Effectiveness of visual merchandising on customer supermarket choice

A. Zinyemba
Department of Business Studies, University of Zimbabwe

ABSTRACT

The retail market structure in Zimbabwe has changed from being a monopolistic structure to a perfect competition structure with many players coming in. It has become necessary, now more than before, for retailers to look at ways to influence customers’ supermarket choice decisions. Previous researchers have established that the visual merchandising variable plays a greater role in influencing customer store decisions.

This study aimed at establishing the extent to which visual merchandising variables influence customer supermarket choice decisions and at establishing which among the variables, are the most critical in customers' minds in evaluating supermarket choice. The research was carried out in supermarkets around Harare Central Business District, Msasa and Ruwa. A descriptive survey method was used to get information from customers about their behaviours, attitudes and values. Systematic sampling was used to select the customers (respondents). A total of forty customers were surveyed, representing the sample size.

Results show that all visual merchandising variables affect customer store choice in varying degrees. Store choice decisions were also found to be influenced by other factors like customer care, promotions, prices, and quality of merchandise with customer care and prices being the most considered by customers in making their choice decisions. The study recommends that retailers should pay particular attention to all visual merchandising variables as results show that all variables have varying degrees of influence on customer store choice. Retail players must also pay more attention on product variety and displays and interior store designs which are the major variables that customers consider when making store choice decisions.

Key words: visual merchandising, retail industry, supermarket choice decision, product variety and display, store design

1. INTRODUCTION AND BACKGROUND

1.1 Background to Retail Merchandising in Zimbabwe

The supermarket retail industry in Zimbabwe has changed over the years. Since the 1940s, OK used to command the largest share of the market. The trend has changed. There is now a growing number of competitors such as TM, Spar, Food World and many more. The retail market structure has changed from being a monopolistic structure to a perfect competition structure, with a growing number of small scale supermarket retailers coming on to the scene. As the small scale supermarket retailers embarked on marketing, more and more customers are also diverting from large supermarket retailers.

The research was carried out in supermarkets around Harare Central Business District, Msasa and Ruwa. The researcher did not cover all supermarkets in Zimbabwe.

1.2 Retail Supermarket Industry Analysis

In order to clearly understand the supermarket retail industry attractiveness, the researcher used Porter’s five forces model which looks at the following variables: threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers and intensity of rivalry.

1.2.1 Threat of new entrants

This is largely determined by access to supply sources, capital requirements, access to distribution channels and government policies. As the retail sector was almost blown up during the 2000-2009 hyperinflationary period or era due to price controls, the birth of the inclusive government brought favourable policies like
zero imports duty of merchandise imports which increased retailers’ access to supply sources extending up to regional supply markets like Botswana, South Africa and international supply markets like Dubai and even Mauritius and Brazil. This resulted in many entrants into the playing field.

1.2.2 Threat of substitutes
Substitutes are products which perform similar functions and can be used in place of the other. There is a variety of substitutes in the retail sector due to high rate of new entrants coming up with own substitutes to differentiate them from existing retailers. Substitutes are normally acquired from foreign suppliers like South Africa and China and are very cheap as compared to locally manufactured products.

1.2.3 Bargaining power of suppliers
This is determined by supplier concentration, presence of substitutes, uniqueness of products offered and threat of forward and backward integration. With increased level of merchandise imports, substitute products also increased. Substitute products are very cheap and dominate the market thereby forcing locals to adjust their product prices. In response to this challenge, Large retailers like OK Zimbabwe acquired a wholesaler like Macro, now OK Mart, in order to effectively control and manage the distribution channel which was intended to reduce the bargaining power of local suppliers of grocery merchandise.

1.2.4 Bargaining power of buyers
Bargaining power will be high on the side of buyers when they are many suppliers offering many substitutes and when brand switching costs are low due to little quality differences. The Zimbabwe Human Development Report (ZHCR) estimated 69% of the population to be living below the poverty datum line. This means that most customers are low income earners with a monthly average income of below $300. ZIMSTATS department estimated that over 70% of the population is unemployed. Low income earners are very price sensitive as they have little disposable income and this greatly influences price changes. For example, bread manufacturers resorted to their normal prices for bread after a 10% increase was rejected by customers through a purchase boycott.

1.2.5 Intensity of rivalry
Due to high threat of new entrants and substitutes, low bargaining power of suppliers and high bargaining power of buyers, there is high intensity of rivalry in the perfect retail market structure as evidenced by presence of many retailers employing heavy promotional tools.

2 PROBLEM STATEMENT AND PROPOSITION
It has been found that visual merchandising variables have varying impact on customer supermarket choice decisions. Prior researchers have concluded that supermarket design and cleanliness have more impact on supermarket choice decisions. Other researchers refused to recognise visual merchandising variables alone as major drivers of customer supermarket choice. They focused on issues such as shopping place location, brand name, trade name, car park space, and travelling time as competing influencing factors of customer supermarket choice. The debate on which factors have more influence on customers’ supermarket choice prompted this study.

2.1 Research Proposition
The proposition for this research is that visual merchandising variables affect customer store choice.
3 AIMS, OBJECTIVES AND RESEARCH QUESTIONS

3.1 Aim of the study
This study aimed at establishing the extent to which visual merchandising variables influence customer supermarket choice decisions and at establishing which among the variables, are the most critical in customers’ minds in evaluating supermarket choice.

3.2 Objectives
The objectives of the study were:
1. To find out the influence of product variety and display on customer’s buying decisions
2. To find out the influence of merchandising staff on customer supermarket choice decisions.
3. To determine the influence of interior store design on consumer’s supermarket choice decisions and
4. To examine the impact of exterior store design on consumer supermarket preference.

3.3 Research Questions
The study sought to answer the following specific research questions:
1. Does the aspect of interior store design affect customer supermarket choice?
2. Does the aspect of exterior store design affect customer supermarket choice?
3. Is product variety and display of relevance in customers’ considerations of supermarket choice?
4. To what extent do merchandising staff influence customer supermarket preference?
5. What other factors influence customer supermarket choice?

3.4 Research Assumptions
The assumptions formulated below have guided the research study and provided the researcher with a platform from which to compare the results of the study.

a) The first assumption is that visual merchandising plays a major influence in determining customer supermarket choice.

b) All customers are aware of visual merchandising and consider it when making supermarket choice decisions.

c) All retail supermarkets consider and prioritise visual merchandising in customer retention and promotional techniques.

4. LITERATURE REVIEW
4.1 Definition of Key Terms
4.1.1 Merchandising
To fully understand the practice of visual merchandising, it is necessary to understand the meaning of merchandising.

Merchandising means activities which include display techniques, free samples, on-the-spot demonstrations, pricing, shelf talkers, special offers, and other point-of-sale methods. It encompasses all the planning involved in marketing the right merchandise or service at the right place, at the right time, in the right quantities, and at the right price. This is clearly stated by Berman and Evans (2001) who define merchandising as activities involved in acquiring particular goods and or services and making them available at the place, times, and prices and in the right quantity.
4.1.2 Visual merchandising
This is the art of displaying merchandise in a manner that is appealing to the eyes of the customer. It sets the context of the merchandise in an aesthetically pleasing fashion, presenting them in a way that would convert the shoppers into prospective and ultimately into buyers of the product, Berman and Evans (2001).

It can be said to be a strategy for presenting merchandise that makes use of visual techniques to create and maintain a clientele and increase demand. These definitions are further elaborated by Bestow-Shoop et al (1991) who define visual merchandising as everything the customer sees, both exterior and interior, that creates a positive image of a business and results in attention, interest, desire and action on the part of the customer.

The definition of Berman and Evans points out that visual merchandising is customer centred and therefore supermarkets must pay more attention to areas like store design, cleanliness, goods display and having merchandise assortment variety.

The researcher was guided by these definitions in understanding the extent to which visual merchandising variables affect customer store choice decisions.

4.1.3 Customer
Also referred to as client, buyer, or purchaser, is usually used to refer to a current or potential buyer or user of the products of an individual or organisation.

4.1.4 Product
Kotler, and Keller, (2009), define a product as anything that can be offered to the market for attention, acquisition, use, or consumption and that might satisfy a need or a want. This broad definition of product includes physical objects, services, persons, places, organizations, ideas or mixes of these entities.

4.2 Merchandising philosophy
As noted by Berman and Evans (2001) merchandising philosophy is based on the assumption that the retailer must endeavour for visual merchandising that reflects the desires of target market and the visual merchandising practices should be distinct in a way that creates a unique position in the market.

When practising visual merchandising, the supermarket should therefore take heed of competitors’ practices on the same issue so as to make improvements where necessary. Visual merchandising is costly and should be well managed to maintain profitability of the supermarket.

4.3 Visual merchandising variables
Kotler (1991) describes visual merchandising variables as “atmospheres”, which include lighting, store design, goods display, and cleanliness. Berman and Evans (2001) added merchandising staff, product assortment variety as visual merchandising variables.

All the above variables can be condensed into four variables contained in this research study namely: product mix or variety and display, merchandising staff, interior store design, and exterior store design.

4.4 Product variety and display
When customers visit a particular supermarket, their aim is to purchase a product which satisfies their needs and wants. Also due to unique customer needs and as shown by consumer behaviour patterns, a variety of products should be in place for all product ranges to enable customers to have a wide spectrum to choose from. Offering product variety increases loyalties of customers as their expectations will be met.
Product display like window displays, interior shelf displays, and point of purchase displays guide a customer through the store and show him what is available and where to find it. Displays also enhance exterior store design that the store wants to emphasize, for example a prestige specialty shop displays a few high style items without marked prices on its windows.

4.5 Merchandising staff
Well trained merchandising staff help in convincing customers to make purchases of high value. Their role is to explain the benefits associated with acquiring that product and its high quality features that make it expensive as compared to other competing products. Well trained in store sales staff provide specialist knowledge on technical products and on new products that might be of interest to customers thereby giving customers more information needed in evaluating alternatives. Most customers like to frequent stores with merchandising staff for the help they provide as some of them do not want to spend time evaluating technical or new products without proper information.

4.6 Interior supermarket design
Interior supermarket design includes flooring, colour, lighting, scents, sounds, fixtures, wall textures, temperatures, width of aisles, resting and dressing rooms and store layout in general. Customers favour a store with a well decorated interior, smart environment with clear lighting, moderate temperatures, and state of the art fixtures like waiting chairs with enough comfort.

4.7 Exterior store design
This is one of the variables of visual merchandising which affects customer store choice. It may cause customer to change their mind even before walking into that supermarket. It is made up of marquee which is store sign display with a trade name, entrances, windows, lighting height and size of the building. Store image largely makes up exterior design. It is the impression, personality, or mental picture that comes to mind when a store name is mentioned.

4.8 Importance of visual merchandising
4.8.1 Importance of visual merchandising to customers
Visual merchandising is important in a number of ways.

a) Customers' choice is enhanced with a variety of merchandise offered by retailers.

b) When goods are clearly displayed, customer buying decisions are quickened.

c) Choosing the retail supermarket which offers best visual merchandising contributes to maximum customer satisfaction.

4.8.2 Importance of visual merchandising to supermarkets
Visual merchandising is important to retail supermarkets in many ways.

a) It helps to strengthen the image of the supermarket and differentiates it from competitors.

b) It stresses the customers desire to buy through a visually attractive product.

c) Sales tasks are simplified through clearly displayed products.

d) If well managed, it increases sales.
4.9 Related Studies
There are a number of studies which have been carried out to explore the role and impact of visual merchandising in customer supermarket choice.

In a related study from Sri Lanka by Wannanayake and Randiwela (2009), the findings show that customers critically consider visual merchandising when making supermarket choice decisions. They concluded that visual merchandising plays an effective role in determining customer store choice. The same study highlighted factors affecting customer store choice and these included store design, cleanliness, goods display, and lighting. The researchers concluded that though store choice decisions were influenced by a variety of factors, respondents indicated that they considered visual merchandising variables as influencing them the most in making store choice decisions.

Another study carried out in Germany by Staus (2006) established that factors like merchandise variety, quality, freshness, price, and store nature and location were most critical. Though the researcher did not directly mention the issue of visual merchandising variables, the highlighted factors such as store location and variety of merchandising are critical components of visual merchandising. His research findings concluded that store nature quality and variety of merchandise play a central role in influencing customer store choice decisions.

Muzondo and Mutandwa, (2011), carried out a similar study which explored how the seven Ps affect shopping behaviour. The researchers established that variables such as convenient shop location, wide product range, fresh food, longer opening hours and processes and reserved tills for shoppers in a rush process influenced buying behaviour patterns. They also concluded that product was the major factor among all seven Ps that influences shopping behaviour of customers.

A research carried out in India by Jayasankaraprasad (2010) established that customer store choice decisions are not merely centred on visual merchandising variables but on other factors like, store location, distance, and price are of similar consideration. The study concluded that visual merchandising variables like store design has the most influence on customers' store choice decision and influences like price and store location are secondary.

This was confirmed in another study carried out in India by Selvaraj and Swaminathan (2010), who concluded that visual merchandising yielded greater influence on consumer store choice decision making than other variables. The study also established that window display; size differentiation and brightness are important factors of visual merchandising.

However, Young (2006) presented a varying view of visual merchandising role on customer choice decisions. His research concluded that although visual merchandising played a role in influencing choice of store decisions, store loyalty is considered as having the most influence.

Shun (2006) carried out a research in Hong Kong titled “effect of store environment on shopping behaviour” in which the researcher concluded that when decisions to do with store choice are made, it is the issue of store environment that is considered most as the major variable of visual merchandising.

5. RESEARCH METHODOLOGY
5.1 Target Population
Cooper and Schindler (2003) define population as a universe of objects whose parameters are to be investigated. The researcher focused on the retail supermarkets as the target population. Customers who visited supermarkets in both high and low density suburbs and in various shopping malls in the city centre represented the population from which the sample was selected.

In order to achieve the objectives of the research study, primary data was collected from 50 people using a questionnaire. The 50 customers were randomly selected in chosen retail outlets.
5.2 Sampling
There are various ways of determining the sample size. Examples include confidence interval method, the arbitrary "Percent Rule of Thumb", conventional sample size specification; statistical analysis approach and the cost bias sample size specification also known as the all you can afford approach. However the researcher used the sampling size determination method by Saunders et al (1997), who argue that success of questionnaires is 30%.

The sample size we selected enabled us to draw respondents from shopping areas chosen to give a representative data and to ensure that research study produced reliable results.

5.3 Sampling method
Probability sampling techniques
The researcher focused more on probability sampling techniques in data collection because sampling error can be calculated, so as to have a representative sample and level of bias is reduced.

Systematic random sampling was used. This is where elements from the population are selected at uniform interval that is measured in time, order or space. Saunders, Lewis and Thornhill (2003), state that systematic random sampling involves the selection of the sample at regular intervals from the sampling frame. Systematic sampling is a statistical method involving the selection of elements from an ordered sampling frame. The most common form of systematic sampling is an equal-probability method, in which every kth element in the frame is selected, where k, the sampling interval (sometimes known as the skip), is calculated as:

\[ \text{Population list size/sample size} \]

Using this procedure, each element in the population has a known and equal probability of selection. Therefore, the first step to systematic random sampling was simple random sampling. The second step was deciding on a skip interval.

Therefore, the skip interval for this study was 200/40=5 which implied that questionnaires were given to every fifth customer who walked in or out of the shop. The kth element was five.

5.4 Research Instrument and administration
Over and above the standard demographics, the questionnaire focused on product variety and displays, in store merchandising, interior and exterior store design, merchandising staff and any other factors which may influence customer choice decision. Ten questionnaire was pretested on five randomly selected respondents. Fifty (50) questionnaires were distributed. The personal administration method was used to make sure that respondents understand the questions, answer correctly and complete the whole questionnaire.

6. DATA ANALYSIS AND PRESENTATION OF RESULTS
Data was analysed using SPSS, micro soft excel and word software which assisted in generating tables, graphs, and pie charts. This made it easy to analyse, compare results and interpret the data.

6.1 Response rate
The response rate was 80% as 40 out of 50 questionnaires were returned. The response rate was high because of the personal administration method used to gather data.

6.2 Reliability test
Reliability signifies the issue of consistence of measures, i.e. the ability of a measurement instrument to measure the same thing each time the instrument is used Singh (2007). The rule of thumb is that an alpha
value of 0.6 is considered low, while alpha values in the range of 0.70-0.80 are considered optimal (ibid). The Cronbach alpha was used to test reliability of the rating scale used to gather data. The overall alpha score was 0.75 on the reliability scale which confirmed that the data used was reliable.

7. FINDINGS AND DISCUSSION
7.1 Demographics
Respondents (customers), in this study, were expected to indicate their sex, age, race, academic and professional qualifications, average monthly income and occupation. These areas asked are of interest because they have an effect or bearing on the answers provided. Sex was chosen to show the proportion of respondents and to avoid bias toward a single sex.

Fifty (50%) of the respondents were males and 50% were females.

7.2 Age of Respondents

Figure 1: Age

The data collected reveals that most respondents were aged between 31-40 years, which was 45% followed by those between the age of 41-50 years. There were no respondents who participated who were above the age of 50 years. Overall, the average age of the majority of customers lies between 31-40 years.

7.3 Occupation
Occupation was included in the question because the type of job has an impact on store choice decisions. The data analysed shows that 80% of the respondents had formal jobs while the remaining 20% had informal jobs.
7.4 Academic and professional qualifications

Figure 2: Highest level of qualification

Figure 2 shows that most respondents - 37.5% (15) had diplomas followed by 25% who had ‘O’ levels and 15% were first degree holders. A few (5%) had a Master’s degree and none of the respondents had either a PHD or ZJC as their highest qualification.

7.5 Average income
The majority of the respondents received an income ranging from $300-$600. Twenty five (25%) of the respondents received an income of below $300 and 35% of the respondents had an average income of above $600.

7.6 Distance Lived from Favourite Shopping Area
The majority of respondents live in proximity to their favourite shops as 42.5% are within the radius of 0-10km. Thirty five 35% are a distant from their favourite supermarkets and 22.5% resides within 10-20Km from their most preferred store. The implication is that the majority of customers do not consider distance as an issue when choosing favourite store as 57.5% travelled distances beyond 10km to their store choice and 42.5% of customers prefer supermarkets within their proximity radius of 0-10km. It can be concluded that distance is not a major factor in influencing supermarket choice. Frequent shop visits indicates that 47% respondents frequent their favourite supermarket weekly, 27.5% do it monthly while 25% do it daily.

7.7 Types of Fast Moving Consumer Goods Purchased and the Favourite Supermarket
The majority of customers purchase consumable groceries and the rest which are 5% purchase clothing items. Seventy five % (75) of them prefer to shop in popular supermarkets like Ok, TM, Food World and or Spar. Twenty five % (25) opt for the unpopular ones like First One, Ruwa Supermarkets and Mohammed Musa Retail Group.
7.8 Visual Merchandising Variables Influence on Customer Store Choice

7.8.1 Product variety and display
All respondents agreed that product variety and display affect their store choice decision. Product variety and display play a great role in influencing customer store choice. This agrees with Muzondo and Mutandwa (2011), findings which records that product is one of the major 7ps influencing shopping behaviour. More than eighty percent (82.7%) of the respondents agreed that product display is of particular importance in making store decision as against 17.5% that disagreed. The result supported Rannaniyake and Randiwela (2009) findings which stated that product display also influence customer store preference.

7.8.2 Interior design
The majority of customers, constituting 75%, indicated that they were influenced by interior design while 25% were not. This implies that interior design is also one of the major variables of visual merchandising influencing customer store preference. This corroborates the findings of Staus (2006) who concluded that interior design influenced most customers store choice in Germany.

7.8.3 Merchandising Staff
The views on merchandising staff were balanced as 50% agreed that merchandising staff plays a vital role in influencing store choice decision while the other 50% disagreed. Basing on the 50% respondents who were influenced by merchandising staff, the result is in line with Bestow-shoop (1991) who discovered that merchandise staff played a considerable role in enhancing product display and also in assisting customers when purchasing new products and as a result most customers were found in supermarkets employing ground floor merchandisers.

7.8.4 Exterior design
Looking at the exterior design variable, 55% of the respondents indicated that they were not influenced by it when making store decision while a significant 45% were influenced by exterior design. The results showed that 45% considered exterior design in making store choice. This is in agreement with Staus (2006) and Yildirim (2007) whose research findings concluded that exterior design which they termed 'exterior atmosherics' had an influence in store choice decisions.

7.8.5 Visual merchandising variables influencing store choice in order of preference
Figure 3 shows that product variety and display are considered ahead of all variables with 47.5% followed by interior stores design with 22.5%. The least considered variables are exterior design and merchandising staff which shares 15% each. This matches the findings of Rannaniyake and Randiwela (2009) who found that SriLankan customers had the similar ranking with product variety and display, and interior design on the top list followed by visual merchandising and exterior store design.

7.8.6 Other Factors Influencing Store Preference
Though visual merchandising variables do play a pivotal role in influencing customer store choice, the research also looked at other variables that customers consider in making the same decision. The results (Figure 4) indicate that 37.5% of customers and 25% customers are affected by customer care and prices, respectively. Those who were influenced by quality of products, promotional activities and distance, range between 20%, 10% and 7.5 %, respectively. It shows that customer care and prices also have a significant effect on store choice. It also implies that customers are price sensitive and also consider the level of augmented products provided by retailers in meeting their needs and wants. Promotions, product quality and distance
also play a relatively important role in influencing customer store choice. This is in line with Jayasankaraprasada (2010) and Staus (2006) who discovered that store choice also depends on other non visual merchandising variables like prices, promotions, distance, and customer care.

8. CONCLUSIONS
Two main conclusions can be made from this study.

a) Results shows that all visual merchandising variables affect customer store choice but in varying degrees. Ranking order results showed that product variety and display, and interior store design influence customers the most in their store choice decisions. Exterior store design and merchandising staff were found to be the least that customers consider when making store choice decisions.
b) Store choice decisions were also found to be influenced by other factors like customer care, promotions, prices, and quality of merchandise with customer care and prices being the most considered by customers.

8.1 Test of Proposition
The results indicated that visual merchandising variables affect customer store choice. Product variety and display, and interior store designs are the most influential variables. The results responded to the research topic which tried to investigate the extent to which visual merchandising variables affect store decisions. Therefore, the research proposition can be accepted.

9. RECOMMENDATIONS
The following recommendations for best business practices are made in the light of the findings discussed above:

a) Retail supermarket pay particular attention to all visual merchandising variables as results show that all variables have varying degrees of influence on customer store choice.

b) Retail players must pay more attention on product variety and displays and interior store designs, which are the major variables that customers consider when making store choice decisions. As customers have diverse needs and wants, retailers can satisfy this by having a wide range of merchandise. If retail players work on having a well decorated internal atmospherics, this will attract many customers.

c) Store choice decision was also found to be influenced by other factors like; customer care, prices, promotions, and quality of products. Retailers should, therefore, thrive on training their personnel to have skills in handling customers. They should have enough secured parking space to satisfy customer needs and wants. Prices of merchandise should be very affordable to win more customers who are price sensitive.

10. AREAS OF FURTHER STUDY
The research study was carried out in Harare and a few satellites towns only and results are not fully representative. Further studies in other cities of the country on the same topic would also give detailed results on how visual merchandising variables affect customer store choice.

REFERENCES
Young, Ha, M.S. 2006. The Influence of Online Visual Merchandising on Consumer Emotions: Moderating Role of Consumer Involvement. Ohio State University.