
The roles of servicescape in the retail business

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Abstract

Retail business is a type of business which is directly in contact with consumers. Currently, the retail industry in Indonesia is significantly declining, with retail companies are closing down in 2017 as a result of the retail industry's downfall. Referring to the decline of business retail, it Rita Supermall, the first mall in Purwokerto, have to pay attention to some things in order not to face the same thing as other retail stores. One way to retain customers is by providing an excellent service environment through servicescape to achieve customer satisfaction. This research conducted in Banyumas Regency, with limited area selection that is around Purwokerto. The sample in this research is determined by non-probability sampling technique as much as 100 respondents that are by purposive sampling method, and multiple regression is employed to analyze the data. The results show that all of the hypotheses are accepted, it means all of the dimensions of the servicescape positively influence customer satisfaction.

Keywords

Ambient; Space and function; Signage; Servicescape; Customers satisfaction

INTRODUCTION

Retail business is a type of business which is directly in contact with consumers. Many companies are very reliant towards retailers because the companies do not have any direct distribution channel to reach the customers. Therefore they utilize the retailers to reach out their customer. In general, retail business does not produce the products nor sell them to retailers, but directly to consumers for personal and non-business use. The organization or someone who runs the retail business is called a reseller. In practice, retailers purchase large quantities of goods or products from producers, either directly or through wholesalers, and then resell them in small amounts.

In Indonesia, the first retail business was Sarinah department store which is born in the 1960s. The market was growing slowly at that time until the 1990s which was the starting point of rapid retail industry growth in Indonesia. Today, the retail industry in Indonesia is significantly declining, with retail companies such as Hero, Ramayana, 7-Eleven, and Hypermart are closing down in 2017 as a result of the retail industry's downfall.

Purwokerto, as one of the developing cities in Central Java, has several places that crowded with consumers. One of the biggest is Rita Supermall. Rita Supermall is the first Mall in Purwokerto, the opening was held on 22nd December 2016. Located in the downtown right in front of the city square and the local government headquarters. So it lies precisely in the center of the crowd. Referring to the decline of business retail, it is advisable to Rita Supermall to pay attention to some things in order not to face the same thing as other retail stores.

To face the downturn of the retail industry that has been experienced by several big companies in various cities, a strategy to retain the customer in necessarily needed. When a consumer visits a store, service environment is the first aspect perceived, and at this stage, the consumer will form the first impression of service that may later be accepted. When consumers feel positive service environment, it will form a good impression about the service to be received from the retail. Consumers, therefore, see the importance of service environment to form a good impression in the minds of consumers (Hooper, Coughlan, & Mullen, 2013).

One way to provide a good service environment is through servicescape. Servicescape is a physical environment that plays a role in creating a purchasing experience (Fernandes & Neves, 2014). It is said that servicescape has an essential role in influencing consumer perceptions and behavior and can also be used as a trigger of behavior in the future (Pareigis, 2012).

Various researchers have proven the importance of quality service in forming a customer satisfaction. It is because customer satisfaction has long been described as the essential role for success. Many pieces of research showed that quality and satisfaction had been linked to customer behavioral intentions like loyalty intention, reducing complaints, willing to referral and spread word of mouth. Therefore, it is clear how important is customer satisfaction.

LITERATURE REVIEW

Servicescape

Zeithaml, *et al.* (2009) defined servicescape as "the environment in which a service is delivered and in which the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service. Booms, *et al.* defined Servicescape as "the environment in which the service is assembled and in which seller and consumer interact, combined with tangible commodities that facilitate performance or communication of the service." Both definitions disclose that servicescape is a combination that is formed by several service dimensions which play as a intermediaries service performance and the customers. Three critical aspects of servicescape are suggested by Bitner, they are:

Ambient Conditions is the characteristics of the environment on our five senses (e.g., temperature, air quality, noise, music, odor). For example, how music affects customers, in a restaurant people tend to eat faster when there is a fast tempo music played in the background. The same goes for retail business, music will affect customers pace of shopping. Another five senses that are affected by this ambient condition is for example smell. People will feel uncomfortable when they notice some unpleasant smell around.

Space/ Function is the arrangement, size, and shape of furnishings, counters, machinery, equipment and those abilities to facilitate performance. Customers are likely to favor a layout that designed to minimize discomfort when they cannot rely on the employees to assist. For example, the cashier desk better to be placed at easily accessible and spacious spot to speed up the transaction process.

Signs, Symbols, and Artifacts are the explicit or implicit signals to communicate firm's image, help consumers find their way or convey rules of behavior (e.g., signage, personal artifacts, style of décor). Signage also plays some important roles in communicating company's image, for example, a company that likely put "non-smoking" signage is appeared to be family-friendly.

Customer satisfaction

Customer satisfaction is a "post consumption" experience which compares perceived quality with expected quality (Kwong, 2016). It is stated that the customer tends to value the physical environment from as the essential determinant of customer satisfaction when services are consumed primarily for hedonic purposes, and customers spend moderately to long periods of time in the physical surroundings. It was also suggested that there is a definite effect of consumers' perceptions of the servicescape on the level of satisfaction with a service provider. When a company wants a business effectiveness, they have to aim at least customer

satisfaction because it helps not only for the business sustainability but also customer retention (Kwong, Wong, and Chan, 2009). As customer satisfaction plays a huge role and has a special connection with servicescapes, so we have use customer satisfaction as one of the variables in our conceptual framework in studying the role of servicescape in the context of retail business.

- H1 : The ambient condition will have a positive effect on customer satisfaction.
- H2 : Space and function will have a positive effect on customer satisfaction.
- H3 : Signage will have a positive effect on customer satisfaction.

METHODS

This research is descriptive and quantitative with survey method. Data collection was done by using questionnaire. Data obtained through several questions asked to respondents in the form of a questionnaire in the form of open and closed questions.

The data used in this research is sourced from primary data and secondary data. Primary data, i.e., data obtained in the field through questionnaires from selected respondents. Secondary data, i.e., data obtained from other sources relevant to the topic of research, such as from literature studies, in the form of journals, newspapers and internet articles.

This research was conducted in Banyumas Regency, with limited area selection that is around Purwokerto. The sample in this research is determined by non-probability sampling technique as much as 100 respondents that are by purposive sampling method, where the research sample is chosen subjectively based on specific criteria and considerations relevant to the research. The consideration used in this research is the respondent is the visitor of Rita Supermall Purwokerto, has visited Rita Supermall at least once and able to make decisions independently (aged 15 years and above). Tools employed in this research is multiple linear regression analysis.

Before the questionnaire is distributed to the respondents, validity and reliability were conducted to test out the questionnaire. Validity is the level of accuracy of the use of the tool against a symptom, indicating the extent to which a measuring device measures something to be measured. Reliability is an index that indicates the extent to which a measuring device can be trusted or relied upon. When a measuring device is used twice to measure the same symptoms, and the measured results are relatively consistent, then the gauge is reliable.

RESULTS AND DISCUSSION

The table above is the characteristic of respondent based on demography condition. Most of the respondents are women (67%), this is because most women enjoy shopping activities to fill their spare time, either alone or together with colleagues and their families. While most male respondents stated that they visited retail stores just to buy the goods that are needed. Male respondents also stated that they prefer to spend leisure time with other activities compared to visiting retail stores.

The most dominant age group was in the 21-25-year age group (35%). The reason is that respondents in this age group have more spare time because most of them are still students. Students likely to spend their time hanging out with friends after school hour. Unlike the age group > 25 years, most of them are busy enough to frequently visits Rita Supermall due to family and work.

Most respondents spend 2-3 hours when visiting Rita Supermall. Respondents state that after buying what they need, they usually spend the time by looking around. There is just a small number of people who spend more than 4 hours. This group expressed that they visit Rita Supermall in relatively long duration because they don't visit Rita Supermall that often. They usually allocate specific time to visit and carry out some activities at once, e.g. watching a movie, shopping, and culinary activity.

The test results using multiple linear regression states that hypothesis 1, namely ambient condition has a positive effect on customer satisfaction is accepted. The ambient condition is made up of background music, lighting, temperature, air quality, and overall ambient. Respondents state that overall ambient in Rita Supermall is reasonably good and it is one of the points that cause them to stay longer. The background music, Rita Supermall often plays some modern and current favorite songs. Moreover, it is said that Rita Supermall also plays music based on the occasion, for example, Christmas or another holiday. Some customers express that the lighting and temperature are quite nice inside the store. There is an adequate brightness inside the store that helps the customers look around. Here the respondents state that the parking area needs a little bit adjustment about the air circulation because it feels slightly hot. However, overall ambient makes the customer adequately satisfied with the service performance.

Hypothesis 2, namely space and function have a positive effect on customer satisfaction is accepted. Space and function nowadays become one of the considerations for the customer when they decide to visit a store, for example, they tend to avoid a store which has no parking area. Parking area nowadays becomes one of the most necessary facility to be expected from a store because fewer people use public transportation. Although it is expressed that the parking area is somewhat hot, the respondents

do not mind because they do not spend much time in the parking area. Besides, the parking area is quite spacious, and they do not have to be afraid of running out parking slot. Respondents state that some facility in Rita Supermall performs appropriately. It has a decent restroom that always kept clean and has some janitor standby. A good appreciation is delivered for Rita Supermall for providing restrooms in every story of the building. This overall condition of space and function in Rita Supermall satisfied the customers.

Hypothesis 3 namely signage has a positive effect on customer satisfaction is accepted. Signage in a massive place like a supermall is critical. People tend to experience the confusion when they do not know where they should head to. Sign zoning in Rita Supermall stated to be excellent. Every zone has their own sign written in a big and broad enough to see clearly or even the arrow that shows the direction. People will easily find where the restroom or other section they look for. For example, in the grocery section, they find so many signage that shows where is meat, snack, or toiletries section. Rita Supermall always puts some special efforts in every special holiday. They decorate the store with unique ornament based on the holiday. For example, they put a huge Christmas tree around December, or they decorate the store with red and gold as dominant color at Chinese New Year. This overall signage and decoration successfully please the customers.

All of the hypotheses in this are accepted and this current findings are also support the argument of Raza (2011) which is executed on restaurant industry in Pakistan. It is stated that three dimensions of servicescape have significant effect on increasing customer satisfaction.

CONCLUSION

Rita Supermall, one of the highly visited place in Purwokerto, successfully satisfy the customer by providing some useful service performance. Based on the data analysis, three dimensions of servicescape in Rita Supermall manage to fascinate the customer. They are the ambient condition, space and function, and signage. All of them positively affect the customer satisfaction. By this results, the company should improve the service performance by using servicescape as one of the guidelines.

It is highly recommended for Rita Supermall to adopt servicescape as their organization's strategy, for example, they have to pay attention to the music they play while the customer proceeds the shopping activity. If they want the customer to stay a little longer to motivate them to buy more, it is suggested they better choose the favorable music for the customers. The company also have to keep it in mind that the space they provide is adequate and facilitate the customer with some well-performed equipment. The last servicescape dimension that

has to be paid attention to is signage. Placing vital sign in a suitable spot is critical because it does not only guide the customer's way but also communicate the firm's image.

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List of Table

Table 1

Characteristics of respondents based on the gender

Sex	%
Male	33
Female	67
Total	100

Table 2

Characteristics of respondents based on the age

Age Group	%
15 - 20 y.o.	15
15 - 20 y.o.	35
26 - 30 y.o.	25
31 - 35 y.o.	20
< 35 y.o.	5
Total	100

Table 3

Characteristics of respondents based on the visit duration

Visit Duration	%
< 1 hr	17
1 - 2 hrs	20
2 - 3 hrs	45
3 - 4 hrs	12
> 4 hrs	6
Total	100

List of Figures

Figure 1

Research model

