

# The Impact Made By Visual Merchandising Elements on Purchase Intension: with Special Reference to Supermarket Industry in Western Province

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**Abstract** –In the era of crafting needs and wants rather satisfying customer needs and wants, the concept of marketing plays a vital role in differentiating their offering to the customers in order to develop a unique perception of the consumers' mind for their brands and products. In such a scenario visual merchandising can be identified as one of the emerging considerations of the retail stores especially in the supermarket stores with the purpose of attracting new customers in to the stores and promote existing customers for a more purchase. The current study has contrasted on a comparative analysis on identification of the impact made by the visual merchandising elements on the purchase intension with special reference to the supermarket industry, Western province. With the non-probability sampling technique- convenience sampling method, 150 respondents were selected. With the purpose of achieving a comparative analysis it has selected 50 respondents from each district respectively from Colombo, Gampaha and Kalutara. Both primary and the secondary data used for the study and descriptive statistics were used to analyse data. Promotional signage, Background music, Store design layout and the Store aroma have been identified as the independent variables and the purchase intension has been identified as the dependent variable. In the study, a key objective and four specific objectives were achieved and four hypotheses were developed. In the overall analysis of Western province, promotional signage and the store aroma have significant and positive influences on purchase intension while the highest impacts in Colombo, Gampaha and Kalutara districts are respectively from promotional signage and store aroma.

**Keywords:** *Visual Merchandising, Purchase intension, Promotional signage, Background music, Store Aroma*

## I. INTRODUCTION

Many researchers have recognized the concept of marketing as the way of identification and satisfaction of customer needs and wants. But in the present, it has been revolutionized as the fashion of creating consumer needs and wants instead of identification of them. In the current competitive scenario, the companies who create needs instead of products are the companies that outperform the competition within the industry. For this, companies engage in designing a variety of modern strategies and tactics to be unique and differentiated their offerings for the target consumer by securing their positions in the market place. The current study focuses on visual merchandising which is one of the most prominent and emerging strategies used in the supermarket industry, Sri Lanka. The supermarket industry in Sri Lanka is set out for an explosive growth in the recent years and this is with the western lifestyle of modern Sri Lankans where convenience is a key benefit sought after.(Perera 2006). With limited formal retail penetration, Sri Lanka's modern supermarket-hypermarket segment is among the fastest-growing sectors, with supermarket penetration increasing from 5% in 2005 to around 8% in 2012. The dominant players in the sector include Cargills Food City, Keells Super, Laugfs Sunup, Arpico, and Lanka Sathosa. Further, the majority of supermarkets and hypermarkets are concentrated in western province.

### 1.1 Research Problem

*"How does Visual Merchandising of supermarkets impact on purchase intention of customers in Western province?"*

### 1.2 The main objective

To identify the impact made by Visual merchandising in supermarkets on purchase intention of customers in Western province.

#### Specific objectives

- To identify the impact made by Promotional Signage in supermarkets on purchase intention of customers in Western province.
- To identify the impact made by Design Layout in supermarkets on purchase intention of customers in Western province.
- To identify the impact made by Background Music in supermarkets on purchase intention of customers in Western province.
- To identify the impact made by Store Aroma in supermarkets on purchase intention of customers in Western province.

### 1.3 Hypotheses

- H1- Promotional Signage in supermarkets impacts on purchase intention of customers in Western province.
- H2- Design Layout in supermarkets impacts on purchase intention of customers in Western province.
- H3- Background Music in supermarkets impacts on purchase intention of customers in Western province.
- H4- Store Aroma in supermarkets impacts on purchase intention of customers in Western province.

## II. LITERATURE REVIEW

Walters (1987) , define visual merchandising as the “activity which coordinates merchandise selection with effective merchandise display”.(Ebster & Garaus, 2011)define visual merchandising as “the art and science of presenting products in the most visually appealing way”, emphasizing on the communication with the customers through images and presentations. The utmost sense of expending a large amount of money for the concept of visual merchandising is to increase the company sales by developing a unique differentiation for the company itself to maintain a long-term customer base. An effective visual merchandising helps boosting the sales of products that will almost sell themselves. Retailers pursue through visual merchandising the basic objective of attracting customers in order to sell merchandize (Bastow, Zetocha, & Passwitz, 1991). Visual merchandising is therefore concerned with both how the product and/ or brand are visually communicated to the customer and also whether this message is decoded “appropriately” (Wanninayake & Randiwela, 2007). Visual merchandising is an important element of a store setting. It enables stores to attract and motivate customers to spend more time in the store, help them finding and selecting products they are looking for, encourage them to purchase items planned or unplanned as well as projecting a good overall image of the store (Bastow, Zetocha, & Passwitz, 1991); Gajanayake, Gajanayake, & Surangi, 2011). Visual merchandising enhances the attractiveness of a store and its perceived image from the viewpoint of customers. A positive mood serves as a contextual cue for evaluating the perceived quality, image of a product and store, and purchase intention (Bakamitsos & Park, 2000).

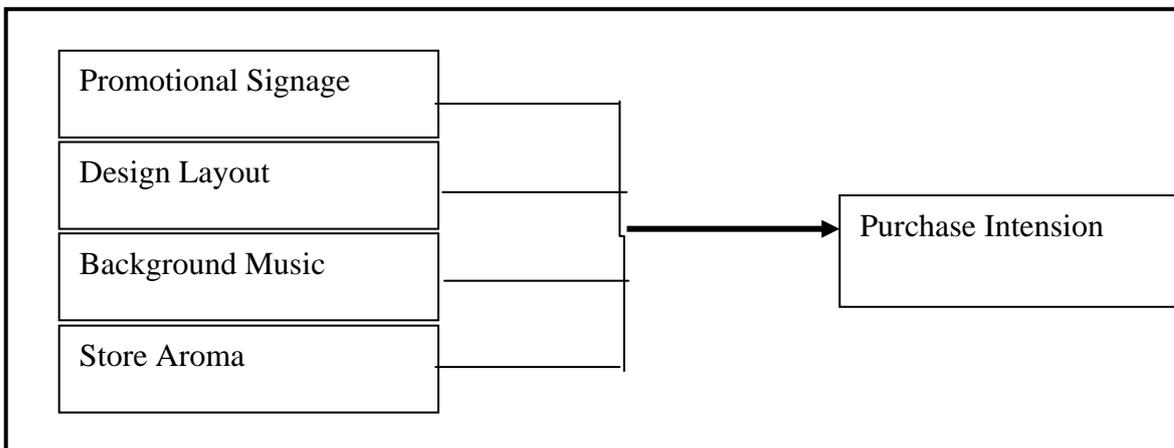
## III. METHODOLOGY

The researchers recognized that there are various theories and concepts built by many researchers in the world and some researches done in Sri Lanka emphasised the recent growth in Sri Lankan supermarket industry. By referring the literature, researchers conducted a preliminary study by interviewing randomly selected 20 customers with the purpose of gaining a justifiable conclusion. The theoretical background and the preliminary study conclusions emphasised the real necessity of conducting this research.

Information about validity and reliability were necessary in order to determine whether instruments are stable, accurate and whether they truly measure what they set at to measure.(Sekaran, 2003). In order to test the model fit, reliability as well as the validity has been checked.

The questionnaire was reliable with a value of 0.838 under Cronbach Alpha test and the validity test was also accepted with a value of 0.853 according to the KMO Bartlett’s test.

The research has a quantitative approach since the research includes descriptive statistics such as mean, median mode and regression analysis has been used to test the hypotheses which provide numerical values to make conclusions and to test specific hypotheses. In order to present data and the information charts and tables have been used. The research is a conclusive research design which involves measurements of clearly defined marketing phenomenon and this type of research design assists decision makers to select the best action that need to be taken. The population is the total number of people live in Colombo, Gampaha and Kalutara districts and a sample of 150 respondents were selected from western province where all the three districts comprised with equal number of customers. The sample was selected using the convenience sampling method under non probability sampling technique. When refereeing to the literature, there can be seen a plenty of models built on visual merchandising and the conceptual framework of the current research was built by the researchers based on the literature.



Source: The model developed by the researcher, 2017

IV. RESULTS & DISCUSSION

The majority (57%) of the sample is female, in the age group of 34-41 years. When it comes to the majority income group, it's about 38% in 25,000-49,999. The majority of the respondents are Advanced Level qualifiers, which is 42% and the majority of the respondents is married.

The result shows a regression coefficient of "r" = 0.853<sup>a</sup> or 85% that suggests a positive relationship between purchase intention and other explanatory variables. In this model, the coefficient of determination "R square" = 0.727 which shows that 73% of observed variability in customer purchase intention can be explained by the differences in the independent variables taken.

4.1 District wise Analysis

Table 1.0 : District Analysis

Model	Colombo		Gampaha		Kalutara	
	B value	Sig.	B value	Sig.	B value	Sig.
Promotional Signage	.512	.000	.449	.000	.214	.006
Design Layout	.023	.575	-.067	.198	.036	.490
Background Music	.089	.021	.009	.816	-.003	.947
Store Aroma	.442	.000	.502	.000	.534	.000

Source: Author

According to the table 1.0, promotional signage and store aroma significantly impact on purchase intention in both Colombo & Gampaha Districts, while the highest impacts are from promotional signage and store aroma respectively. Based on the above analysis, store aroma is the only visual merchandising element that makes a significant impact on the purchase intention of customers in Kalutara district.

4.2 Overall Analysis

Table 2: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.192	.214		.895	.372
1 Promotional Signage	.397	.042	.478	9.391	.000
Design Layout	.035	.025	.060	1.386	.168
Background Music	.040	.023	.075	1.719	.088
Store Aroma	.494	.051	.493	9.641	.000

a. Dependent Variable: Purchase Intension

According to the statistical analysis shown in the table 2.0, only promotional signage and Store aroma significantly and positively influence on the purchase intension since those two variables are showing a 0.000 significant value which is less than 0.005. Promotional signage and Store aroma show coefficient values of 0.397 and 0.494 respectively. Other than those two independent variables, Design layout and Background Music show 0.168 and 0.088 values for the significance but they cannot be accepted as significantly influencers as the values are not less than 0.005.

In order to have a comparative analysis within three districts of the Western province, the sample analysis has been done separately. As per the statistical analysis, promotional signage and store aroma in the supermarket stores significantly influence on the purchase intension in both Colombo and Gampaha districts while the highest impact in Colombo and Gampaha districts are from promotional signage and store aroma respectively. Finally, store aroma is the only factor that impacts on purchase intension in Kalutara district.

Visual merchandising reflects both interior and exterior customer seeks in a store that makes a positive influence for the consumers to make them attention, interest, desire and for the action. When it comes to the super trade industry in Sri Lanka, visual merchandising can be identified as a major clue to stimulate consumers to select the store. As revealed by the literature review so far, promotional signage, design layout, background music and store aroma are the most important visual communication elements which are highly considering in designing the strategic visual merchandising plan of the store.

Current study has been conducted to test the impact made by Visual Merchandising on Purchase Intension referencng to super market industry in western province, a comparative analyse between Colombo, Gampaha and Kalutara. It has been identified that, the weight of the impact made by the visual merchandising elements vary from one district to another although it is in the same province. Due to the demographic, psychographic, socio graphic and geographic variables, the consumer perception, attitudes and

purchasing behaviour vary from one to another. Targeting a specific homogeneous segment of consumers, the total market offered based on their expectations is the core of any business.

When it comes to Colombo District, majority of them are highly stimulated to the promotional offerings displayed at the exterior and the interior of the store. It is required to pay a considerable attention towards the promotional signage displays at the store premises. Other than the promotional signage, a sufficient attention is need to be paid for store aroma of the store, design layout and the background music in designing a strategic visual merchandising plan for the store.

In the context of Gampaha district, it reveals that store aroma is the most important element of visual merchandising in super market stores. Not only the store aroma but the promotional signage of the store also has an equal impact over the purchase intension of the consumers in Gampaha district. So it requires maintaining a strategic balance between the visual merchandising elements within the super market stores by emphasizing the store aroma along with a tuning promotional signage. The consumers in Kaluthara district are highly responsive for the store aromas which insist in the store promises.

## V. CONCLUSION

The study is about the impact made by Visual Merchandising in supermarkets on Purchase Intention of customers in Western province. The analysis was done considering the Western province as a whole and as comparison of individual districts. It is proved that only promotional signage and store aroma impact on purchase intention while design layout and background music do not impact. This emphasises the importance of giving priority for promotional signage and store aromas for the supermarkets in western province while giving less priority for background music and design layout.

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