environment, stay, explore, interact and identify in it, having good impression on the environment and holding the intention to return to that environment again. Avoidance behaviour is just the opposite: To express dissatisfaction, worry boringness and irritableness to the environment, hoping to leave from the environment without any intention to return. Customers' responses depend on the extent initiated by environment and can be used to predict customer emotions and their responses to environment. Regarding the relationships between approachavoidance behaviors and other variables, early studies have shown that customer behaviors in store atmosphere are brought about by the feelings and emotions that customers develop in the environment (Donovan and Rossiter, 1982; Mehrabian and Russell, 1974). Therefore, customer behavioural responses to different environment are originated from different emotions."(p 1054)

3.2.4. Research Model and Hypothetical Development

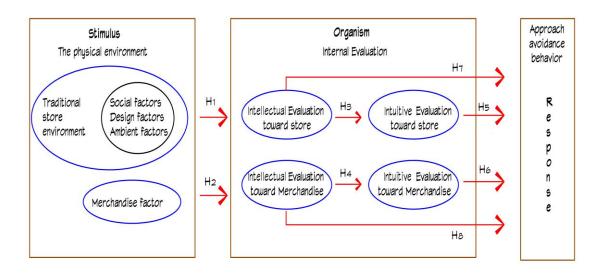


Figure 3.2 Proposed research model Source: By Author

A proposed research model derived from the Mehrabian and Russell's (1974) S-O-R model. In this study, model indicates that traditional store environmental factors and merchandise factor are directly influencing on consumers' intellectual evaluations towards the store and merchandise., Intellectual evaluations towards the store and merchandise influence on intuitive evaluations towards store and merchandise., with respectively Intellectual and intuitive evaluations directly effect on consumer's response. (Approach-avoidance behaviour)

Hypothetical Development

H1: Positive impact of traditional environmental factors (Social, Design and Ambient factors) on intellectual evaluation toward store

H2: Positive impact of Merchandise factors on intellectual evaluation toward Merchandise

H3: Positive impact of intellectual evaluation toward store on intuitive evaluations toward store

H4: Positive impact of intellectual evaluation toward merchandise on intuitive evaluations toward merchandise

H5 : Positive impact of intuitive evaluation toward store on Approach-avoidance behaviour

H6 : Positive impact of intuitive evaluation toward merchandise on Approach avoidance behaviour

H7: Positive impact of intellectual evaluation toward store on Approach-avoidance behaviour

H8: Positive impact of intuitive evaluation toward merchandise on Approach avoidance behaviour.

3.3 Summery

Chapter three provides a reasonable premise to this study and hypothetical legitimization for the proposed connections among store environment, psychological assessment states (cognitive evaluation), full of feeling assessment states (affective evaluation states), and approach-evasion conduct. The reasonable model of this study depended on the SOR model established by Mehrabian and Russell (1974).

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

Research strategy and statistical methodologies used in the study discussed in this chapter.

4.2 Research design

The research design is an arrangement or guide that specialized to take over while conducting a research (Ortiz, 2007). Ortiz, 2007 states that all examinations begin with inquiries to marvel or issues with the men to discover conceivable arrangements or answers.

There are two main research design approaches identified as qualitative and quantitative. In qualitative research, only measurable data are being gathered and analyzed. Quantitative research mainly focuses on gathering of variable data and analyzed in an interpretative manner further it focuses more on counting and classifying features, constructing statistical models and figures to explain what is observed. Quantitative data collection methods are much more structured than Qualitative data collection methods.

4.3 Data collection procedure

Quantitative research technique of in-store intercepts survey method employed in this study to collect data.

Intercept surveys are reviews that perform in person, generally in an open place or at business. As example, interviewers may approach customers leaving a retail store and will get information about their experience. Questioners may pose the questions or basically clarify the venture and give the survey to the respondent to round out. The overviews may be finished on paper or electronic devices (Gideon, 2012;

Groves, et al. 2011).

There are few pros and cones identified in-store intercept surveys. In-store survey is economical, particularly when contrasted with other conventional study strategies and it requires less manpower and practically no printing and appropriation costs. In-store method is quick, which implies they furnish statistical surveying experts with in-the-minute input. In-store studies mean getting the response and state of mind as it occurs.

Some of the cons are quality of data by the interviewer. The quality of data receive will often depend on the ability of the interviewer. Respondents can experience a high degree of survey fatigue, especially if they're in a hurry. This can cause low participation numbers and even negative results due to shoppers who feel as though they're being unnecessarily inconvenienced.

The in-store survey offers a glimpse inside shopping behaviours as they happen. When used judiciously and justified through more accurate data, in-store survey results give a better idea of what consumers think (Groves, et al. 2011).

In-store intercept survey was conducted in five fashion design retail stores for the study.

They were chosen within Colombo city limits and at present are among top ten fashion design retail stores within the city. Those stores operate as department store concepts and unisex fashion designs available with them.

With permission from selected fashion retail store, the survey was executed on weekends during September to December 2015.

4.4 Instrument Development

In this study, the preparation of comprehensive questionnaire and use appropriate statistical analyses is the main instrument. The measurement scales employed were adapted from literature.

The questionnaire was composed in six sections:

- 1. Store traditional environmental factors (social, design and ambient)
- 2. Merchandise factors
- 3. Intellectual evaluations toward fashion retail store
- 4. Intellectual evaluations toward merchandise carried by the fashion retailer
- 5. Intuitive evaluations toward fashion retail store
- 6. Intuitive evaluations toward merchandise carried by the fashion retailer;
- 7. Approach avoidance behaviour;
- 8. Demographics.

All items in each section were measured by a 5-point "Likert" scale (Likert, 1932) ranging from "Strongly disagree" (1) to "Strongly agree" (5).

List of scale items for each of the variables and their sources: Apendix I

The questionnaire was pre-tested by several researchers to assess the strengths and weaknesses of the questionnaire and further to ensure that all the variables were included.

The final questioner was distributed to the representatives of the sample.

Details of the Variables in the Questionnaire. :Apendix II

4.5 Sample Selection

The representatives of the sample for the study were customers who only came out from the store. The interviewer was positioned close to the store doorways and moved to the customer when he or she came out from the store. Regardless of whether the customers had acquired or buy something from the store or not, the questioner moved toward the customer and welcomed the customer to take an interest in the study. The interviewer introduced themselves and clarified the motivation behind the study and the use of the customer's reactions in the study.

With consent of the customer, interviewer noted downs the store from which the customer came out and handover the questioner to the customer. The interviewer

cleared up any questions that the respondent may have had while filling the overview. After the survey was finished, the interviewer gathered it directly and checked if the respondent had addressed every one of the inquiries and if not immediately asked to complete it. This approach decreased the quantity missing values extensively.

4.6 Sample Size

The sample size is the number of observations in a sample (Evans, et al. 2000, p.16). Sample size plays an important role in the accuracy of results and in the appropriateness of the chosen statistical technique (Burns, & Bush, 2013).

As statistical technique, study employs structural equation modelling (SEM). Since SEM relies on certain model fitting criteria which sensitive to sample size, for running SEM, sample size should not be very small & sizes less than 100 are considered as small (Kline, 2010). When the sample size is large, there is a possibility of a Type II error (rejecting something when it is true) (Garson, 2010). Generally sample size of 100–150 is considered as the base sample size for running SEM (Schumacker & Lomax, 2004; Kline, 2010;).

Based on above considerations, this study aimed to obtain 20 representatives from the each 5 stores to obtain total sample size of 100.

4.7 Sample Characteristics

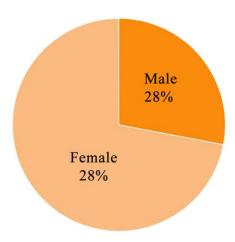


Figure 4.1 pie-chart: Gender analysis Source: By Author

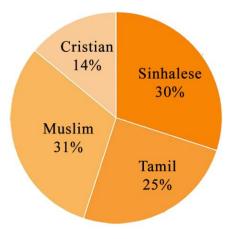


Figure 4.2 pie-chart: Ethnicity analysis Source: By Author

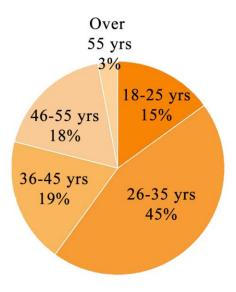


Figure 4.3 pie-chart: Age analysis Source: By Author

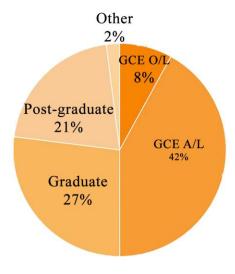
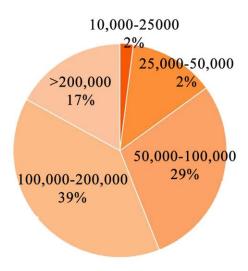


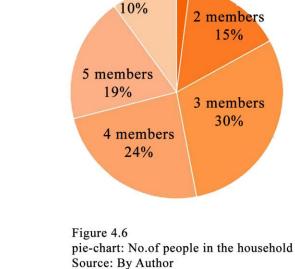
Figure 4.4 pie-chart: Education level analysis Source: By Author





pie-chart: Income level analysis

Source: By Author



>5 members

1 member

2%

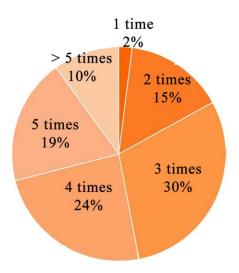


Figure 4.7

pie-chart: No. of visits in the past 3 months

Source: By Author

CHAPTER 5

CASE STUDY AND DATA ANALYSIS

5.1 Introduction

This chapter focused on two sections. Description of selected case studies which represent Sri Lankan fashion market discussed in first section. Second section illustrates data analysis and results.

Study was not critically exam each five case studies separate and examination was not done comparison among each case. All data obtained from 100 respondents of selected five case studies relate to their shopping experience analyzed altogether.

5.2 Selection of Case Studies

Yin, 2002, 2010, 2013, mentioned basic types of case studies are Single case designs-holistic (single case of analysis) and multiple case designs- embedded (multiple units of analysis).

Further he mentioned "each case must carefully selected so that it either predicts similar results (a literal replication) or produces contrasting results, but for predictable reasons (theoretical replications)". (p. 48)

Based on findings of Yin, Robert, K. (2002, 2010, & 2013), this study employed multiple case studies.

Sri Lanka Textile and Appeal industry analysis (2015-2016) identified twenty top fashion retail stores within Colombo city limits.

Table 5.1. Top 20 fashion retail stores in Colombo. (Street, Nam, Studio, & Fashions,)

01	Avirate- Maitland Cress, Colombo 07
02	Beverly Street - R A de Mell Mwatha, Colombo 03
03	Charles & Keith- Arcade indipendence square, Colombo 07
04	Cool Planet- Isipathana Mawatha, Colombo 05
05	Cotton Collection- Dharmapala mawatha Colombo 03
06	Dilly & Carlo – Bauddhaloca Mawatha Colombo 04
07	Double XL- Dublucation road, Colombo 04
08	Fashion Bug- Duplication road, Colombo 03
09	Lady J -Maradana road, Colombo 08
10	House of Fashion- D S Senanayake Mawatha, Colombo 08
11	Mango-Bagathale Road, Colombo 03
12	Mondy- Dharmapala mawatha Colombo 03
13	Mumtaj fashions -Babara Street, Colombo 13
14	Nolimit Image- Colombo 06
15	Odel- Alexandra place, Colombo 07
16	Romafour-Galle road, Colombo 04
17	7 th stories Ranjanas-Galle road, Colombo 04
18	Splash - New Bullers road, Colombo 04
19	The factory outlet- Havelock Road, Colombo 05
20	Uptown kandy- Colombo 03

Five case studies selected out of above retail stores based on author's observations during pilot studies with consider to following criteria.

- Exterior and interior of the fashion retail store has designed by an interior designer.
- Store offers fashion items for unisex.
- Fashion retail store offers latest and most fashionable trends to majority of people who live within Colombo city.
- In addition to clothing and textile store operate as department store concept.

Selected five case studies are;

Case study 01- "Cool Planet", Isipathna mawatha, Colombo 05.

Case study 02-"House of Fashion"- D. S. Senanayake Mawatha, Colombo 08

Case study 03- "Lady J" - Maradana road, Colombo 08

Case study 04- "Nolimit image"- Colombo 06

Case study 05- "Odel" - Alexandra place, Colombo 07

"Cool Planet", Isipathna mawatha, Colombo 05.

Founded in 2006 "Cool Planet" operates in six different stores within Colombo and Kandy city at present. Their largest store at Isipathana mawatha, Colombo 05, opened in 2013 as a flagship store.

Isipathana mawatha store is a multi level renovated building offering 2300 m² retail shopping space for its customers. Shop operates as a department store concept and offer wide rage of items ranging from basic to high end.

Store is open to customers seven days of the week.



Figure 5.1: Exterior view Source:http://www.coolplanet.lk/



Figure 5.2: Interior view Source:http://www.coolplanet.lk/



Figure 5.3: Interior view Source:http://www.coolplanet.lk/

"House of Fashions", D.S. Senanayake road, Colombo 08.

House of fashions has been in the trade since 1992. There multi level store at Duplication road, Colombo 03 was very popular retail store among local customers as well as foreign. In 2013, they unveiled their mega store at D. S Senanayake Mawatha, Colombo 8.

It is new purpose designed and build, nine storied department store with 23,000 m² floor space and available with facilities for 350 car parking. Known to be Sri Lanka's first mega shopping complex of this scale and it is South Asia's first single-owner store.

Entrance level has a vast lobby with information centre and ample cashier counters. First to fifth floor each level is allocated for separate sections such as fashion accessories, ladies, gents, kids and house hold items. Products on each section ranges from basic to high-end well known brands.

Store has staff strength of around 300 persons and is open to customers seven days of the week.



Figure 5.4: Exterior view Source: http/www.houseoffashions.lk



Figure 5.5: Interior view Source: http/www.houseoffashions.lk



Figure 5.6: Interior view Source: http/www.houseoffashions.lk

"Lady J", Maradana road, Colombo 08.

"Lady J" is a private owned store initiated as a development of a private retail business chain. Being in the industry for more than decade today it operate as a popular department store in the city.

Store operates in a purpose designed multi storied building with parking facilities to its customers. It offers aprox 7500 m² retail shopping space in total and each level of the building allocated for different products.

Customer has wide range of selections within the store ranging preliminary to basic.

Store is open to customers only six days of the week.



Figure 5.7: Exterior view Source: http/www.ladyj.lk



Figure 5.8: Interior view Source: http/www.ladyj.lk



Figure 5.9: Interior view Source: http/www.ladyj.lk

"NOLIMT-Image", Colombo 06.

NOLIMIT is a flagship brand name of one of Sri Lanka's biggest fashion chain operates more than two decades. They have several stores located across the country and "NOLIMIT-Image" established at Colombo 06 is widely known as the premium store of the chain.

Opened in 2013, store operates in a renovated four storied building. It offers 3000 m² shopping space for its customers. Entrance level is mainly allocated for household items and fashion accessories. First level caters for gents, second level is for kids and third level caters for ladies.

Store offers wide range of items range from basic to high-end. In addition collection of NOLIMIT's own branded products available to customers.

Store is open to its customers seven days of the week.



Figure 5.10: Exterior view Source: http/www.nolimit.lk



Figure 5.11: Interior view Source: http/www.nolimit.lk



Figure 5.12: Interior view Source: http/www.nolimit.lk

"Odel", Alexandra Place, Colombo 03.

Initiated as a small retail outlet focusing retail garments, "Odel" has over the years developed and become the first department store of the country. At present it is a public retailing company, the first in Sri Lanka which is popular among both local and foreign customers..

"Odel" flagship store at Alexandra place opened in 1996 with 930 m² floor space in a renovated colonial building. Over the years it expanded with modern architectural and shopping concepts and today offers 3700 m² shopping space for its customers.

At present Odel's stakeholder network has widened to over 800 employees, over 1,000 suppliers and 200 plus factories locally and globally supplying diverse range of products. well-known In addition to international and local branded items, Odel offers its own brands to customers.

Store is open to customers seven days of the week.



Figure 5.13: Exterior view Source: http://www.odel.lk



Figure 5.14: Interior view Source: http://www.odel.lk



Figure 5.15: Interior view Source: http://www.odel.lk

5.3 Data analyse and results

Data received from 100 respondents of five case studies (Appendix- III) analyzed using a computer tool developed for statistical data analysis Appendix-IV).

Statistical package for Social Science (SPSS), software developed by SSPS Inc, Chicago and acquired by IMB in 2009 used as main tool for the data analysis.

("IBM SPSS - IBM Analytics")

5.3.1 Preliminary analysis

were normally distributed

As a Preliminary analysis mean, median, mode, standard deviations, skewness and kurtosis of each variable calculated to check the validity and distribution.

Results were shown on Appendix V and graphically illustrated by histograms were shown in figure 5.13-5.25. Results indicated that validity of scale items and they

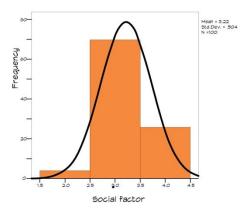


Figure 5.16 :Result of Preliminary analysis -Social factor Source: by Author

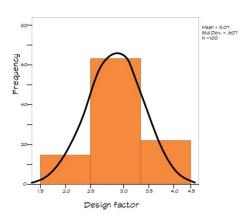


Figure 5.17 :Result of Preliminary analysis -Design factor Source: by Author

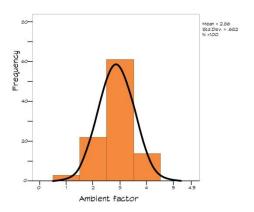


Figure 5.18 :Result of Preliminary analysis -Ambient factor Source: by Author

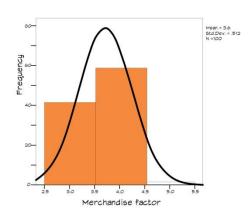


Figure 5.19 :Result of Preliminary analysis -Merchandise factor Source: by Author

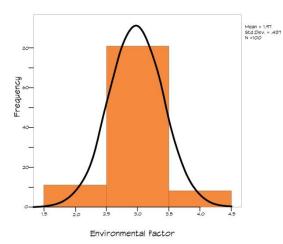


Figure 5.20:Result of Preliminary analysis -Environmental factor Source: by Author

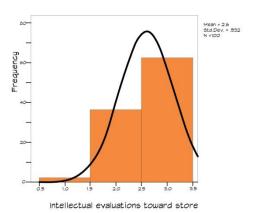


Figure 5.21:Result of Preliminary analysis - Intellectual evaluations toward store Source: by Author

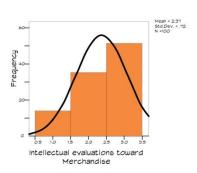


Figure 5.22:Result of Preliminary analysis -Intellectual evaluations toward Merchandise Source: by Author

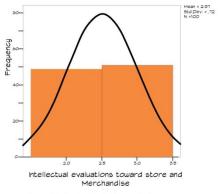


Figure 5.23 :Result of Preliminary analysis -Intellectual evaluations toward store and merchandise Source: by Author

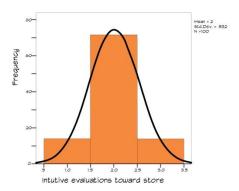


Figure 5.24:Result of Preliminary analysis -Intuitive evaluations toward store Source: by Author

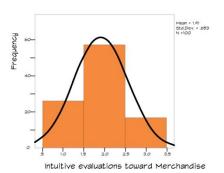


Figure 5.25:Result of Preliminary analysis -Intuitive evaluations toward Merchandise Source: by Author

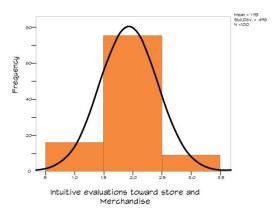


Figure 5.26:Result of Preliminary analysis - Intuitive evaluations toward store and merchandise Source: by Author

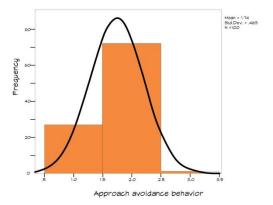


Figure 5.27:Result of Preliminary analysis - Approach avoidance behavior Source: by Author

5.3.2 Structural model evaluation

Hypotheses Testing

 $H1_0$: Negative impact of traditional environmental factors (Social, Design and Ambient factors) on intellectual evaluation towards the store.

 $H2_0$: Negative impact of merchandise factors on intellectual evaluation towards merchandise.

H3₀ : Negative impact of intellectual evaluation towards store on intuitive evaluations toward store.

 $H4_0$: Negative impact of intellectual evaluation toward merchandise on intuitive evaluations toward merchandise.

 $H5_0$: Negative impact of intuitive evaluation toward store on approach-avoidance behaviour.

 $H6_0$: Negative impact of intuitive evaluation toward merchandise on approach avoidance behaviour.

 $H7_0$: Negative impact of intellectual evaluation toward store on approach-avoidance behaviour.

 $H8_0$: Negative impact of intellectual evaluation toward merchandise on approach avoidance behaviour.

Those null hypotheses were tested, by using maximum likelihood ratio Chi-square test (SPSS statistics) and results shown on two way table of columns displayed relative frequencies below.

Table 5.2: Frequency Table - Impact of traditional environmental factors (TEF) on intellectual evaluation toward store.

	Intellectual evaluation toward				
	store				
		Disagree	Average	Agree	
	Disagree	0	2	0	2
		0.0%	100.0%	0.0%	100.0%
TEF	Average	3	29	4	36
IEF		8.3%	80.6%	11.1%	100.0%
	Agree	8	50	4	62
		12.9%	80.6%	6.5%	100.0%
Total		11	81	8	100
Total		11.0%	81.0%	8.0%	100.0%

(Likelihood Ratio Chi-Square Statistic = 10.16, p = 0.008)

The results indicated that there is a statistically significant association between Traditional Environmental Factors (TEF) such as social, design and ambient factors on the Intellectual evaluation toward the store (p < 0.05). Results in Table 5.3 clearly indicate 81% of respondents were average and agree for the TEF.

Therefore, traditional environmental factors are important for fashion retail stores as a means of creating positive store image. The results of the data analysis confirmed that traditional environmental factors such as social, design and ambient factors are important for fashion retail stores to develop Intellectual evaluation towards the store.

Therefore,

 H_1 : There is a positive impact of traditional environmental factors (Social, Design and Ambient factors) on Intellectual evaluation towards store .

Table 5.3: Frequency table - Impact of merchandise factors on intellectual evaluation toward merchandise

		Intellectual			
		Merchandise			
		Disagree	Average	Agree	Total
	Average	11	29	1	
	Average	26.8%	70.7%	2.4%	41.0
Merchandis	Agree Strongly Agree	0	51	7	100.0%
e cues		0.0%	87.9%	12.1%	58.0
		0	1	0	100.0%
		0.0%	100.0%	0.0%	1.0
Total		11	81	8	100.0%
10141		11.0%	81.0%	8.0%	100.00%

(Likelihood Ratio Chi-Square Statistic = 11.08., p = 0.00)

The results in table 5.4 indicated that there is a significant association between merchandise cues on intellectual evaluation toward merchandise (p = 0.000) indicating that merchandise factors significantly influence on the intellectual evaluation toward merchandise. Merchandise factors 100% strongly agreed of intellectual evaluation toward merchandise.

It can be identified that when the merchandise factors improve from average to strongly agree, the percentage highly agreed for intellectual evaluation towards merchandise increases from 70.7% to 100%.

H2: There is a Positive impact of merchandise factors on intellectual evaluation toward merchandise.

Table 5.4: Frequency table - Impact of intellectual evaluation toward store on intuitive evaluations toward store

		Intuitive evaluations toward store			Total
		Disagree	Average	Agree	
	Disagree	1	1	0	2
Intellectual	Disagree	50.0%	50.0%	0.0%	100.0%
evaluations	Average Agree	5	26	5	36
toward store		13.9%	72.2%	13.9%	100.0%
		8	45	9	62
		12.90%	72.6%	14.5%	100.0%
Total		14	72	14	100
		14.0%	72.0%	14.0%	100.0%

(Likelihood Ratio Chi-Square Statistic = 15.28., p = 0.037)

The results in table 5.5 indicated that there is a significant association between intellectual evaluation toward the store on intuitive evaluations toward the store (p = 0.047) indicating that the intellectual evaluation toward store significantly influences on intuitive evaluations toward the store. Intellectual evaluation toward store is 72% strongly agree with Intuitive evaluation toward the store.

H3: There is a Positive impact of intellectual evaluation toward store on intuitive evaluations toward store.

Table 5.5: Frequency Table - Impact of intellectual evaluation toward merchandise on intuitive evaluations toward merchandise

		Intuitive	evaluation	toward	Total
		merchandise	merchandise		
		Disagree	Average	Agree	
	Disagree	7	7	0	14
Intellectual	Disagree	50.0%	50.0%	0.0%	100.0%
evaluations	Avorago	11	22	2	35
toward	Average	31.4%	62.9%	5.7%	100.0%
merchandise	A ana a	8	28	15	51
	Agree	15.7%	54.9%	29.4%	100.0%
Total		26	57	17	10
Total		26.0%	57.0%	17.0%	100.0%

(Likelihood Ratio Chi-Square Statistic = 18.38., p = 0.001)

The results in table 5.6 indicated that there is a significant association between intellectual evaluation toward merchandise on intuitive evaluations toward merchandise (p = 0.001) indicating that the intellectual evaluation toward merchandise significantly influences on Intuitive evaluations toward merchandise. Intellectual evaluation toward store is 74% average and agreed on intuitive evaluation toward merchandise.

H4: There is a Positive impact of intellectual evaluation toward merchandise on intuitive evaluations toward merchandise.

Table 5.6: Frequency table - Impact of intuitive evaluation toward store on approach-avoidance behaviour

		Approach	1	-avoidance	Total
		behaviou	behaviour		
		Disagre	Average	Agree	
		e			
	Disagree	7	7	0	14
Intuitive	Disagree	50.0%	50.00%	0.0%	100.00%
evaluation	Average Agree	52	19	1	72
toward store		72.2%	24.40%	1.4%	100.00%
		13	1	0	14
		92.90%	7.10%	0.0%	100.00%
		72	27	1	10
Total		72.00%	27.00%	1.00%	100.0%

(Likelihood Ratio Chi-Square Statistic = 5.14., p = 0.18)

The results in table 5.7 indicated that there is no significant association between intuitive evaluations toward the store on approach-avoidance behaviour (p > 0.05) indicating that the intuitive evaluation toward store not significantly influences on approach -avoidance behaviour. With the intuitive evaluation toward store is 72% disagree of approach -avoidance behaviour.

H5: There is no positive impact of intuitive evaluation toward store on approach-avoidance behaviour.

Table 5.7: Frequency table - Impact of intuitive evaluation toward merchandise on approach-avoidance behaviour

		Approach	Total		
		Disagree	Average	Agree	
	Disagree	9	17	0	26
Intuitive	Disagree	34.6%	65.4%	0.0%	100.0%
evaluation toward	Average Agree	13	43	1	57
merchandise		22.8%	75.4%	1.8%	100.0%
		5	12	0	17
		29.4%	70.6%	0.0%	100.0%
Total		27	72	1	10
Total		27.00%	72.00%	1.00%	100.0%

(Likelihood Ratio Chi-Square Statistic = 16.17., p = .016)

The results in table 5.8 indicated that there is a significant association between Intuitive evaluation toward merchandise on approach -avoidance behaviour (p = 0.016) indicating that the intuitive evaluation toward merchandise significantly influences on approach -avoidance behaviour. On the intuitive evaluation toward merchandise is 72% strongly agree of approach -avoidance behaviour.

H6: There is positive impact of intuitive evaluation toward merchandise on approach avoidance behaviour.

Table 5.8: Frequency Table - Impact of intellectual evaluation toward store on approach-avoidance behaviour

				Approach avoidance behaviour.		
			Disagree	Average	Agree	
		Disagree	1	1	0	2
Intellectual		Disagree	50.0%	50.0%	0.0%	100.0%
evaluation	toward	l Average	12	24	0	36
store			33.3%	66.7%	0.0%	100.0%
		A ~~~~	14	47	1	62
	Agree	Agree	22.6%	75.8%	1.6%	100.0%
Total			27	72	1	100
			27.0%	72.0%	1.0%	100.0%

(Likelihood Ratio Chi-Square Statistic = 15.2, p = 0.016

The results in Table 5.9 indicated that there is a significant association between intellectual evaluation toward the store on approach -avoidance behaviour (p = 0.016) indicating that the intellectual evaluation toward store significantly influences on approach -avoidance behaviour. Intuitive evaluation toward merchandise is 72% strongly agreed of approach -avoidance behaviour.

H7: There is positive impact of intellectual evaluation toward store on approach-avoidance behaviour.

Table 5.9: Frequency table - Impact of Intellectual evaluation toward merchandise on Approach avoidance behaviour.

		Approach avoidance behaviour.			Total
		Disagree	Average	Agree	
	Disagree	13	1	0	14
Intellectual	Disagree	92.90%	7.10%	0.0%	100.0%
evaluation toward	Average	27	8	0	35
merchandise		77.10%	22.90%	0.0%	100.0%
	Agree	32	18	1	51
		62.70%	35.30%	2.0%	100.0%
Total		27	72	1	100
		72.00%	27.00%	1.0%	100.0%

(Likelihood Ratio Chi-Square Statistic = 3.14, p = 0.16

The results in Table 5.10 indicated that there is no significant association between intellectual evaluations toward merchandise on approach-avoidance behaviour (p > 0.05) indicating that the intellectual evaluation toward merchandise does not significantly influence on approach -avoidance behaviour. Intuitive evaluation toward store is 72% disagree of approach -avoidance behaviour.

H8: There is no positive impact of intellectual evaluation toward merchandise on approach avoidance behaviour.

5.3.3 The hypothesis test results

Table 5.10: The hypothesis results of structural path

Hypothesis		Structural path	Result
Stimulus (The physical	H1	Traditional store environmental on Intellectual evaluation toward store	significant
environment)	H2	Merchandise factors on Intellectual evaluation toward	significant
Organism (Internal	Н3	Intellectual evaluation toward store on intuitive evaluations toward store	significant
Evaluations)	H4	Intellectual evaluation toward merchandise on intuitive evaluations toward merchandise	significant
Response	Н5	Intuitive evaluation toward store on Approach-avoidance behaviour	Not significant
(Approach avoidance	Н6	Intuitive evaluation toward merchandise on Approach-avoidance behaviour	significant
behaviour)	H7	Intellectual evaluation toward store on Approach avoidance behaviour.	significant
	H8	Intellectual evaluation toward merchandise on Approach avoidance behaviour.	Not significant

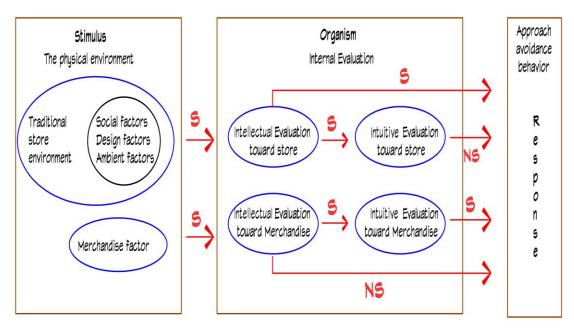


Figure 5.28 Proposed research model with results

The particular research objectives of the study were,

- Examine impact of store environmental factors such as social, design and merchandise factors force customers' intellectual assessments (cognitive evaluation) towards both store and merchandise.
- 2. Explore impact of intellectual assessments towards the store and merchandise on intuitive evaluation toward the store and merchandise.
- 3. Examine how customers' internal status affects on their shopping activities. (customer response behaviour)

Objective 1: The store environmental factors force customers' intellectual assessments (cognitive evaluation) towards both store and merchandise -

The hypothesis test results of H1 & H2 were accepted since it indicated that the H1 and H2 were significant, thus the store environmental factors had a direct impact on customer intellectual evaluations towards both store and merchandise.

Objective 2: The impact of intellectual assessments towards store and merchandise on intuitive evaluation toward store and merchandise-

The hypothesis test results of H3 & H4 were accepted since it indicated that the H3 and H4 were significant, thus the intellectual assessments towards the store and merchandise had direct impact on intuitive evaluation toward the store and merchandise

Objective 3: Consumers' internal states affect on his shopping activities (consumer response behaviour)-

The hypothesis test results of H6 & H7 were significant and H5 & H8 were not significant. Therefore H6- Intuitive evaluation toward merchandise had a direct impact on approach-avoidance behaviour and H7-Intellectual evaluation toward store has a direct effect on approach-avoidance behaviour. Further results indicated H5-intuitive evaluation toward store did not have a direct impact on approach-avoidance behaviour and H8-Intellectual evaluation toward merchandise did not have a direct effect on Approach-avoidance behaviour.

CHAPTER 6

DISCUSSIONS

6.1 Introduction

Chapter Six, final chapter of the study focused on the conclusions of the findings and affiliation to their suggestions for academia, professionals, and marketers of the relevant field.

6.2 Conclusion of the Findings

6.2.1 The effect of Store environmental factors on consumer approach avoidance behaviour. (S-R)

The findings of the study confirmed that the traditional store environmental factors such as social factor, design factor and ambient factor and new factor introduced in this study as merchandise have an important impact on consumer behaviour.

Design and merchandise factor has become major components in the present Sri Lankan fashion retail sector. Most of the consumers were conversant with interior layouts, colours, lighting effects, decorations, signs & graphics, product display techniques, product information and classifications.

All previous mentioned variables indicated an important degree of supportive interrelationship with customer approach behaviours, demonstrating, customer behaviours in fashion retail stores were impressed by the environmental factors and have great applicability with the product.

Ambient factor and social factor (music, scent, room temperature, apparel and disposition of administration staff) were considered by the customer as basic variables that impact their behaviour.

6.2.2 The effect of store environmental factors on customer impression (S-O)

Study included intellectual assessments as a significant variable of client anticipated environment on the premise of S-O-R model. It investigated how intellectual assessments and passionate reaction impact customer's environmental impression and their shopping performance. Study revealed compelling administration of environmental factors (social, design, ambient & merchandise) essentially affect customer's impression of the fashion retail store and merchandise.

6.2.3 The effect of customer impression on approach behaviours (O-R)

Investigations by previous scholars reasoned out store environment administration and advancement of positive feelings were greatly improved than lessening the impacts of negative feelings.

Results of the study for hypothesis no 5 & 8 indicated "Not significant", but significant for both hypothesis no 6 & 7. That reflected there was a positive inter relationship between merchandise and store environment administration leads to customer's sense of satisfaction and shopping behaviour.

6.3 Contributions to Academia, Professionals and Marketers of the Industry.

6.3.1 Contribution to academia

As a pioneering in Sri Lankan context, the study built up a model in view of the conventional SOR model with a specific end goal to catch customer conduct toward a fashion retail store.

Findings of the study fit in with the conventional SOR model; the stimuli such as social, design, ambiance and merchandise factors had consequences for organisms such as direct impact on intellectual assessments toward the store and merchandise, on intuitive evaluation toward store and merchandise, which leads to the response.

Significant commitment of the study to the SOR model was the expansion of merchandise factor as a component of the store stimuli. In addition study improved the current SOR display by setting accentuation on inward assessments (i.e., intellectual and intuitive) towards merchandise and their effects on approach conduct.

Past studies not considered interior assessments towards merchandise and their impact on approach practices. Further past studies which utilized the SOR demonstrated either insight or influence as the inward assessment.

The study used both comprehension and influence to speak to customers' inside assessment states.

6.3.2 Contributions to interior professionals, marketers

Fashion retailer and interior design professionals would work together when designing fashion retail store interior environments. Combination between professional and retailer is very important to the operation of the retail store, it directly effects on consumer behaviour and store image.

Study found fashion retail store's design factors have altogether corresponded with its effect on client immersion and shopping behaviours. Further indicated design factor influences customers buying behaviours. Fashion retail stores ought to focus on highlighting the practical estimation of design factors and merchandise factors.

Design factors have a critical effect on client's clear impression. Fashion retail stores ought to plan the general format of retail environment from its customer's mindset when overseeing configuration elements: To make clients feel flexible and calm with no nervousness in order to keep their positives feeling. Clear and unequivocal layouts, route signs ought to be introduced, as an example, the circulation and grouping indications of products, the colour schemes of the walls or partitions, and correct light levels and light fittings, the direction of way-finding and the areas of other practical offices, with the goal that clients can see them unmistakably when entering the fashion retail store. Exceptional environment made for customers to advance their pleasure in shopping can expand their recurrence to visit and their length of every visit, both are very powerful to build retail environment.

When designing an interior for fashion retail store professionals should consider not only an individual design factor, but also a holistic image of the store interior atmosphere. Study tested the merchandise factor has significant effects on the customers internal evaluation and it leads to approach behaviours. Final results indicated there is a significant association between merchandise factor and it affects customer's internal evaluations and it leads to approach behaviours.

Therefore, professionals responsibility is not just to create aesthetically appealing layouts, spaces, volumes and applying attractive colour schemes, lighting, shop windows, modern fit outs... etc. They should involve with products which are going to be displayed on suitable locations, sections, the way they displayed, (hanging, folding, stacking...etc.), the colour verities which are suitable with the background.

Further professionals responsibility is there to assist an employee or client regarding on social cues, such as the dress cord, colour cord of the staff, and their behaviour on behalf of the retail store. All those should be considered when creating a fashion interior store atmosphere.

Professionals who design interiors for fashion retail stores should serious with, all they create in an interior atmosphere will effect customers' internal evaluation and it will lead to approach behaviours.

6.4 Limitations and Possibilities for Future Studies

The study utilized the SOR framework in a non-experimental setting. Proponents of experimental research might argue that non-experimental research does not allow the researcher to have enough control over variables. The study considered all the store environmental factors in a single setting and considered non-experimental research is valid.

The study not considered individual elements of the store environment (lighting or employees) but attempted to capture the cumulative effect of the three commonly used store environmental factors. (employees, store layout, and music).

Future studies could consider only one aspect of store environmental factors and its effect on behaviour. As an example, the effect of colour on consumer behaviour toward fashion retailers or the effect of employees on consumer behaviour toward fashion retail stores.

The proposed model was tested only in contexts of selected five case studies. Caution to be exercised when generalizing those findings to other types of retail stores or product categories. Store environmental factors within a fashion retailer catering to a particular customer segment might be perceived differently from store environmental factors within fashion retailer catering to a different customer segment. Future studies could consider fashion retailers targeting a particular consumer segment.

Study not measured any specific intellectual evaluation (perceived quality, perceived price) and intuitive evaluation (pleasure, arousal). The study considered a broad definition of cognition and affect. Such specific evaluation measures could be employed in the future to understand different elements of intellectual and intuitive.

Due to time constrains, proposed model was tested only in the context of selected five case studies altogether and results of data analysis may not fully accurate when it applied to Sri Lankan fashion retail market. Future studies could involve more cases based on various selection criteria to cover overall Sri Lankan fashion retail market.

Further researcher can study indeed individual fashion retail store interior atmosphere and their effect on consumer behaviour.

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