

A CONCEPTUAL FRAMEWORK: IMPORTANCE OF OLFACTION IN RETAIL

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Abstract- Retail sector is undergoing a tough competition. This is creating a need for understanding customer response to retail stores. Traditional methods are no more result oriented. This give rise to study of role of sensory experience in motivating and influencing customers to respond in better way. Olfaction (sense of smell) in store influences customer response in favour of store. A conceptual model is presented representing dimensions of scent (presence and congeniality) affecting psychological responses of customer. This conceptual framework is developed with previous studies. Theories and research papers (19's and 20's) on influence of sensory experience of customer response in retail settings and service setting are taken into consideration. The study also provided some managerial implications for retailers that will be beneficial. Customer is king of market. Retail settings have to manage changing perspectives of customer purchase in terms of experience and surplus in terms of satisfaction.

Key terms- olfaction, sensory experience, psychological response, congeniality

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Introduction:

Large businesses are using the sensorial experience as a tool to connect with customers and increase sales. Experience is like DNA of the brand from last many years. From store location to design, everything is carefully crafted and curated to provide a particular experience. It will not only keep customer busy in outlets but also increase constant footfalls. A new experience culture is emerging within retail's bricks and mortar. Many consumers who visit stores at least expect a good experience that is available during online shopping.

Connecting emotionally with consumers is an important tool of retail. Consumers subconsciously search their feelings when they think about a product or its feature. Our brains have a need to make sense of the information we see. If the information is incomplete brain starts an attempt of filling the gaps. Retailers leave a mental process with the customer by giving them incomplete information so that customer gets engaged in recalling the product.

Brick and Mortar Report (2017) highlights that customers still seek for sensorial experience in spite of modern technology ruling everyday lives. The overall atmosphere and sensorial engagement of smell are also highly valued across the world. More than 60% of global consumers assert they are more likely to revisit a store with an enjoyable atmosphere. A study by the Fashion Institute of Technology found that people were more likely to purchase from retailers who focused on experience and community.

According to a study by the global management consulting firm **A.T. Kearney Inc.** (2014), 95 percent of all retail sales are captured by retailers within a brick-and-mortar presence. The study also found that stores play a crucial presence in online sales, as two-thirds of customers purchasing online use a store before or after the transaction, and 55 percent of consumers prefer to use both stores and online throughout the shopping experience. From big to small, all retail formats aimed at differentiating them and winning customer base. Major retailers like Nike has also found scent marketing as stimulating purchase by 80%. The scent has also convinced customers to stay long, browse more, improve the sense of quality and create a feeling of familiarity.

Experience:

Pine and Gilmore (1999) coined the term, “experience economy” where they argued that customers remember a product not just as a physical good but more as an experience that gets stored in their memory. They also found that consumers are ready to pay 300% times more for the experience (Hirsch, 1995). Experience is memorable and it exists in the mind of customers (Pine and Gilmore, 2014). Experience related to a product is not accidental but a trend (Zhang, 2010). Experience allows an emotional appeal to the customer along with providing them with the product (Van and Cleempoel, 2009). Three types of experiences are generally taken into consideration- affect (feelings, emotions), cognitive (mental images, understanding, and interpretation) and conative (intentions, actions, and behavior).

Caru and Cova (2007) found consumer as active agents to stimuli. Consumers are no more inert buyer but co-producer. Consumers are producers of experience supported by outlets who trigger customer experience. Verhoef (et al. 2009) pointed out consumer experience as something involving cognition, affection, and emotion, social and physical response by the consumer.

Differentiation, customer loyalty (Zomerdijk and Voss, 2010), demanding customers and increasing competition are some reasons why much emphasis is laid on consumer experience.

Retailers are now conscious about creating distinctive customer experience by making a purchase of product wrapped with emotions and feelings. According to Berry et al. (2002), a company should understand the expectation of the consumer in between the offer and the purchase for creating value for the customer in form of experience.

Sensory Experience:

Philosophical and psychological literature has recognized human senses as a tool for gathering information about the external world and for exploration. Early researchers such as Mehrabian and Russell (1974) found environmental cues to affect emotional states of buyers such as pleasure (feeling good about product or service), dominance (which cue affects more) and activation.

Brakus et al. (2009), found the involvement of sensory perception about the brand, brand affect and participatory experience creating a whole experience that a consumer may seek with a brand. Senses give invaluable information about different objects through smell, sound, sight, taste, and touch involved. The aim of using senses in stores and markets is to give the congenial feeling, rich experience to customers. Sensory experience is the result of the reaction of senses to different cues called stimuli. Literatures by portrays how the use of senses increase perception and understanding of the external world.

Krishna (2011), found the involvement of sensory cues i.e. vision, sound, smell, touch, and taste make shoppers' experience rich with brands, products, and services. In a similar context Krishna (2012, p.333) defines sensory marketing, as "marketing that engages the consumers' senses and affects their perception, judgment, and behavior." The focus of sensory marketing is on "understanding of sensation and perception to the field of marketing" (Krishna 2012, p.334). Sensory marketing plays a prominent role during consumer's purchase experience in fashion stores. Sensory marketing aims to create an atmosphere that encourages customers to consume more.

Olfaction:

In other senses, information mediates through thalamus but the scent is directly processed by amygdale in the primary olfactory cortex. The consumer can forget the name of the object but recognize the smell faced even after a long time . Olfaction creates emotional reaction faster than any other sensory cues as it has a direct link to the limbic system in the brain. Studies state that with all other senses, consumer thinks before he/she proceeds but with scent, consumer responds earlier than thinking. The different smell makes up their way to the olfactory epithelium which when stimulated sends a signal along the olfactory nerve to the brain. This signal is received by the olfactory bulb, which is a structure of the bottom of our brains and part of the limbic system. The combination of these signals make up the scent and this combination is responsible for our capabilities to detect over ten thousand different scents (Hulten et al., 2009). The olfactory bulb is part of the limbic system that is responsible for emotional responses. The scent has the best recall amongst all our senses. Up to 90% of our taste comes from scent and

75% of our emotions are generated by scent (Lindstrom 2005, Krishna et al. 2010). Research suggests that olfactory senses cue our most emotionally laden memories.

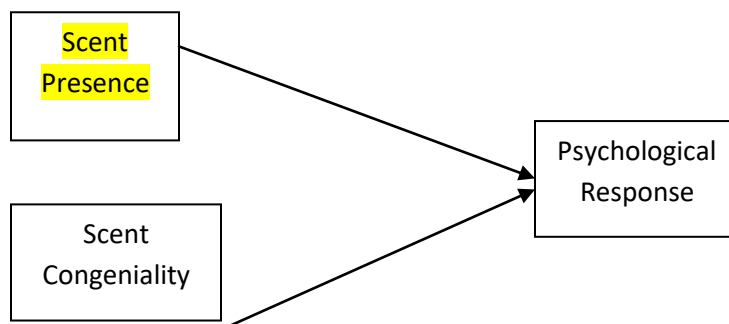
Scent:

Scent refers to any particular agreeable smell such as a pleasant fragrance or bad odors. Studies mentioned that scent is strongest of all five senses because it has the ability to evoke consumer emotions the best. The scent has the ability to reach people on a conscious as well as unconscious level and it takes only a whiff of smell to stimulate a person's senses and create a perception (Hulten et al. 2009). The smell can be natural or artificial . The smell can be specific or ambient. The ambient scent is "scent that is not emanating from a particular object but is present in the environment" (Spangenberg et al., 1996, p. 67).A whiff of a scent can make a person laugh or cry and exclaim with delight or disgust.

The study conducted by Krishna (2010) amplifies a strong link between emotions and memory. The study concludes that a scented environment is four times likely to be memorizing two weeks later than an unscented environment.

Dimensions of Scent:

Major features of scent affecting consumer behavior are the **presence** of scent and **congeniality** of scent. Presence of odor leads to behavioral response (Spangenberg et al. 1996;Morrin and Ratneshwar, 2000), Scent congeniality results to positive reaction and uncongenial scent leads to negative behavioral response (Mitchell et al. 1995, Bone and Ellen, 1995; Morrin and Ratneshwar, 2000).



Scent Presence:

Presence of scent evokes emotional memories stronger than auditory and visual stimuli (Hertz, 2004) which lead to more enjoyable shopping experience (Bone and Ellen, 1999). In the context of consumer's emotions aroma affects arousal and pleasure. Here, arousal means excitement, activeness, and feeling of urge or desire.

Some scents are used in accordance to their properties or features like lavender scent used in store increasing relaxing effect which in turn increases stay time which subsequently results to additional items like alcohol, coffee to be purchased thus increasing amount. Studies found a certain combination of scent spreading calmness, relaxation, energy, good mood and influencing decision-making.

Congeniality of Smell:

Congeniality is another factor which affects purchase behavior of the consumer and creates consumer preference. Congeniality is a feeling that corresponds to the attitude of acceptance whereas uncongeniality is the attitude of rejection. Congeniality recommended as favorable stimulation relaxing on one hand and forming mental store maps on another hand. Congeniality is something giving a sense of happy satisfaction or enjoyment. Smell has the ability to communicate the "sense of place".

Certain scent is found to be uncongenial everywhere like the scent of decaying vegetation, spoiled milk etc. are universally rejected, avoided and found to be disgusting whereas some smell is always welcomed and preferred like the floral smell. Congenial scent can keep the customer in store for a long time, positively affect product desire and the customer may even become ready to pay more. An odor with low concentration treated as congenial whereas same odor with high concentration irritates. This is important because sometimes a customer's purchase decision solely depends upon his or her mood created by congenial smell. Therefore, the mood is an automatic response generated by smell. Congenial smell results in good mood state whereas uncongenial smell in bad mood state. Mood affected by smell can be a benefit or loss to a store. Unintentional, unplanned, or bulk purchase is the consequence of customer's exposure to favorable fragrance.

The scent and Psychological response

Emotions aroused by exposure to specific stimuli. E.g. an unexpected gift creates emotion i.e. surprise. Without a personal appraisal (i.e., harm or benefit), there will be no emotion. Whatever consumer feels about the stimuli is emotion. Of the five senses, the smell is considered as the most closely attached to emotional reactions because the smell is connected to the limbic system in the brain, which is the seat for immediate human emotions (Michon et al., 2005). Olfaction i.e. sense of smell is believed to be closely related to emotions and memories (Hulten, 2011). Bone and Ellen (1999), studied two dimensions of emotions i.e. pleasure and arousal. "Memories evoked by our sense of smell are more emotional than memories evoked by our other senses" (Sense of Smell Institute, 1992, p. 8).

In the context of mall perception, aroma affects perception about product range. Direct effects on perception of the mall and indirect effects on product quality due to aroma observed. Citrus smell suggested as most powerful scent affecting perception (Chebat and Michon, 2003). The process through which an individual selects, organizes and concludes from a cue and then frame a coherent image of the world is a perception.

Image framed due to the presence of scent can be easily recalled which frame the impression of product (Lindstorm, 2005). Ambient scent facilitates product recall (Bone and Ellen, 1999), enhance brand recognition and recall (Morin and Ratneshwar, 2000), improve store evaluation and purchase intention (Spangenberg et al., 1996). Studies examined how the use of ambient scent in store effect consumers spatial perceptions in a retail environment, which finally affect product preferences and purchase behavior.

Managerial Implication:

This research paper focuses on how the presence of scent and its congeniality results in a favorable outcome for the store. Psychological responses of customers are focused. High preference for the store, willingness to pay and attitude towards store are some of them. The store should take into consideration the amount of scent used in store. Congenial scent can result in good psychological response which can benefit store. But still, these needs handle with care

because what should be the intensity of scent to keep in criteria of adorable scent is very difficult.

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