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HOW STORE ATMOSPHERE SHAPES CUSTOMER LOYALTY: POSITIVE EMOTION AS A MEDIATOR AND HEDONIC SHOPPING VALUE AS A BOUNDARY CONDITION

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ABSTRAK

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This study examines how store atmosphere influences customer loyalty in offline retail by considering the mediating role of positive emotion and the moderating role of hedonic shopping value. Drawing on the stimulus–organism–response perspective, the study proposes that store atmosphere acts as an environmental stimulus that shapes customers’ emotional responses and, in turn, their loyalty behavior. Data were collected from 77 retail customers and analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 4. The results show that store atmosphere has a positive and significant effect on positive emotion, while positive emotion has a positive and significant effect on customer loyalty. In contrast, the direct effect of store atmosphere on customer loyalty is not significant. The findings further confirm that positive emotion mediates the relationship between store atmosphere and customer loyalty, indicating that loyalty is formed primarily through an affective mechanism rather than through atmospheric cues alone. In addition, hedonic shopping value significantly strengthens the effect of positive emotion on customer loyalty, suggesting that emotional responses are more likely to translate into loyalty when shopping is perceived as enjoyable and experientially rewarding. This study contributes to the retail literature by offering a more integrated explanation of loyalty formation through the interplay of environmental stimulus, affective response, and experiential value. The findings also provide practical implications for retailers in designing store environments that evoke positive emotions and enhance hedonic shopping value.

Keywords: store atmosphere; positive emotion; hedonic shopping value; customer loyalty; offline retail

INTRODUCTION

In contemporary retail competition, customer loyalty is increasingly shaped by the quality of the shopping experience rather than by product functionality alone. Research on physical retail environments shows that customer experience is multidimensional, encompassing cognitive, affective, physical, and social responses that influence how customers evaluate the retailer and whether they remain attached to it over time. This shift implies that retailers are no longer competing only through product assortment or price, but also through the overall experience they create inside the store. As a result, loyalty should be understood not

merely as a post-purchase preference, but as an outcome of how customers interpret and feel about their in-store encounters as a whole (Chen, 2024)

Within this experiential perspective, store atmosphere occupies a particularly strategic role because it represents the set of environmental cues that frame the shopping encounter, including layout, cleanliness, visual appeal, and ambient comfort. Classical and contemporary research consistently shows that these atmospheric cues influence customers' perceptions, emotions, and behavioral responses in retail settings. A well-designed store environment can therefore do more than make the store look attractive; it can shape how customers feel during the shopping process and how they evaluate the retailer afterward. This makes store atmosphere a central antecedent in explaining downstream relational outcomes, including customer loyalty (Chen, 2024; Turley & Milliman, 2000)

However, the relationship between store atmosphere and customer loyalty is not always straightforward. Prior studies suggest that the retail environment often affects loyalty through intervening mechanisms such as customer perceived value, memorable customer experience, and satisfaction rather than through a purely direct path. This indicates that loyalty is a deeper and more complex outcome than an immediate reaction to the physical environment. Customers may appreciate a store's atmosphere, yet that appreciation may not automatically develop into repeat patronage or recommendation unless it is translated into favorable internal states and evaluative judgments. Therefore, explaining customer loyalty requires moving beyond a simple direct-effect logic and toward a process-oriented explanation of how atmospheric stimuli are converted into behavioral attachment (Chen, 2024; Ortégón-Cortázar & Royo-Vela, 2023)

One important mechanism that may explain this process is positive emotion. In line with stimulus–organism–response reasoning, environmental stimuli influence consumer behavior largely through internal affective states such as pleasure, comfort, enthusiasm, and emotional satisfaction. Previous studies in retail and related service settings have shown that positive emotions are shaped by environmental cues and, in turn, affect behavioral intentions and loyalty-related outcomes. This means that positive emotion should not be treated as a marginal psychological response, but as a central mechanism through which in-store experiences become behaviorally meaningful for customers. Accordingly, incorporating positive emotion into the model can provide a more precise explanation of why some atmospheric experiences foster stronger loyalty than others (Cachero-Martínez & Vázquez-Casielles, 2021; M. Das et al., 2022; Jang et al., 2021)

At the same time, the experiential meaning that customers assign to shopping itself also deserves closer attention. Hedonic shopping value reflects the extent to which shopping is perceived as enjoyable, entertaining, and intrinsically rewarding rather than merely functional. Research has shown that hedonic value is associated with stronger retail outcomes, including satisfaction, repatronage, and loyalty. More recent evidence also indicates that specific dimensions of hedonic shopping value can shape both attitudinal and behavioral loyalty toward retailers. This suggests that customers who perceive shopping as pleasurable may respond differently to the same emotional experience than those who approach shopping primarily as a utilitarian task. Thus, hedonic shopping value may play a meaningful role in determining when positive emotional reactions are more likely to translate into loyalty (H. Lee et al., 2025)

The state of the art has substantially advanced understanding of the links among retail atmosphere, customer experience, emotion, value, and loyalty, yet the evidence remains

dispersed across several partially connected streams. One stream has focused on store atmosphere and its emotional or behavioral consequences in physical retail settings (Chen, 2024; M. Das et al., 2022). Another has emphasized the roles of perceived value, customer experience, and satisfaction in explaining loyalty outcomes ((Bustamante & Rubio, 2017; H. Lee et al., 2025) A further stream has highlighted the importance of hedonic shopping value for repatronage and loyalty (Atulkar & Kesari, 2017; H. Lee et al., 2025). In parallel, recent studies have shown that emotional experience can mediate loyalty formation in digital shopping contexts, while more specific atmospheric configurations such as biophilic environments may influence loyalty through value-related pathways (Cachero-Martínez & Vázquez-Casielles, 2021; Ortegón-Cortázar & Royo-Vela, 2023). Taken together, these studies confirm that atmosphere, emotion, value, and loyalty are interconnected, but they also suggest that an integrated explanation combining these constructs in a single physical retail model remains underdeveloped.

This fragmentation points to two important research gaps. First, although prior studies acknowledge that store atmosphere can shape post-shopping outcomes, the affective mechanism through which store atmosphere influences customer loyalty in offline retail settings remains insufficiently specified. Second, while hedonic shopping value has been linked to favorable retail outcomes, limited evidence has examined whether it strengthens the effect of positive emotion on loyalty as a boundary condition within the same empirical model. Addressing these gaps is theoretically important because customer loyalty is unlikely to emerge from atmospheric cues alone; rather, it is more plausibly formed through internal affective responses whose strength may depend on how enjoyable the shopping experience is perceived to be. Against this background, the novelty of the present study lies in integrating positive emotion as a mediating mechanism **and** hedonic shopping value as a moderating condition in a single framework that explains how and under what conditions store atmosphere contributes to customer loyalty in a physical retail context (Cachero-Martínez & Vázquez-Casielles, 2021; H. Lee et al., 2025; Ortegón-Cortázar & Royo-Vela, 2023; Park, 2024)

This study is therefore important both theoretically and practically. Theoretically, it extends experience-based loyalty research by offering a more comprehensive explanation of the paths linking store atmosphere to customer loyalty. Practically, it provides implications for retail managers seeking to design store environments that are not only physically attractive but also emotionally engaging and experientially rewarding.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Theoretical foundation

This study is grounded in the stimulus–organism–response (S–O–R) perspective, which explains how environmental stimuli shape consumers’ internal states and, in turn, influence behavioral responses. In retail settings, this framework has been widely used to explain how atmospheric cues affect shoppers’ emotional reactions, evaluations, and behavioral intentions. Within the present model, store atmosphere functions as the external stimulus, positive emotion represents the organismic or internal affective state, and customer loyalty constitutes the behavioral response. Hedonic shopping value is positioned as a boundary condition that may strengthen the translation of positive emotion into loyalty. This framework is appropriate because it allows the proposed relationships to be interpreted not as isolated associations, but as part of an experience-based process in which environmental cues influence customer attachment through affective and experiential mechanisms (Eroglu et al., 2001)

2.2. Store atmosphere and positive emotion

Store atmosphere refers to the set of physical and sensory cues that frame the shopping encounter, including layout, visual appeal, cleanliness, and ambient comfort. Prior research has consistently shown that these atmospheric elements influence how customers perceive and feel about the retail environment. The store environment is not merely a physical backdrop for transactions; rather, it actively shapes shoppers' experiential responses by eliciting feelings such as pleasure, comfort, and enthusiasm. Studies on physical retail and shopping environments indicate that favorable atmospheric conditions stimulate positive emotional reactions and approach-oriented responses, thereby reinforcing the argument that atmosphere is a meaningful antecedent of consumers' affective experience. From this perspective, when customers encounter a well-organized, attractive, and comfortable store environment, they are more likely to develop positive emotions during the shopping process (M. Das et al., 2022; Turley & Milliman, 2000)

Positive emotion, in turn, reflects favorable affective states experienced by consumers while shopping, such as feeling happy, relaxed, emotionally satisfied, and enthusiastic. In experience-based retailing, such emotions are particularly important because they influence not only momentary evaluations but also how customers interpret the shopping experience as personally meaningful. Research on customer experience in physical stores emphasizes that affective responses form an integral component of the in-store experience, alongside cognitive and social responses. Accordingly, positive emotion can be understood as the most immediate internal reaction through which store atmosphere becomes psychologically significant to shoppers. Based on this reasoning, the following hypothesis is proposed (Bustamante & Rubio, 2017))

H1: Store atmosphere has a positive effect on positive emotion.

2.3. Store atmosphere and customer loyalty

Customer loyalty is commonly understood as a durable relational outcome reflected in repeat patronage, preference, and recommendation intentions. In retailing, loyalty is strategically important because it signals not only behavioral continuity but also a stronger psychological attachment to the store. Prior studies have shown that the shopping environment can contribute to loyalty by shaping customer evaluations of the retail encounter. For example, research in mall and store settings indicates that favorable environmental cues may improve value perceptions, satisfaction, memorable customer experience, and loyalty-related outcomes. This suggests that store atmosphere has the potential to function as an important antecedent of loyalty, especially when customers perceive the store as comfortable, attractive, and worth revisiting (Chen, 2024; El-Adly & Eid, 2016)

At the same time, the atmosphere–loyalty relationship is not always fully direct or uniform across contexts. Several studies imply that environmental cues often operate through intervening mechanisms such as perceived value, satisfaction, or experience before they culminate in loyalty. Even so, atmosphere remains theoretically relevant as a direct predictor because customers can form favorable store preferences from repeated exposure to a well-designed environment. In offline retail settings, where customers physically encounter the store and interpret its cues holistically, store atmosphere may therefore still exert a direct positive influence on loyalty, even if that influence is not necessarily the strongest pathway in the

model. Accordingly, the following hypothesis is proposed (El-Adly & Eid, 2016; Francioni et al., 2018)

H2: Store atmosphere has a positive effect on customer loyalty.

2.4. Positive emotion and customer loyalty

Positive emotion is also expected to influence customer loyalty directly. A growing body of evidence suggests that affective experience plays a central role in shaping retailer loyalty, often more strongly than purely cognitive drivers. When customers feel pleased, comfortable, and emotionally fulfilled during a shopping experience, they are more likely to return to the store, maintain preference for it, and recommend it to others. Meta-analytic evidence further indicates that affective experience has become increasingly important in explaining retailer loyalty over time, underscoring the strategic relevance of emotional mechanisms in retail competition. This line of reasoning implies that loyalty is not formed solely through rational evaluation of store features, but also through the emotional quality of the encounter itself (Ladhari et al., 2017; Liu et al., 2023).

The importance of positive emotion is particularly evident in settings where shopping is evaluated as an experience rather than as a purely functional act. Prior studies in retail and service contexts show that emotions influence revisit intentions, word of mouth, and other loyalty-oriented responses because they strengthen the customer's personal connection to the encounter. In other words, positive emotion makes the shopping experience more memorable and more behaviorally consequential. On this basis, the following hypothesis is proposed (G. Das & Varshneya, 2017; M. Das et al., 2022)

H3: Positive emotion has a positive effect on customer loyalty.

2.5. The mediating role of positive emotion

The logic developed above also suggests that positive emotion may mediate the relationship between store atmosphere and customer loyalty. Under the S–O–R framework, environmental stimuli are expected to influence behavioral responses primarily through internal organismic states. Applied to the present study, this means that store atmosphere is likely to shape loyalty because it first evokes favorable emotional reactions during shopping. A pleasant layout, appealing visual design, and comfortable ambience may not by themselves guarantee loyalty; rather, they become loyalty-relevant when customers experience them as emotionally rewarding. This interpretation is consistent with previous research showing that emotional experience mediates the effect of shopping experiences on loyalty and related post-consumption behaviors (Cachero-Martínez & Vázquez-Casielles, 2021)

This mediating logic is theoretically important because it offers a process-based explanation of loyalty formation. Instead of assuming that customers become loyal merely because a store looks attractive, the mediation perspective suggests that atmosphere must first be internalized affectively. Thus, positive emotion represents the mechanism through which store atmosphere is translated into customer attachment and loyalty-oriented behavior. Accordingly, the following hypothesis is proposed (Cachero-Martínez & Vázquez-Casielles, 2021)

H4: Positive emotion mediates the effect of store atmosphere on customer loyalty.

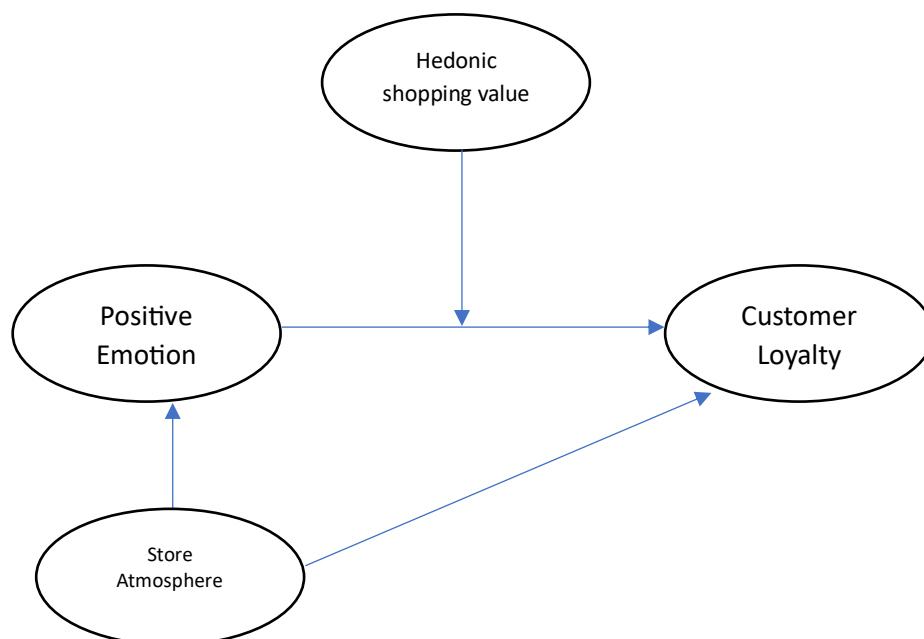
2.6. The moderating role of hedonic shopping value

Hedonic shopping value refers to the extent to which shopping is perceived as enjoyable, entertaining, exciting, and intrinsically rewarding. In contrast to utilitarian value, which emphasizes task completion and functional efficiency, hedonic value highlights the experiential and emotional rewards derived from the shopping process. Research has repeatedly shown that hedonic shopping value is associated with favorable retail outcomes, including satisfaction, repatronage, and loyalty. More recent evidence also suggests that specific forms of hedonic shopping value play an important role in shaping both attitudinal and behavioral loyalty toward retailers. These findings indicate that the effect of positive emotion on loyalty may not be uniform across consumers, but instead may depend on the degree to which shopping is perceived as pleasurable in hedonic terms (Atulkar & Kesari, 2017; Jones et al., 2022; H. Lee et al., 2025; Park, 2024)

This moderating logic is consistent with experiential retail theory. When customers attach high hedonic value to shopping, positive emotions generated during the encounter are likely to become more salient and more strongly linked to loyalty outcomes. By contrast, when shopping is approached primarily as a utilitarian task, positive emotional responses may have a weaker effect on repeat patronage and recommendation intentions. Studies on servicescape, shopping value, and experiential design likewise suggest that hedonic value amplifies behavioral responses by increasing the experiential significance of the encounter. Therefore, hedonic shopping value can be expected to strengthen the effect of positive emotion on customer loyalty. Based on this argument, the following hypothesis is proposed (Atulkar & Kesari, 2017; Jones et al., 2022; H. Lee et al., 2025; Park, 2024)

H5: Hedonic shopping value positively moderates the effect of positive emotion on customer loyalty, such that the effect becomes stronger at higher levels of hedonic shopping value.

Figure 1: Research model



3. METHODS

3.1. Research design

This study employed a quantitative, cross-sectional design to examine the relationships among store atmosphere, positive emotion, hedonic shopping value, and customer loyalty in an offline retail setting. The proposed model was developed to test both the direct and indirect mechanisms underlying customer loyalty formation, with positive emotion specified as a mediating variable and hedonic shopping value specified as a moderating variable. A survey approach was considered appropriate because the study focused on customers' perceptions and evaluations of their shopping experiences in a natural retail context.

3.2. Sample and respondent profile

The study involved 77 customers who had prior shopping experience in the focal offline retail setting. Respondents were selected using purposive sampling, as the study required participants who were familiar with the store environment and capable of evaluating the constructs examined in the model. The inclusion criterion was that respondents had previously shopped at the store and were therefore able to assess its atmosphere, their emotional responses during shopping, the hedonic value of the shopping experience, and their loyalty tendencies.

The respondent profile suggests that the sample was dominated by female customers (62.3%), while male customers accounted for 37.7%. In terms of age, the largest proportion of respondents was in the 26–35-year group (36.4%), followed by those aged 17–25 years (31.2%). Most respondents were private or public employees (40.3%), and the majority reported shopping three to four times per month (44.2%). In addition, most respondents had been customers for one to three years (42.9%), indicating that the sample largely consisted of individuals with sufficient shopping experience to provide informed evaluations of the focal constructs.

Table 1. Respondent's Characteristics

Characteristic	Category	Frequency	Percentage
Gender	Male	29	37.7
	Female	48	62.3
Age	17–25 years	24	31.2
	26–35 years	28	36.4
	36–45 years	16	20.8
	>45 years	9	11.7

Characteristic	Category	Frequency	Percentage
Occupation	Student	18	23.4
	Public/private employee	31	40.3
	Entrepreneur	15	19.5
	Others	13	16.9
Shopping intensity	1–2 times/month	21	27.3
	3–4 times/month	34	44.2
	>4 times/month	22	28.6
Customer duration	<1 year	19	24.7
	1–3 years	33	42.9
	>3 years	25	32.5

3.3. Data collection procedure

Data were collected using a structured questionnaire administered to eligible respondents. Participation in the survey was voluntary, and respondents completed the questionnaire based on their actual shopping experiences in the retail setting under study. The questionnaire was designed to capture customer evaluations of store atmosphere, positive emotion, hedonic shopping value, and customer loyalty. Because the study examined perceptual and behavioral intention constructs, self-reported survey data were considered appropriate for the research objectives.

3.4. Measures

All constructs were operationalized as reflective measures and assessed using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The measurement items were adapted to the offline retail context and aligned with the conceptual definitions of the study variables. Store atmosphere was measured using four items reflecting store layout, shopping comfort, visual attractiveness, and cleanliness. These indicators captured respondents' evaluations of the physical and sensory characteristics of the retail environment.

Positive emotion was measured using four items representing feelings of happiness, comfort, emotional satisfaction, and enthusiasm experienced during shopping. These indicators were intended to capture the affective responses generated by the shopping encounter. Hedonic shopping value was measured using four items related to shopping enjoyment, entertainment, interesting experience, and experiential satisfaction. This construct reflected the extent to which shopping was perceived as intrinsically pleasurable and experientially rewarding. Customer loyalty was measured using four items reflecting repurchase intention, store preference, willingness to recommend, and loyalty commitment despite the availability of alternative stores. These indicators represented both attitudinal attachment and future behavioral intention toward the retailer.

3.5. Data analysis

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. This analytical technique was selected because it is suitable for prediction-oriented models, accommodates relatively small sample sizes, and enables the simultaneous estimation of direct, indirect, and interaction effects within a single structural framework (Hair, 2023; Sarstedt et al., 2022). In addition, PLS-SEM is particularly appropriate when the study aims to explain variance in key endogenous constructs and to test mediation and moderation effects in an integrated model.

The analysis was conducted in two stages. First, the measurement model was assessed by examining indicator reliability, internal consistency reliability, convergent validity, discriminant validity, and collinearity. Indicator reliability was evaluated through outer loadings, while internal consistency reliability was assessed using Cronbach's alpha, rho_A, and composite reliability. Convergent validity was examined through the average variance extracted (AVE), and discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT). Collinearity diagnostics were evaluated using variance inflation factor (VIF) values (Hair, 2023; Henseler et al., 2015).

Second, the structural model was evaluated by examining path coefficients, coefficients of determination (R^2), and effect sizes (f^2). Hypothesis testing was performed using the bootstrapping procedure to assess the significance of the direct, indirect, and moderating effects. The mediating role of positive emotion was evaluated through the indirect effect of store atmosphere on customer loyalty, whereas the moderating role of hedonic shopping value was tested through the interaction effect between positive emotion and hedonic shopping value on customer loyalty (Hair, 2023).

3.6. Research hypotheses

Based on the proposed conceptual framework, this study tested five hypotheses. First, store atmosphere was hypothesized to positively affect positive emotion. Second, store atmosphere was hypothesized to positively affect customer loyalty. Third, positive emotion was hypothesized to positively affect customer loyalty. Fourth, positive emotion was hypothesized to mediate the relationship between store atmosphere and customer loyalty. Fifth, hedonic shopping value was hypothesized to positively moderate the relationship between positive emotion and customer loyalty, such that the effect of positive emotion on loyalty becomes stronger at higher levels of hedonic shopping value.

RESULTS

The study analyzed 77 responses using PLS-SEM in SmartPLS 4. The results are presented in two stages: measurement model assessment and structural model evaluation. The reflective measurement model met the recommended criteria for reliability and validity. All indicators loaded satisfactorily on their respective constructs, with outer loadings ranging from 0.775 to 0.895, and all loadings were significant at $p < 0.001$. Internal consistency reliability was also established, as Cronbach's alpha values ranged from 0.832 to 0.877, rho_A from 0.835 to 0.879, and composite reliability from 0.888 to 0.915. Convergent validity was supported by AVE values between 0.665 and 0.730, all above the minimum threshold of 0.50.

Discriminant validity was confirmed through the HTMT criterion, with all values below 0.90; the highest HTMT value was found between Store Atmosphere and Positive Emotion (0.839). In addition, collinearity was not a concern, as outer VIF values ranged from 1.538 to 2.785 and inner VIF values ranged from 1.000 to 2.440.

Table 4. Measurement model summary

Construct	Loading range	Cronbach's alpha	Composite reliability	AVE
Store Atmosphere	0.846–0.862	0.877	0.915	0.730
Positive Emotion	0.801–0.895	0.865	0.908	0.713
Hedonic Shopping Value	0.783–0.835	0.832	0.888	0.665
Customer Loyalty	0.775–0.859	0.837	0.891	0.672

Overall, these results indicate that the measurement model was statistically adequate and all constructs were retained for structural analysis.

4.2 Structural model

The structural model showed moderate explanatory power. Store Atmosphere explained 53.6% of the variance in Positive Emotion ($R^2 = 0.536$), while Store Atmosphere, Positive Emotion, Hedonic Shopping Value, and the interaction term jointly explained 59.7% of the variance in Customer Loyalty ($R^2 = 0.597$). Model fit was acceptable, with SRMR = 0.068 and NFI = 0.811.

Hypothesis testing showed that Store Atmosphere had a positive and significant effect on Positive Emotion ($\beta = 0.732$, $t = 17.017$, $p < 0.001$), supporting H1. Positive Emotion also had a positive and significant effect on Customer Loyalty ($\beta = 0.517$, $t = 4.653$, $p < 0.001$), supporting H3. However, the direct effect of Store Atmosphere on Customer Loyalty was not significant ($\beta = 0.194$, $t = 1.634$, $p = 0.102$), indicating that H2 was not supported. The direct effect of Hedonic Shopping Value on Customer Loyalty was likewise not significant ($\beta = 0.129$, $t = 1.298$, $p = 0.194$). By contrast, the interaction effect between Positive Emotion and Hedonic Shopping Value was positive and significant ($\beta = 0.278$, $t = 3.195$, $p = 0.001$), supporting H5.

The mediation analysis further showed that Positive Emotion significantly mediated the effect of Store Atmosphere on Customer Loyalty ($\beta = 0.379$, $t = 4.415$, $p < 0.001$), supporting H4. Since the indirect effect was significant while the direct effect of Store Atmosphere on Customer Loyalty was not, the findings indicate an indirect-only mediation pattern.

To clarify the moderation result, the conditional effect of Positive Emotion on Customer Loyalty was strongest at a high level of Hedonic Shopping Value ($\beta = 0.795$, $p < 0.001$), remained significant at the mean level ($\beta = 0.517$, $p < 0.001$), and became non-significant at a low level ($\beta = 0.239$, $p = 0.079$). A similar pattern appeared for the conditional indirect effect of Store Atmosphere on Customer Loyalty through Positive Emotion, which was significant at high and mean levels of Hedonic Shopping Value, but not at the low level. These results

indicate that the positive role of emotion in fostering loyalty became stronger when consumers perceived greater hedonic value in the shopping experience.

Table 5. Structural model results

Hypothesis Path	β	t	p	Decision
H1 Store Atmosphere \rightarrow Positive Emotion	0.732	17.017	<0.001	Supported
H2 Store Atmosphere \rightarrow Customer Loyalty	0.194	1.634	0.102	Not supported
H3 Positive Emotion \rightarrow Customer Loyalty	0.517	4.653	<0.001	Supported
H4 Store Atmosphere \rightarrow Positive Emotion \rightarrow Customer Loyalty	0.379	4.415	<0.001	Supported
H5 Positive Emotion \times Hedonic Shopping Value \rightarrow Customer Loyalty	0.278	3.195	0.001	Supported

Effect size analysis showed that Store Atmosphere had a large effect on Positive Emotion ($f^2 = 1.155$). Positive Emotion had a moderate effect on Customer Loyalty ($f^2 = 0.304$), while the moderating effect of Hedonic Shopping Value was small to moderate ($f^2 = 0.165$). In contrast, the direct effects of Store Atmosphere ($f^2 = 0.038$) and Hedonic Shopping Value ($f^2 = 0.034$) on Customer Loyalty were small.

Table 6. Explanatory power, effect sizes, and model fit

Metric	Value
R ² Positive Emotion	0.536
R ² Customer Loyalty	0.597
f^2 Store Atmosphere \rightarrow Positive Emotion	1.155
f^2 Positive Emotion \rightarrow Customer Loyalty	0.304
f^2 Interaction effect	0.165
SRMR	0.068
NFI	0.811

In summary, the findings demonstrate that Store Atmosphere primarily influenced Customer Loyalty through Positive Emotion rather than through a direct effect. In addition, Hedonic Shopping Value strengthened the effect of Positive Emotion on Customer Loyalty, indicating that emotional responses translated into stronger loyalty when shopping was perceived as more enjoyable and experientially rewarding.

DISCUSSION

The present study offers a coherent explanation of how customer loyalty is formed in the retail setting examined. The main pattern of findings suggests that store atmosphere does not automatically translate into loyalty; rather, its influence operates primarily through consumers' internal affective states, and that affective pathway becomes stronger when shopping is experienced as hedonic and enjoyable. This overall pattern is consistent with environmental psychology and stimulus–organism–response logic, which conceptualize atmosphere as a stimulus, emotions as an internal organismic state, and loyalty-related behavioral outcomes as the response (Eroglu et al., 2001). More recent retail research likewise emphasizes that customer loyalty is often built through experiential and emotional mechanisms rather than through environmental cues alone (Cachero-Martínez & Vázquez-Casielles, 2021; Gökalp & Martínez, 2022; Mojtaba Barari et al., 2020)

First, the finding that store atmosphere has a positive and significant effect on positive emotion indicates that the physical and sensory qualities of the store function as affective triggers. A well-organized layout, a comfortable ambience, attractive visual design, and store cleanliness appear to create an emotionally favorable shopping context in which customers feel pleased, relaxed, and enthusiastic. This interpretation aligns with prior retail studies showing that atmospheric cues shape customers' affective reactions, pleasure, and mood during shopping encounters ((Kordelia Spies et al., 1997) It is also supported by more recent work showing that technologically or visually enriched atmospherics can intensify positive emotional responses and make shopping experiences more enjoyable and immersive (Ingrid Poncin & Mohamed Slim Ben Mimoun, 2014). Therefore, the current finding reinforces the argument that atmosphere is not merely a background condition of shopping, but an active generator of positive emotional experience.

Second, the non-significant direct effect of store atmosphere on customer loyalty is theoretically important rather than contradictory. This result suggests that a favorable store atmosphere may be sufficient to create an immediately pleasant impression, but not necessarily enough to produce repeat patronage, recommendation intentions, or durable store preference on its own. Loyalty is a deeper relational outcome that often depends on how customers interpret and internalize their shopping experiences over time. Prior retail research has similarly shown that environmental and shopping-related cues frequently affect loyalty through intervening constructs such as perceived value, satisfaction, or emotional experience rather than through a purely direct path ((Jones et al., 2022; Sarstedt et al., 2022). In this sense, the current finding adds nuance to the atmosphere–loyalty relationship by showing that the route to loyalty is more psychological and process-based than immediate and automatic.

Third, the significant effect of positive emotion on customer loyalty confirms that affective experience is a central driver of favorable post-shopping behavior. When customers feel happy, comfortable, emotionally satisfied, and enthusiastic, they are more likely to return to the store, maintain preference for it, and recommend it to others. This interpretation is consistent with prior evidence showing that positive emotional states strengthen behavioral intentions and loyalty-oriented responses in retail and service settings (Asraf et al., 2024; Cachero-Martínez & Vázquez-Casielles, 2021; Sebastian Molinillo et al., 2020). It also resonates with research showing that positive shopping experiences have a meaningful role in building loyalty because they transform consumption from a purely functional act into a personally rewarding encounter (Mojtaba Barari et al., 2020). Accordingly, the present study

supports the view that loyalty is not driven solely by rational store evaluation, but also by the emotional quality of the customer experience.

Fourth, the mediation result confirms that positive emotion is the key mechanism through which store atmosphere influences customer loyalty. Because the indirect effect is significant while the direct effect is not, the findings indicate that store atmosphere works through an emotional conversion process: customers first encounter the store environment, then form positive feelings about the shopping experience, and only after that are they more likely to become loyal. This mechanism is conceptually consistent with the idea that environmental stimuli exert their strongest behavioral effects when they are filtered through emotional states ((Donovan et al., 2013; Eroglu et al., 2001; Jang et al., 2021). It is also consistent with more recent findings showing that emotional experience mediates the relationship between shopping experience and loyalty outcomes in retail contexts (Cachero-Martínez & Vázquez-Casielles, 2021). Thus, the present study contributes by showing that atmosphere matters for loyalty primarily because it produces positive emotion, not because it independently compels commitment.

Fifth, the significant moderating role of hedonic shopping value indicates that the loyalty effect of positive emotion is contingent on how consumers frame the shopping experience itself. When hedonic shopping value is high, positive emotion becomes substantially more potent in shaping loyalty; when hedonic shopping value is low, the effect weakens and loses statistical strength. This means that emotional responses are more likely to be translated into repeat preference and recommendation when shopping is perceived as enjoyable, entertaining, and experientially rewarding. Prior studies have shown that hedonic shopping value is closely associated with favorable retail outcomes, including satisfaction, repatronage, and loyalty ((Atulkar & Kesari, 2017; Jones et al., 2022). More recent research also confirms that hedonic value remains a meaningful basis for loyalty in contemporary retail settings and can reinforce how customers respond to retail experiences (H. Lee et al., 2025; Zhou et al., 2020). Therefore, the current study demonstrates that emotion is not equally effective for all customers; its behavioral force depends on whether the shopping context is experienced as pleasurable in hedonic terms.

The conditional effect pattern observed in this study also strengthens the broader interpretation of the model. The indirect role of positive emotion becomes strongest when hedonic shopping value is high, which implies that store atmosphere is most effective in generating loyalty when customers do not merely judge the store as functional or convenient, but experience the shopping process as enjoyable in itself. This finding extends prior work on shopping value by showing that hedonic value is not just another antecedent of satisfaction or loyalty, but a boundary condition that shapes how emotional experience is converted into loyalty. Research on omnichannel and experiential retailing similarly suggests that hedonic motivation amplifies customer experience quality and can intensify downstream loyalty outcomes (Elodie Huré et al., 2017; Olli Tyrväinen et al., 2020) In theoretical terms, the present study therefore advances a more conditional version of the experience–loyalty relationship: emotional responses matter more when customers view shopping as a source of pleasure, exploration, and enjoyment.

From a theoretical standpoint, the study offers at least three contributions. First, it clarifies that store atmosphere should not be conceptualized as a uniformly direct predictor of customer loyalty. Instead, its influence is better understood as affectively mediated. Second, it identifies positive emotion as the central explanatory mechanism linking the retail environment

to loyalty behavior. Third, it shows that hedonic shopping value functions as an important boundary condition, specifying when emotional reactions are more likely to yield loyalty. Taken together, these contributions enrich existing atmosphere and retail experience research by integrating environmental cues, affective processes, and experiential value into one explanatory model. This integrative perspective is consistent with prior streams of research on atmospherics, shopping value, and experience-based loyalty, yet it sharpens those streams by showing how the constructs work together rather than in isolation ((El-Adly & Eid, 2016; Eroglu et al., 2001; Jones et al., 2022; J. Lee & Park, 2024)

The findings also carry clear managerial implications for retail practitioners. Retailers should not treat store atmosphere as a purely aesthetic matter. Atmosphere should be designed strategically to evoke pleasure, comfort, and enthusiasm, because those emotional states are what ultimately support loyalty. In practical terms, this means that investments in layout, cleanliness, visual appeal, ambient comfort, and experiential design should be evaluated not only in terms of appearance, but in terms of their capacity to generate positive customer feelings. At the same time, retailers should enhance the hedonic value of shopping by making the visit itself more enjoyable, engaging, and personally rewarding. Earlier retail studies have shown that improvements in shopping environment and experiential cues can elevate customer value, satisfaction, and loyalty-related outcomes (El-Adly & Eid, 2016; Ingrid Poncin & Mohamed Slim Ben Mimoun, 2014; Jean-Charles Chebat et al., 2014). More recent studies similarly suggest that personalization, affective experience, and hedonic motivation are central to building loyalty in evolving retail contexts (Olli Tyrväinen et al., 2020; Sebastian Molinillo et al., 2020). Thus, the managerial lesson from this study is that loyalty is more effectively built through experience design than through environmental appearance alone.

Overall, the discussion suggests that customer loyalty in this retail context is best understood as the outcome of an experience-based process. Store atmosphere initiates the process, positive emotion carries the core explanatory weight, and hedonic shopping value intensifies the emotional pathway to loyalty. The study therefore supports a view of retail loyalty that is experiential, affective, and conditional, rather than merely transactional. In doing so, it provides a more refined explanation of how atmospheric design can be translated into durable customer relationships.

CONCLUSION

This study shows that customer loyalty in offline retail is shaped primarily through an affective process rather than by store atmosphere alone. Store atmosphere significantly enhances positive emotion, and positive emotion, in turn, strengthens customer loyalty. However, the direct effect of store atmosphere on loyalty is not significant, indicating that a favorable store environment contributes to loyalty mainly when it generates positive emotional experiences. In addition, hedonic shopping value strengthens the effect of positive emotion on loyalty, suggesting that emotional responses are more likely to translate into loyalty when shopping is perceived as enjoyable and experientially rewarding.

These findings contribute to the retail literature by offering a more integrated explanation of loyalty formation through the interplay of store atmosphere, positive emotion, and hedonic shopping value. Practically, retailers should focus not only on creating attractive physical environments but also on designing shopping experiences that evoke positive emotions and enhance hedonic value. Since this study is based on cross-sectional data and a limited sample, future research is encouraged to test the model in broader retail contexts and incorporate

additional variables, such as satisfaction, trust, or perceived value, to deepen understanding of customer loyalty formation.

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