

A Study on Visual Merchandising and Consumer Store Choice Behaviour in Sri Lankan Supermarkets

D.A. Weerasooriya and J. Sutha
Uva Wellassa University, Badulla, Sri Lanka

Introduction

Retailing industry is a highly competitive industry due to the difficulty in differentiating the products and services based on the marketing mix of product, price, place and promotion from one store to another. Self service retailing is typically used by sellers of convenience goods (such as supermarkets) and nationally branded fast moving shopping goods (Kotler and Armstrong, 2006). The trend of modern self service retailing rather the supermarket trend exists in Asia Pacific region where Sri Lanka is being one of the countries with tremendous rise of the trend. In accordance with the Nielsen company report on retail and shopper trends in Asia Pacific 2010 in Sri Lanka, the modern trade continued steadily to gain share in 2009. Further, the share of supermarkets has been expanded by 1% compared to 2008. The share in 2009 is comprised with a 16% share.

Supermarket is a self-service store offering a wide variety of food and household merchandise, organized into departments. It is larger in size and has a wider selection than a traditional grocery store and it is smaller than a hypermarket or superstore (Matamals and Ramos, 2009).

Millions of dollars are spent each year by retailers designing, building and refurbishing stores (Baker *et al.*, 1992). Visual merchandising, or visual presentation, is the mean to communicate a store/company's fashion value and quality image to prospective customers (Kim, 2003). Kim (2003) has expressed a similar concept in a different view that is "a way of presenting merchandise effectively to improve the desirability of a product and to influence a customer's buying behavior".

Number of elements have used in past literature to measure the level of visual merchandising In-stores. The classifications and illustrations presented in past literature are different and vary in accordance with the past researches' perspectives. Agnihotri and Oburai (1997) have categorized visual merchandising elements in to two main elements namely, exterior visual merchandising elements (Marquees, Entryway and Store windows) and in-store visual merchandising elements (Store layout plan, Color, Lighting, In-store signage, Merchandise sequencing style and Fixtures and Hardware).

Store choice is a decision that a shopper is fairly involved in. It is important for a store to understand this behaviour in order to develop marketing strategies to attract and keep its clientele. Shoppers choose the store based on many aspects that could be classified as primary and image based and also the importance of each of these aspects changes with the kind of store the shopper wants to visit (Sinha *et al.*, 2002).

Therefore, this research aims to answer whether there is an impact of visual merchandising in favour of supermarkets as the trend is that more consumers are attracted towards supermarkets and in favour of the consumer store choice behavior in the current Sri Lankan Context. The objectives of this study were to identify the current practices of visual merchandising that exist in Sri Lankan supermarkets, to identify the impact of each interior and exterior visual merchandising element on

consumer store choice behavior and to determine the relative contribution of each interior and exterior element towards store choice behavior.

Methodology

The population of this research is, all the consumers who purchase goods from the supermarkets in Sri Lanka. For the purpose of selecting the sample from the population the highly populated three provinces; Western, Central and Southern of Sri Lanka were selected and the most populated district in each province, Colombo, Kandy and Galle respectively were selected.

Furthermore, a sample comprising two hundred and fifty (250) consumers was selected in proportion to the population in that district employing systematic sampling method.

Further, in order to select the consumers, six supermarket chains were selected based on the Nielsen company report on retail and shopper trends Asia Pacific 2010 in Sri Lanka. This research used both primary and secondary data. Primary data were collected by impersonally distributed questionnaires for the sample of 250 consumers.

Results and discussion

The information regarding consumers was analyzed by using graphs and charts. This research consists of 59.6% (149) females and 40.4% (101) of males out of two hundred and fifty.

Considering the income, highest percentage can be identified from the income group of Rs.10,001 - Rs.50,001 which accounts for 60% (150 consumers) of the total sample. The lowest is explained by 7.6% (19 consumers) from the income group of more than Rs.100,001.

The mean values of exterior elements, window display, store architecture, in-store elements, display, ambient cues, in-store signage, decor and visual merchandising are 4.0303, 4.012, 3.892, 3.9413, 4.257, 3.939, 4.060, 3.930 and 3.930 respectively which falls under the range of almost agree ($3.5 < X \leq 5$) category of Univariate analysis. This illustrates that consumers have perceived that, they are attracted by window display and store architecture when selecting a store and within the store display, ambient cues, in-store signage and decor are having impacts on the store choice.

Accordingly, in an overall view, for the almost agree criterion ($3.5 < X \leq 5$) exterior elements have 77.6% while In-store elements are having 84.8%. The highest percentage is derived from the almost agree criterion ($3.5 < X \leq 5$) by the ambient cues. It is 87.2% and this suggests that most of the consumers are responding towards adequate lighting, pleasant odour and charming music within the supermarket outlets.

Therefore, all the above attest that, the supermarkets' consumers are considerably responding to the current practices of visual merchandising exist in Sri Lankan supermarkets.

The correlation between store choice behaviour and all visual merchandising elements were positive except for window display. Out of these elements, store architecture, ambient cues and decor were having a high positive correlation while display and in-

store signage were having a low Window display, In-store signage and was having a zero correlation. It was found that the tests were significant at the level $P < 0.01$.

In providing a general conclusion, correlation between store choice behaviour and visual merchandising were positive which suggests that there is a high positive correlation between the variables.

The multiple regression formula can be articulated as follows.

$$SCB = .683 + .084WD + .219SA + .058DI + .202AC + .054IS + .201DE$$

Where;

SCB = Store Choice Behaviour, EX = Exterior elements, IN = Interior elements, WD = Window Display, SA = Store architecture, DI = Display, AC = Ambient Cues, IS = In-store Signage and DE = Decor.

Additionally, in the multiple regression analysis, all the coefficients of the elements were significant at $P < 0.01$ except for display and In-store signage.

Out of all visual merchandising elements, the highly influencing element is store architecture. The ambient cues and decors come next with the values of 0.202 and 0.0201 respectively. The least influencing elements are In-store Signage and display and the magnitude of the elements are 0.054 and 0.058 respectively. Since these coefficients are not significant, window display is the least influencing element out of significant elements.

The R square of the multiple regression model is 54.4% (0.544) and this illustrates that 54.4% of variance in store choice behaviour can be predicted from the weighted combination of visual merchandising elements (Window Display, Store Architecture, Display, Ambient Cues, In Store Signage and Decor). The rest of 45.6% is explained by other variables.

Conclusions

Finally, the visual merchandising is having a considerable impact on consumer store choice behaviour in Sri Lankan supermarkets and therefore, it is necessary for the supermarket outlets to pay a considerable concentration on visual merchandising practices.

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