

Using Visual Retail Atmospheric Audits in Retailing Education

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Despite the increased utilization of observation research, marketing students rarely if ever get the opportunity to apply ethnographic or observational market research methods in their educational endeavors from both the consumer perspective as well as from the retailing/marketing perspective. To bridge the gap between knowledge and application of observation research methods to assess and determine retail strategy implementation, students were asked to assess their ability to do visual assessment of stores or a retail store audit, prior to and after visually assessing retail stores. This study explores whether students can conduct a physical retail store assessment (a retail audit) to understand what factors and rationale are utilized by retailers when they design their retail environments.

INTRODUCTION AND LITERATURE REVIEW

Retail audits have been utilized for years to assess retailing processes that may need to be adjusted to prevent future complications or problems. A general audit is done to gain insight into defining which issues or areas required more in-depth, specific audits which can assess areas like sales, stock levels, store merchandising, product placement, pricing, pricing issues, promotional activities, and competitor activity (Berman, Evans, & Chatterjee, 2018).

As retailers embrace omni-channels (physical stores, web sites, catalogs, and mobile channels) to ensure their survival, retail managers need to be able to assess the viability of each channel. With Amazon being the top internet retailer and Walmart being the top retail store retailer and each expanding into other omni-channels, the need for retail audits for each channel to ensure a consistent retail presence and brand image across all channels becomes more important (Klipfel, Barclay, & Bockorny, 2014). This is especially true for the physical store as there are those that feel the retail store is a vanishing channel. However, if consumers are given a different physical store experience versus online, physical stores can prosper (Carr, 2017). Many retailers have failed to continually invest in the store experience or retail atmospherics, even though research has shown that remodeled stores yield significantly higher returns (Dagger & Dahaher, 2014). Retailers more than ever need to embrace the creative side of retailing and infuse excitement into the physical store experience that customers will embrace (Kent, 2007).

In marketing, Mary Jo Bitner's (1992) concept of servicescapes and the impact of physical surroundings in a service setting introduced a marketing and consumer behavior framework for understanding the importance of environmental dimensions. The retailing literature also recognizes the importance of environmental dimensions but refers to them as retail atmospherics. The vast research on retail atmospherics includes but is not limited to concepts such as general environmental variables, color, semiotics, lighting, temperature, music, and displays (Alpert & Alpert, 1990; Baker, Levy, & Grewal, 1992; Bellizzi, Crowley, & Hasty, 1983; Briand & Pras, 2010; Mick, 1986; Summers & Herbert, 2001; Turley & Milliman, 2000; Yalch & Spangenberg, 2000). There is a wealth of literature on how these atmospherics affect the consumers' behavior when shopping in retail stores (Dagger & Dahaher, 2014; Hu & Jasper, 2006; Langrehr, 1991; Markin, Lillis, & Narayana, 1976; Sorenson et al., 2017; Turley & Cheat, 2002). With this great wealth of research on the importance of retail atmospherics, there is limited research on how to teach future retailers about assessing and evaluating retail atmospherics from the retail management perspective via retail audits.

From an educational approach, Berman and colleagues (2018) included the concept of a retail audit in their retail management textbook over its thirteen editions. Retail audit engages students in observational research in a live retail setting. Morgan and McCabe (2012) investigated retail stores by having students physically do a retail audit of the physical store from the consumer behavior point of view. This approach, however, does not address the retailer's strategic intent in creating the physical retail store space. When training students for retailing, students need to understand the consumer perspective and translate it into retail strategic plans that make retail stores exciting, sensual places that provide unique experiences that cannot be found elsewhere. Without academic exposure to observational exercises that could foster an applied understanding of assessing variables like retail atmospherics, students cannot understand the importance of such concepts for creating the retail experience especially via the retail store setting (Houston, Stretch-Stephenson, & Germano, 2014).

To assess students' ability to do visual retail audits, the students' ability to do observation research comes into question. We have seen the growth in the practical application of qualitative market research methodologies even with the relative void of such methodologies in marketing education pedagogy (Houston et al., 2014). Observational research methods used in ethnographic fieldwork offer the opportunity to observe consumers in their natural setting and, over an extended period, to gain a contextualized understanding of their needs, wants, and behaviors (Arnould & Wallendorf 1994; Boddy, 2011; Boote & Mathews, 1999; Freeman & Spanjaard, 2012; Houston et al., 2014; Spencer & Edwards, 2006). Even with this increased utilization of observation research, marketing students rarely if ever get the opportunity to apply ethnographic or observational market research methods in their educational endeavors from both the consumer perspective as well as from the retailing/marketing perspective.

In retailing education, observational methods provide the opportunity to explore the total retail setting in an unconventional, contextualized, and experiential manner (Healy, Beverland, Oppewal, & Sands, 2007). The process of conducting observations of retail stores as well as analyzing those results to formulate retail strategy would be expected of students as they work in the retail or consumer products industries. To bridge the gap between knowledge and application of observation research methods to assess and determine retail strategy implementation, students were asked to assess their ability to do visual assessment of stores or a retail store audit, prior to and after visually assessing retail stores. This study explores whether students can conduct a physical retail store assessment (a retail audit) to understand what factors and rationale are utilized by retailers when they design their retail environments. In this context, it is critical that students can do so from a retail management perspective as well as a consumer perspective.

METHODOLOGY

Over many years of teaching retail merchandising, the process of getting students to see and assess the aesthetics of retail environments has been an ongoing struggle. To address this struggle, a detailed retail atmospherics worksheet encompassing the numerous aesthetic/atmospheric aspects that should be

considered when conducting a retail store visual audit was developed. Structured, direct observations such as these are a qualitative research method which attempts to monitor pre-identified characteristics of a product or setting to gain a deeper awareness and understanding of the phenomenon (Boote & Mathews, 1999; Taylor, Borgdan, & DeVault, 2015). To assess the change in the student's ability to do a retail audit, pre- and post-test instruments were used to assess student perceptions of their ability to visually assess the retail environment via a retail audit. Over a period of several years, graduate students and undergraduate students in a Retail Merchandising course were asked to complete the retail audit exercise as well as the pre-test and post-test instruments to assess their perceived ability to do a retail audit regarding visual retail store atmospherics.

Students completed a pre-test before discussing and conducting the retail visual assessment audit exercise. They also completed a post-test after the exercise was completed. In total, over a five-year period, 127 students from both graduate and undergraduate retailing classes at a large public university in Southern California were included in the study. Of the respondents, 32 were graduate students and 95 were undergraduate students with 75 students being female and 52 students being male.

In the retailing classes, students were introduced to and discussed various design principles, store types, and store layouts. In addition, to provide a base level of knowledge regarding retail store visual design, classroom discussions covered atmospheric factors to consider when assessing retail stores were covered. The discussion covered topics such as building materials (internal – floors, walls, fixtures, etc. and external), lighting, colors, sounds, smells, walkways, signage, fixtures, etc. Students were given comprehensive packets of information that asked them to conduct the retail audit of a department and specialty store. All students were asked to conduct a retail audit of JCPenney as the department store and chose a specialty store of their choice. JCPenney was selected as over the years the instructor had gathered literature regarding their retail strategy plus during the period of the study, JCPenney was undergoing a retail branding image change. Through the class materials, in-class discussion, and visiting a store in the middle of the transformation, students were able to assess how JCPenney was implementing the store remodel to present their new retail strategic direction.

On-site retailer visits were scheduled on a Saturday morning to allow time for the walk-throughs, avoid conflicts with other classes, and avoid the crowds at a Southern California mall location. With the professor, students “walked” the malls with frequent walkway stops to discuss the exteriors and atmospherics of several stores. After the exterior assessment, two walkthroughs were conducted in JCPenney; first, to walk the “race-track” (denotes a loop store layout design) and then to enter and assess a single department of their choice. The professor was available to answer questions, as well as share and discuss insights and observations during the site visit and in class.

The analysis of the data includes the descriptive variables as well as the paired T-test to assess significant differences.

RESULTS

The results section will be divided into three sections: pre-test results, post-test results, and a comparison between the pre-test and post-test results.

Pre-test Results

Of the 127 respondents, twenty-one or 16% indicated they had conducted visual assessments before. In other words, 84% of the students had never done any form of visual assessment before (85% undergraduate and 81% graduate). Students were asked what they thought their ability was to complete a retail visual assessment audit. Rating themselves on a seven-point scale with 1 being very capable and 7 being do not have a clue, the results indicated students believed they had some ability to assess a physical retail with most self-assessments falling mid-scale. The mean score was 3.9 on a seven-point scale and the mode response was a four (4). Undergraduate students perceived themselves less able to do the visual assessment than graduate students and there was little difference between female and male perceived ability (3.9 and 3.8 respectively).

Of the twenty-one (21) students who had completed a visual assessment before taking the class, the majority rated their ability as a two (2) with the mean score being 2.9 on a seven-point scale. Of these students, twelve (12) were female and nine (9) male, six (6) were graduate students and fifteen (15) were undergraduate students. It can be noted that when students had conducted visual assessments before, they rated themselves higher compared to students who had not conducted retail visual assessments before (2.9 versus 4.1 mean scores).

Some of the student written responses noted that it would give them insight in why stores look like they do as well as a new perspective on why retail stores look like they do. They looked forward to receiving direction on how to do the audit of retail spaces and to do the retail audit from a managerial view point versus from their usual daily lives interaction with a retail store. Some specific written comments are noted below.

“It is interesting for me because we usually pass by or stop by retail stores in almost every day of life, but we've never recognized them. We just shop around without recognizing that the store's atmosphere is cautionary set up by the owner to facilitate customer including to create customer emotional and experience comments.”

“I feel that this activity is really interesting. Then, this activity might be able to train me in the effective way to analyze the retail store.”

“This activity will be a learning experience for me. I've never visually assessed a store, but I'm always up to learn and challenge my skills to learn more.”

“I feel very excited to walk in stores and shopping areas with new informed eyes.”

“I believe it will be a great opportunity to better understand how stores are set up. I think this will be more interesting than simply writing a paper.”

Post-test Results

In the post-test, students were asked to rate their ability to assess the retail store. The mean score for their assessment ability was 3.0. The mode response for the students post test was 2 for graduate students and the female students while undergraduate and male students had a mode response of 3 each group. When grouped by having or having not done retail audits of physical stores, the mean scores were 3.0 and 2.6 respectively.

The most common verbal as well as written comment shared was that they could no longer walk into a retail store without looking at it in a totally different manner. They were now aware of how the physical factors they assessed in the retail audit impacted the retail image as well as the consumers' perception of and thus use of the retail space. Some of the post-test assessment written comments students made after completing the visual retailing assignment are listed below:

“According to the concept learning in the class, I could assess a retail store in general. However, I think I couldn't observe every detail or sense some different parts. I have gain(ed) more experience to improve my ability.”

“After visiting the mall, I feel more comfortable assessing a retail store in regard to lighting and placement of merchandise.”

“After shown how to do this, I feel that I am now capable to recognize what elements are needed to visually assess a retail store.”

“I learned a lot doing this exercise. Not only is merchandise strategically arranged but also the stores themselves.”

“Before doing this assessment I had no idea how to analysis a store. But now with all the questions in the assessment, it gives me a clear view on variety way to analysis a store.”

Comparison between Pre-test and Post-test Results

Since the purpose of the pre-test and post-test was to see if students gained skills in conducting the retail visual assessment audit exercise, t-tests were utilized to contrast the means of the pre and post-test comparison. The first one is an overall comparison of the students, while the other three comparisons were based on the following dichotomous variables: gender; level of studies; and previous assessment experience. The results of the t-test are presented in Table 1.

TABLE 1

t-test : How would you rate your ability to visually assess a retail store?	t	Bilateral significance
Pre-test - Post-test Comparisson Overall students: graduate, undergraduate, male, female	5.103	0.000
Pre-test - Post-test Comparisson Gender: male and female students	0.528	0.599
Pre-test - Post-test Comparisson Level of studies: undergraduate, graduate	2.907	0.004
Pre-test - Post-test Comparisson Previous assessment experience	2.068	0.041

The overall students t-test results exhibit a statistically significant difference between the pre-test and the post-test assessment, with $t = 5.103$ and bilateral significance less than 0.05 (see Table 1). Therefore, the students did perceive they had learned something from doing the retail audit visual assessment exercise. A comparison of the mean scores is in line with these findings (3.9 to 3.0).

The t-test results by gender do not show a statistically significant difference between the pre-test and the post-test assessment, with $t = 0.528$ and bilateral significance of 0.599, higher than 0.05.

Regarding the level of studies, we tested undergraduate and graduate students. The t-test results illustrate a students' perception difference based on their level of studies, with $t = 2.907$ and bilateral significance of 0.004, less than 0.05. These findings indicate that even though both types of students distinguished an increase on their retail visual learning abilities, the undergraduate students rated themselves less capable to visually assess a retail store than the graduate student in either pre or post-tests. The undergraduate mean comparison in the pre and the post-test is 4.09 to 3.09. The graduate mean comparison in the pre and post-test is 3.22 to 2.68.

The t-test results illustrate a students' perception difference based on their experience on retail audit visual assessment, with $t = 2.068$ and bilateral significance of 0.041, less than 0.05. As expected, even though both type of students distinguished an increase on their retail visual learning abilities, the students that have never done a retail audit visual assessment showed the largest change (4.1 to 3.0) compared to those that had done visual retail audits before (2.8 to 2.6).

CONCLUSIONS AND RECOMMENDATIONS

The results of the study showed that students looked forward to conducting the visual retail audit exercise, but were not prepared for the numerous factors that needed to be considered when visually assessing a retail store. Most (84%) of the students had never conducted a visual assessment before. Overall, students had a positive perceived change in their ability to do visual retail assessment as there was a significant difference between student perceived pre- and post-test reported ability ratings. However, when comparing each individual student change, there was a portion that perceived they had

not increased their ability to do visual retail audit assessments in fact they reported a negative change. When looking at the comments of those who had conducted visual assessments before, these students may have been operating under the assumption that no training or guidance is required to conduct a visual retail audit assessment as 47% reported a negative change versus the 17% for those having never done a visual retail audit. Therefore, by completing the exercise and participating in class discussions, they may have learned that understanding, guidance, and training are necessary to develop a physical retail store that provides a good customer experience and to ensure the physical store is consistent with the retail strategy.

When considering the results, both written and verbal, there seemed to be a lack of knowledge and understanding regarding retail jargon in general. Student seemed to express a lack of knowledge as well as confusion about the atmospheric and aesthetic variables and the importance of assessing the differences across specialty stores and department stores. In other words, it became evident that “they did not know what they did not know” how retail image makes a statement about the retailer’s brand image and the retailer’s need to be different to attract and keep customers.

This generation grew up with access to the Internet with its promise of instant knowledge being only a Google search away. Thus, the perception is that they know everything or will always have the information readily accessible. Students may have gone into the exercise believing they had the knowledge required to complete the task. However, as they did the exercise, they realized that “they did not know what they did not know.” This view is reinforced by student comments indicating they had to do multiple trips to assess all the retail variable because they could not have assimilated or synthesized all the information required for the exercise in one store visit. In addition, they indicated numerous times when shopping, they are not cognitively aware of how they are interacting with the retail spaces. As regular shoppers, they just went into the store and purchased their items without ever considering how and why the retail physical space looked and was laid out the way it was. Clearly, they were not equipped to move from the perspective of the shopper to the perspective of the retailer when visually assessing retail physical space. This creates a challenge of how to utilize their knowledge as a consumer/shopper and yet enable them to see the retail store from both a managerial and a shopper’s perspective.

Based on the findings, several recommendations can be made. First, there is a need to acknowledge the value of visual assessment. Most people are visual learners. However, in business schools and even marketing departments, little or no credence is given to visual assessment or its related methods of qualitative and observational research. Second, if we value visual assessment, then there should be formal training and guidance on how to do it. We cannot assume it is something students can just pick-up or understand without training or guidance. Thirdly, students need to be challenged to move beyond the “one right answer” mentality by learning how to analyze and synthesize different situations, in this case different retail physical stores and why they exist as they are. Given the existence of the Amazons and Walmarts as the top global retailers are part of the total business landscape; retail perspectives and jargon need to be part of the marketing educational process just the manufacturers perspectives and jargon are part of the educational process.

Finally, we need to create new ways to allow students to see. This paper provided just one way to address retail insights by visiting retail physical stores. With the Internet, there are other ways to enable seeing, such as using retail blogs (<http://retaildesignblog.net>) to provide visual physical retail store images to utilize in a controlled classroom activity to provide more guidance and structure to the audit of retail atmospherics. If retailer stores are to survive in this age of technology, the qualitative information cannot be ignored at the expense of the quantitative data. There is a need to ensure the visual assessment of retailing activities via audits does not get lost in the quicksand of quantitative marketing perspectives.

This study provides insights to understand how students perceive their abilities when performing visual retail atmospherics audits and points to the importance of qualitative and observational research methods to “see” and to “assess” retail atmospherics. In a time that is increasingly embracing “big data” and quantitative marketing analytics, retailing and marketing educators must still recognize and embrace the need to expose, train, and prepare future professionals for the important task of “seeing and creating”

physical retail space the consumers will embrace and for conveying the important it plays in the retailers expanding omni-channels.

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