

IMPROVEMENT OF THE VALENCIAN RETAIL STORES COMPETITIVENESS APPLYING EMOTIONAL ENGINEERING METHODOLOGIES

Nadia CAMPOS*, Raquel MARZO, Enrique ALCÁNTARA, Carol SORIANO, Paula CEMBRERO, María José SUCH

Instituto de Biomecánica de Valencia, SPAIN

ABSTRACT

The present paper aims to explain how Emotional Engineering Techniques can help the Valencian Trade to improve its competitiveness. While these methodologies are commonly used in the concept and product evaluation stages, the present case study aims to go one-step further by applying them in the stage of the development of a Strategic Plan.

The *Confederación de Empresarios del Comercio Valenciano* (CECOVAL), with the collaboration of the *Instituto de Biomecánica de Valencia* (IBV) has approached the study of consumers' emotional perception of Valencian retail stores, as well as their influence on the intention of buying and recommending a store.

Thirty-five valencian retail stores from different sectors took part in this study. One-minute-long videos simulating the entry and a short tour in their establishments were the selected stimulus. The sample of respondents was composed of thirty-two Valencian consumers with ages ranging from 25 to 50 years old. The experimentation took place in simulated conditions where the experience of the first approach to the establishment was reproduced. The questionnaires were designed according to Semantic Differential

* **Corresponding author:** Instituto de Biomecánica de Valencia, SPAIN -
Mariajose.such@ibv.upv.es

methodologies (Osgood et al, 1996). An emotional mapping of how Valencian retail stores are perceived was obtained. This was the basis for the elaboration of a semantic universe that showed which emotional terms were sufficiently stimulated by the current Valencian retail stores, and which emotional terms constituted a differentiation opportunity. The results obtained show the strength of the emotional engineering methodologies as a tool to collaborate in the design of an effective service differentiation strategy.

Keywords: *Emotional perception, stimulus, Semantic Differential methodologies, emotional engineering, Intention of buying.*

1. INTRODUCTION

In 2008, in the belief that the Valencian retail sector depends on innovation and with the main objective of reinforcing the competitiveness of Valencian retail stores, the *Confederación de Empresarios del Comercio Valenciano* (CECOVAL) developed a project with the collaboration of the *Instituto de Biomecánica de Valencia* (IBV).

This project was selected in the framework of an operative programme co-financed by the European Regional Development Fund -FEDER- and approved by the II Competitiveness Plan for Valencian stores 2008, organised by the *Instituto de la Mediana y Pequeña Industria Valenciana* (IMPIVA).

As the economy has moved from market centred to user driven (Vinyets, 2000; Gobé, 2001), nowadays industry is faced with a new consumer who demands the “products they desire, exactly when they want them, through venues that are both inspiring and intimately responsive to their needs” (Gobé, 2001; Norton, D. 2003). In today’s market, product and service differentiation not only comes from delivering top quality services but from delivering the right emotional appeal along with them. Starting from the premise that innovation for competitiveness should be aimed towards those aspects which have the greatest effect on the success of retail stores, this project was carried out with a people-oriented design focus (POD).

The POD focus not only reflects the opinions of professionals and experts, but also considers that what consumers want, expect and need is fundamental in order to offer it to them in the form of goods and services. Ultimately it is they who define a retail store's success. This approach is highly innovative as it is based on orientation towards the user and it is the first time that it has been applied to the commercial sector.

In this way, the main objective of the project was to improve the sector's competitiveness and guarantee success from the consumer’s point of view.

2. METODOLOGY USED

The development of the project consisted in the first place of defining a model of success for the Valencian retail sector by, on the one hand, integrating competitiveness factors as

expressed by professionals in a panel of experts and personal interviews (Page et al, 2001), and on the other hand, success factors expressed by consumers in a discussion group and later validated through a personal survey (Page et al, 2001).

The success factors were grouped together, according to sector professionals in five areas of the retail store:

- The quality of the offer
- Customer service
- Shop and their facilities
- Services added to the purchase
- Loyalty services

Finally emotional success factors will be taken into account, extracted through the application of emotional engineering techniques (Maekawa and Nagamachi, 1997; Matsubara et al, 1998; Such, M. 2004). Through these techniques the consumers valued their perception of the retail stores by viewing a one minute video about each of the establishments participating in the study. The video simulated the customer approaching the point of sale, carrying out a short route through the interior (Figure 1).



Figure 1: Emotional evaluation of the Valencian retail stores in the Living Lab of IBV

Thirty-five commercial establishments from different activity sectors and with different locations participated in the project, as can be seen in table 1. Likewise, many Valencian retail customers participated, both in the personal survey, the emotional evaluation of stores and the developed group dynamics.

Table 1: Distribution of retail stores participating in the project

Type of retail store	Location				Total
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Food	---	2	---	1	3
Textile	15	5	2	4	26
Home	6	4	---	---	10
Leisure and Culture	3	1	---	1	5
Health-opticians-Pharmacy	4	3	1	1	9
TOTAL	28	15	3	7	53

In addition, the project explored the purchase experience according to the customers as a paradigm of innovation in the commercial sector. For this, a general model was first defined (Figure 2) from an extensive bibliographical search of both scientific and commercial and informative literature. Participative techniques with consumers were carried out using this model with the aim of generating new proposals and analysing expectations with regard to a specific product or service.

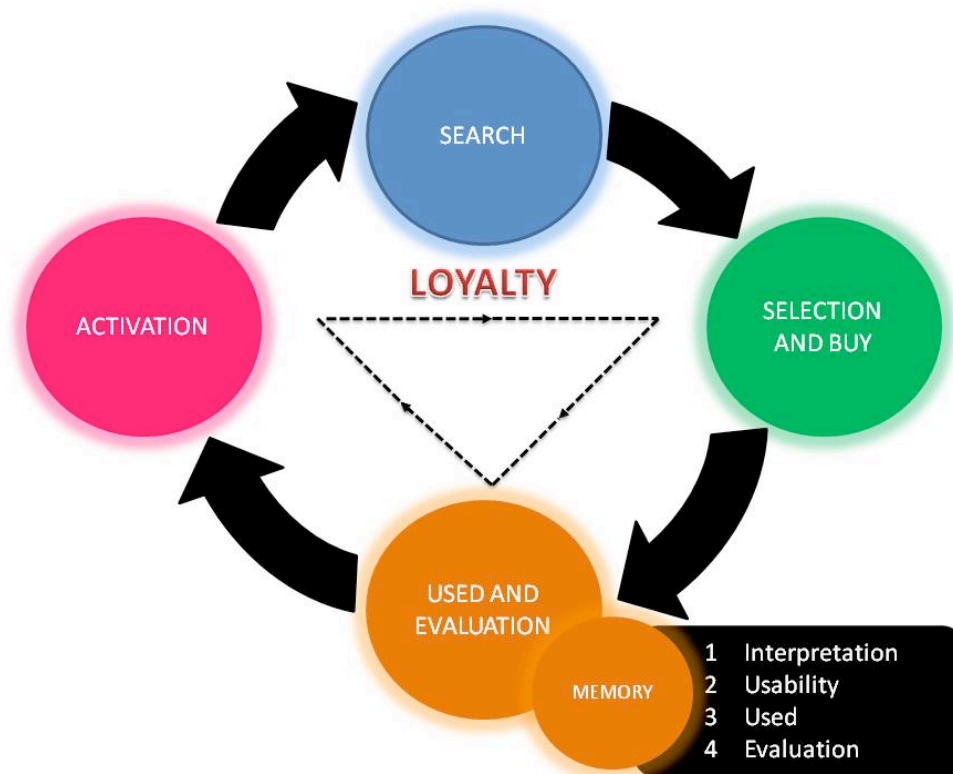


Figure 2: Experience buying model

The analysis of all this information led to an assessment of Valencian retail stores and a strategic plan based on R&D, training, promotion and investment activities, classified according to its importance in the market in basic Improvement (necessary to be in the

market but not a guarantee of success), Competition (they have a linear relationship with likelihood of success in the sense that the more the better), of Differentiation (if not undertaken the likelihood of success is not jeopardised but if undertaken it is significantly increased) or of Maintenance of a good position.

3. RESULTS AND CONCLUSIONS

3.1. Success factors

Thirty-two success factors were identified from the results of the survey, the majority of which are of basic quality, with few differentiating ones found. This may be interpreted as a reflection of the need to search for differential and competitiveness arguments, as the basic quality factors only ensure the possibility to be in the market.

As for the importance of the retail store areas, quality of the offer and customer service stand out, the two related with services being those of least importance (Figure 3).



Figure 3: Importance of the retail store's areas of innovation

- The most important factors for success are:
- A wide range of products and services
- Salespeople with a wide knowledge of the offer, great ability to assess and attend to customers
- Friendliness of the salespeople
- Offering quality products
- Personalised treatment of the customer

The least important factors for success are:

- Availability of the product even though it is not in the shop
- Associations and collaboration between retail stores
- Home delivery

3.2. Emotional success factors. Perception of Valencian retail stores

The first stage was the application of Product Semantics for obtaining the semantic space (SS) of retail stores. The process started compiling from several sources (final users, experts and promotional literature) the words and expressions used to describe the perception regarding by the current Valencian retail stores (Kansei words). Using all this information, words of the universal semantic were reduced to a fifty-five words to avoid too long questionnaires for respondents. The questionnaires were designed according to Semantic Differential methodologies (Osgood et al, 1996).

Thirty-two Valencian consumers with ages ranging from 25 to 50 years old took part in the evaluation of samples of thirty-five videos by means the semantic differential scales using randomized questionnaires based on five point semantic differential scales. The semantic spaces were obtained applying factor analysis to the respective evaluation results. SPSS 16.0 was used for the statistical analysis.

The perception that consumers have of the retail store is explained in a semantic space of ten concepts and in addition, the influence of the ten emotional concepts in the intention to purchase was analyzed using logistic regression models. It was shown that perception expresses over 50% of the probability that a consumer chooses to buy in a retail store and then goes on to recommend it.

As can be seen in figure 4, only six emotional concepts had influence in the intention to purchase. The most influential concept in the intention to purchase is the perception of friendliness which is much more pronounced than the others, followed by competitive, tidy, functional and dynamic, while sophisticated would have a negative influence.

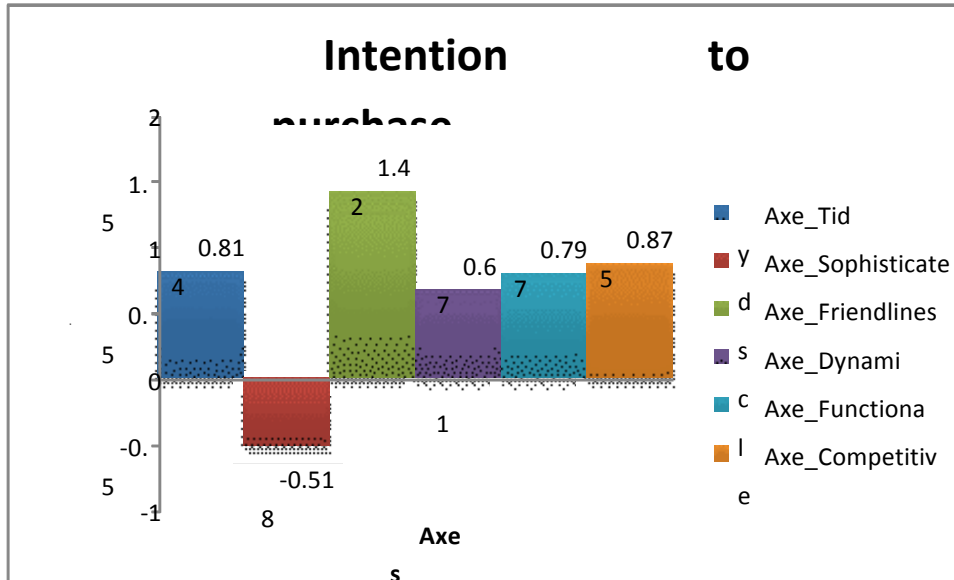


Figure 4: Influence of emotional aspects which influence the intention to purchase

The analysis of the emotional perception of Valencian retail stores reflects a good situation in the sector although it has been detected that there is not a unified image as regards feelings such as orderly, functional, unsophisticated and professional and that there is a need to improve the stimulation of concepts such as friendly, competitive, dynamic and original.

3.3. Strategic Plan for Valencian retail stores.

The carrying out of this project allowed for an analysis of the current situation of Valencian retail stores in terms of competitiveness, determining success factors from the point of view of the user, determining the image that the users have of the sector and how to influence this image to their benefit, paying special attention to communication.

As a result, an action plan was established for the four strategic areas that were studied in this project: R&D, Training, Promotion and Investment. The introduction of these will be the main instrument for improving and maintaining the sector's competitiveness, through innovation.

This plan identified 37 activities classified into four levels: basic improvement actions which increase the likelihood of success, of high quality and actions which should be carried out to maintain a competitive position.

Table 2: Distribution of retail stores participating in the project

	Basic Improvement	Competitiveness	Differentiation	Maintenance
R&D	R&DA.1. Application of emotional engineering for the design of premises and window displays which transmit a good image, strengthening the perception of friendliness and care.	R&DA.5. Cost-benefit analysis of the range and flexibility of opening hours	R&DA.12. Generate systems for the management of the purchase experience based on satisfaction and impact on the customer's quality of life.	R&DA. 16. To value the image of the traditional urban retail store.
	R&DA.2. Application of emotional engineering to improve the retail store's brand image.	R&DA.6. Explore the advantages of incorporating new technologies and innovation at the point of sale.	R&DA.13. Explore and develop new business models based on integral advice. An aspect which is highly valued by customers.	
	R&DA.3. Application of sensorial and cognitive engineering for designing intuitive distributions of the offer at the point of sale.	R&DA.7. Analyse and develop differentiation strategies for the retail store according to product type.	R&DA.14. Analyse possible personalisation models for products enabling the customer to feel an active part of the retail store.	
	R&DA.4. Generate environment control systems (lighting, aromas, etc.) which allow pleasant, comfortable atmospheres to be created, etc.	R&DA.8. Evaluate the mobility of the retail store's consumers with the aim of creating accessible, comfortable, safe and sustainable environments.	R&DA.15. Explore possibilities for innovation in the purchase phases of activation and loyalty through work techniques with users and benchmarking.	
		R&DA. 9. Design and develop points of sale that offer pleasant purchasing experiences: multisensory, themed, interactive and flexible.		

		R&DA10. Carry out actions which enable us to maintain contact with our customers outside of the establishment (SMS, newsletters, exchange of experiences, etc)		
		R&DA.11. To incorporate new values which prevail in society into the design and/or management of the point of sale. E.g. Green Retailing.		
Training	TA. 1. Training in brand image, branding, etc.	TA. 4. Training in the development of loyalty policies.	TA. 5. Training in the design of pleasant purchase experiences.	TA.8. Continuous training to maintain a high assessing ability, management and problem solving.

	Basic Improvement	Competition	Differentiation	Maintenance
Training	TA. 2. Training in new products, services, new trends, etc.		TA. 6. Training in creating value for the customer at the point of sale through comprehensive and guided advice.	TA.9. Continuing training on the quality of the offer: labelling, rules, etc.
	TA. 3. Training in design, distribution and control at the point of sale environment to create welcoming spaces.		TA. 7. Training in loyalty techniques that allow for contact with customers to be maintained outside of the establishment.	
Promotion	PA. 1. Brand image campaign for the small and medium sized businesses.	PA. 3. Developing activity programmes so that the customer enjoys himself/herself during their purchase.	PA. 5. Promotion within the sector of the advantages of associations and collaboration.	PA. 6. Promotion of the image of the traditional urban retail store.
	PA. 2. Combined actions to be up to date.	PA. 4. Promotion within the sector of success stories and comprehensive offer models.		PA. 7. Promote activities to maintain a wide offer.
				PA. 8. Promote the control and guarantee of the quality of the

				offer.
Investment	In. 1. To collectively implant the brand image of Valencian retail stores.	In. 4. Joint memorabilia campaigns associated with the purchase experience.		In. 6. Keep the changing rooms spacious, well-lit, air conditioned with sufficient privacy etc.
	In. 2. Collectively implant innovations aimed at the design and environment of the leading premises.	In. 5. Analyse investment campaigns incorporating improvements to recreate pleasant purchase experiences stimulating all the senses.		
	In. 3. Collective services such as home delivery, repairs, parking, etc.	In.6. Collectively implant new technologies which help sales both inside and outside of the retail store.		

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