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TEKNOLOGI  
MARA

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# FBM INSIGHTS

UNIVERSITI TEKNOLOGI MARA CAWANGAN KEDAH

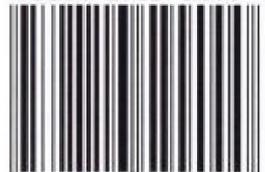
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# THE INFLUENCE OF SERVICESCAPE UPON RETAILERS ON CUSTOMER VALUE IN MALAYSIA

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## ABSTRACT

Malaysia is experiencing exponential growth in retail sector especially in urban area. Due to this reason a lot of investments are happening in Malaysia and new markets are entering this sector. Many retailers assume that service environment is not an important tool in marketing industry. In today's marketing strategy, market-oriented businesses in particular, continue to build and match demand with the needs of the target market. The study aims is to analyze the influential factor of servicescape upon retailers on customer value in Malaysia. It is understood that the service environment or servicescape in which service is offered has a great impact on the desired customer experiences and their satisfaction. Study revealed that emotional and novelty values are relevant in retailer's context.

**Keywords:** Servicescape; Customer Value; Retailers; Environment

## INTRODUCTION

Customer value refers to the level of satisfaction of the customer towards businesses whether the customer feels that they gained the benefits from the services or products that have been paid. Customers generally are not only delighted with the benefits of services or products however, customers demand consumption that is consumer-oriented (Anggraeni et al., 2020).

An important role in influencing the service efficiency and increase customer loyalty is the physical environment. Retailers need to recognize that one of the main elements in value proposition to create first perception of customer mind is service environment or it is also called as servicescape. It refers to the physical environments in which services are provided and where the business and the potential customer interact. Retailers need to look at how the servicescape is developed, as this will help them to understand on how well the employee's needs are addressed and thereby facilitate to improve engagement and relationship with the customer basis for building strong relationships between customers and brands, shops, services or products would be interactions that develop through emotional stimulation, aesthetic design, and engagement during the process (Anggraeni et al., 2020).

## SERVICESCAPE

Servicescape is the method where a service company's physical facilities are built and used for the efficient production and distribution of services (Shashikala & Suresh, 2018). The purposes of servicescape are to shape customer's experiences and behaviors, to signal quality and to position, differentiate and strengthen the brand; to be a core component of value proposition; and to facilitate the service encounter and enhance service quality and productivity (Jet al., 2018).

Various research studies have been performed on the framework of the Bitner's Servicescape Model, focusing on one or more environmental variables of the service system, such as the following: noise, music, space, layout, equipment, signage, artifacts and style of decoration (Rosenbaum & Massiah, 2011). These are the first impression from the customer which are important to retailers in order to create positive perspective about the company. Numerous observational studies have been conducted based on the servicescape model, focusing on one or several variables of the service environment, such as music, scent or signage, and their effects on consumer spending (Pareigis et al., 2012).

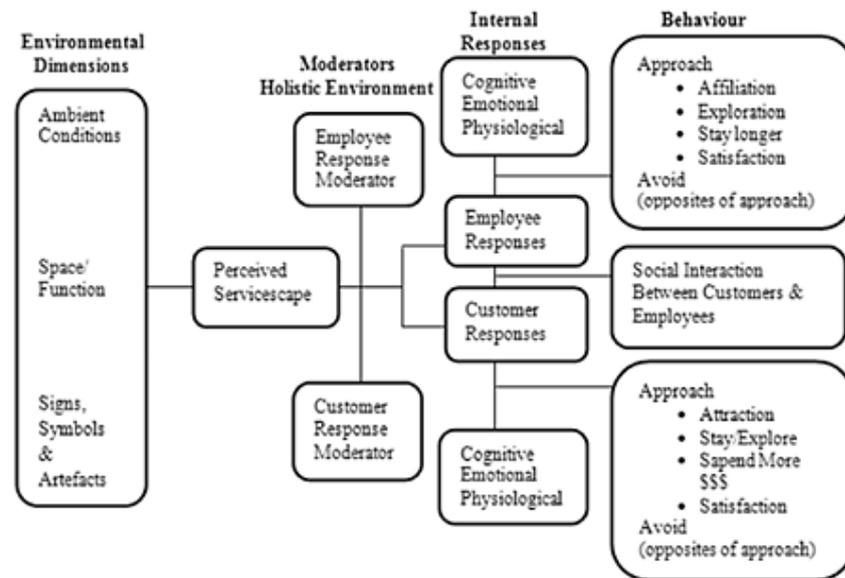


Figure 1 Bitner's Servicescape Model (1992)

Servicescape in retailers may influence the behavior of both customers and employees also increase the experience of the service by facilitating engagement between them (Shashikala, 2013). Recent research has shown that the layout of a store can transform into satisfied customers, longer visits, increased spending, and better and more productive performance, all of which can have a significant impact on the bottom line of the company (Shashikala, 2013)

## SERVICESHCAPE AND CUSTOMER VALUE

Based on the theories from Mehrabian-Russell Stimulus-Response Model, it states that perceptions and interpretation of servicescape influences how consumer feel (Jet al., 2018). The theory shows that these feelings drive the customer to show their emotional value and how they respond to those physical environment.

The customer value attributes that need to focus on are emotional and novelty value. Emotional value is described as benefit gained from expressions of feelings or affection that are from a product or services (Anggraeni et al., 2020). Novelty value refers to the value acquired from products and services to provide satisfaction and desire for knowledge (Anggraeni et al., 2020). The uniqueness of the service offered by retailers that are different from other competitors will create a novelty value towards customer regarding experience and positive reaction. Value is co-created with the consumer according to another viewpoint and is recognized when a good or service is used. Making customer interactions important to their understanding of worth, rather than embedded in products or services (Fernandes & Neves, 2014).

The retail environment is where the customer engages and this is where the moments of truth that are especially critical for retailers to create, sustain and represent their company image (Kearney, n.d.). Based on Tran et al., (2020), a process of interaction with various topics, including social factors and physical interfaces, is the fundamental essence of service experience. Most of the retailers implement changes to their physical store designs based on seasonal event to deliver experience towards their customer value. Several servicescape studies have shown that unique atmospheric features significantly affect the emotions of customers (Anggraeni et al., 2020). Satisfaction represents the feelings of customers regarding various interactions and experiences with the services, the level of service may be affected by value expectations or experiences of others (Lin, 2016).

One feature of servicescape, namely background music, affects the levels of pleasure intensity. It shows there is a relationship between servicescape and customer feeling which effects the customer value. The main attribute in customer value is emotion. It shows that service environment will influence the customer's emotion behavior. The emotional value can drive the information processing of the customer and determine the decision to behave (Anggraeni et al., 2020). Personal attachment between service providers and customers are likely to be generated by positive service experience. Researcher showed that emotion, which contains both enjoyment and excitement, is affected by a servicescape's elements (Lin, 2016).

In novelty value from customer perception, it shows that in defining the level of novelty possessed by a product in contrast to other goods, a unique and appealing service situation design can affect customer perception (Anggraeni et al., 2020). Retailers in Malaysia need to focus on how to enhance the service environment to attract more customer.

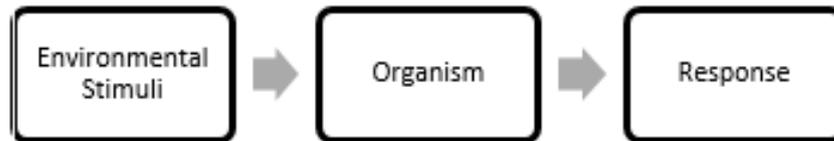


Figure 1: Mehrabian-Russell Stimulus Response Model

Based on Mehrabian-Russell Stimulus Response Model in Figure 1, as an organism the user will respond to the stimuli emotionally in the form of actions. This framework shows that the connection of environmental factors to one's actions will be mediated by behavior. The model maintains that the experience and understanding of the world, conscious and unconscious, determines how people feel in that environment. Environmental stimuli are the appearance of the environment. Organism refers to an effective response by customer based on environmental stimuli that consists of pleasure and arousal. The response's behavior comes in two type which is approach or avoidance.

## CONCLUSION

Servicescape plays an important role in influencing customer value upon retailers. Servicescape dimension such as color, noise, music, space and layout need to be considered by retailers to attract more customer in Malaysia. Therefore, physical environment needs to be aesthetical pleasing in order to increase customer value in terms of emotional and novelty value. The design of retailers will determine the customer feelings and emotions satisfaction. Moreover, every retailer in Malaysia needs to set a benchmark for customer to assess the uniqueness of the service provided by other retailers. This will increase competition with other retailer in to improve their services.

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