

The Effects of Visual Merchandising, Layout, Store Facility, Store Atmosphere on Store Patronage

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Keywords: Visual Merchandising, Layout, Store Facility, Store Atmosphere, Store Patronage.

Abstract: This study examines the effects of a visual merchandising, layout, store facility, and store atmosphere effects on store patronage in Transmart Carrefour Cempaka Putih Central Jakarta. Using the purposive sampling, 85 complete samples were obtained via field questionnaire survey. The research model was tested using Smart PLS02 and the result of correlation test of store atmosphere variables was 64.98% influenced by a visual merchandising, layout, and store facilities and the rest of 35.02% were influenced by other variables not examined in this study. Store patronage variables were influenced by the store atmosphere by 9.60%, while the remaining 90.4% influenced by other variables not examined in this study. The result of the hypothesis test is H1 accepted, which means that the store atmosphere variable has a significant influence on the variable of store atmosphere. H2 is rejected, which means layout variables does not have a significant influence on the store atmosphere. H3 is accepted, which means store facilities variables have a significant influence on the shop atmosphere. H4 is accepted, which means that the store atmosphere variables have a significant influence on store patronage.

1 INTRODUCTION

In such a dynamic environment, preserving retail businesses is important. To maintain their business activity, retailers had to formulate the strategy to attract consumer patronage intention to face the intense competition. Research on patronage intentions has been an important concern since a long time ago, recorded by several researchers from (Donovan, 1982; 1994) (Finn and Louviere, 1996), (Pan and Zinkhan, 2006), (Teller and Schnedlitz, 2012). They have investigated the antecedent factors of patronage, product selection and store atmosphere. Another studied by (Kelley and Stephenson, 1967), (Stephenson, 1969) in their study explored the important components of patronage motives: merchandise and service. According to (Bitner, 1992); (Yoo, 1998); (Sherman, 1997); (Baker, 2002) the layout can give a positive impression to consumers and persuade patronage. The other factors from a research conducted by Cox and Brittain (1993); (Danic et al., 2005) observed that good arrangement display of merchandises can make consumer easier to see. (Moschis,1992); states that patronage behaviour involves consumer motivation for selecting a retail store and motivation

dimensions for shopping patronage a decision-making process regarding place and product. (Shim and Kotsiopolus,1992) defines shop patronage as involving the tendency of the same store selection over other stores. Consumers will decide to enter the store through the evaluation of retail format. Furthermore (Oppawel,2012) states the selection of patronage through the format of retail and location was a concern in the desire of consumers to visit.

By looking at the problems that exist above, the researcher interested to conduct research on patronage motives especially in a modern market. According to Nielsen Global Survey (2015), there is a difference between consumer behavior to choice format retailing. Developed countries preferred to shop at a supermarket, where in developed markets, 80% of sales come from large supermarkets, hypermarkets, and convenience stores. And for developing countries, people preferred to shop at a traditional shop.

One of the main topics discussed to investigate other variables from (Wijaya, 2016): product assortment, price, and promotion and this research also aimed to examine the mini theory that has been done in previous research by (Sander and Wijaya, 2017) about store patronage. The objective of this

research seeks to extend understanding of store patronage in supercenter format, and sample will be taken who had been purchased in store in Carrefour Transmart. Our consideration in choosing Transmart Carrefour is because it has a different concept compared to its competitors' retailers, and this involved the latest format from supermarket to become supercenter. The new concept in Transmart Carrefour store also corresponds with the theory of retail according to (Hollander's, 1966;1981). The history of retail development seems to demonstrate an accordion pattern. Domination by general line, wide-assortment retailers alternates with the domination by specialized, narrow-line merchants. But other researchers (Brown,1987) states that the evolution of retail formats also consider the consumer behavior such as one-stop shopping on a wide store that provides a variety of merchandises alters to a smaller store called specialty stores that provide specific merchandise for consumer needs. Currently, Transmart Carrefour presents the latest concept in the world of retail which is the concept of one-stop shopping. The latest concept of Transmart Carrefour is a 4 in 1 concept where supermarkets not only meet the needs of the community but are equipped with lifestyle facilities such as theme parks, mini trans studios, restaurants, cafes, and cinemas. (www.marketeers.com)

2 LITERATURE REVIEW

2.1 Store Patronage

Store patronage is defined by several researchers. Based on perception, image and consumer attitudes (Burnkrant and Page, 1982) store patronage is formed by experience, information, and needs. Consumer patronage intentions are driven by a combination of purchasing attitudes and normative beliefs and behavioral motivations. This is also in line with a research by (Haynes et al., 1994) that defines patronage as how individuals choose an outlet to visit rather than other stores, Another definition of (Manning and Reece, 2004) that reveal store patronages are a motive or a perception that affects consumers buying goods in a store that is facilitated by the seller. Patronage motives are also one of the reasons consumers choose a store where retailers should pay attention to merchandise that will be sold as this is an important factor that affects consumer purchase outcomes (Damir and Vouk, 2005). Significant factors that affect consumers in store patronage are the value. Values can change

consumer attitudes and behaviors in terms of selecting products, brands and retail stores to visit (Kusnaeny et al., 2013).

2.2 Visual Merchandising

The visual merchandising can be used to beautify the store view. (Diamond & Diamond, 2003) defined as the presentation of a store and its merchandise in ways that will attract the attention of potential customers and motivate them to make purchases. (Khan, 2014) Adds attractive visual merchandising can attract more consumers to visit the store.

Ha1: Visual merchandising has a significant positive influence on store atmosphere

2.3 Layout

The layout is very prominent in the retail business. Research (Spies et al., 1997) reveals the layout should be simple and can provide unexpected surprises, so the consumers can experience an impressive shopping experience, and if the design layout of the front store is poorly, it would give a negative impression to consumers (Jones, 1999); (Baker et al., 2002)

Ha2: Layout has a significant positive influence on store atmosphere

2.4 Store Facilities

Store facilities are services offered by stores to provide convenience for consumers who shop (Levy and Weitz, 2014). This is equally in accordance with the research from (Berman and Evans, 2013), whereby providing shop facilities can provide a positive impression for consumers.

Ha3: Store facilities have a significant positive influence on store atmosphere

2.5 Store Atmosphere

Customer attitude to Store Atmosphere, according to (Levy and Weitz, 2001), is the design of an environmental design through visual communication, lighting, color, music, and smell to stimulate perceptions and emotions from customers and ultimately influence their spending behavior. According to (Berman and Evans, 2013), the atmosphere of the store is the atmosphere of the store environment based on physical characteristics that are typically used to build an impression and persuade customers. Meanwhile, according to

(Lamb, 2001), the atmosphere of the store represents a whole that is delivered by the physical layout, decoration and the surrounding environment.

Ha4: Store atmosphere has a significant positive influence on store patronage

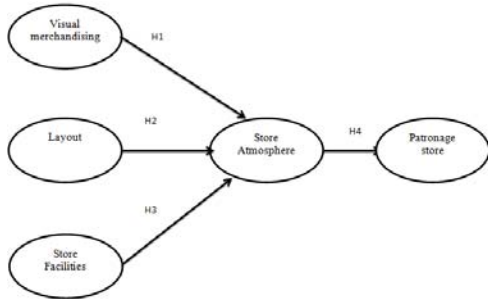


Figure 2.1: Research Framework.

3 METHODOLOGY

A field questionnaire survey was adopted to collect data of 85 samples using a structured questionnaire with closed questions and 5-point Likert response scale. The sampling procedure was taken by purposive sampling method, a tool for taking samples with certain criteria. The Criteria of the selected respondents at least had shopping one time at Transmart Carrefour Cempaka Putih. The relevant research used in this study is by (Turley and Milliman, 2000) in Atmospheric effects on shopping behaviour: A review of the experimental evidence. They conclude patronage motives are influenced by various factors such as location, layout, appearance and store atmosphere, (Baker et al., 2002) in The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions stated shop patronage is influenced by the arrangement of goods and (Banarjee and Yadav, 2012) in Analysis of visual merchandising: effect on consumer buying behaviour reveals visual merchandising can provide patronage intentions and purchasing impacts.

4 DATA ANALYSIS AND FINDING

Data had been analysed with SmartPLS02 to describe outer model test including validity and reliability test, and inner model involving the coefficient of determination test and significance of path coefficients test.

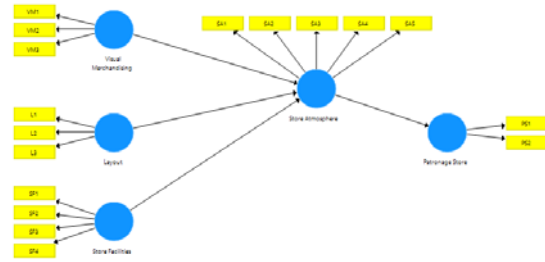


Figure 4.1: Path Model.

4.1 Outer Model

The outer model involves examining individual indicator reliabilities to reach construct's composite of measures as well as the measures convergent and discriminant validity.

4.1.1 Validity Test

Validity test in PLS using convergent validity and discriminant validity.

Convergent Validity Test:

Table 4.1: Convergent Validity Test.

	AVE	Communality
Visual Merchandising	0,652034	0,652034
Layout	0,721811	0,721811
Store Facility	0,608251	0,608251
Store Atmosphere	0,673110	0,673110
Store patronage	0,938341	0,938341

The convergent validity test evaluation was carried out by using convergent validity which was like the used measurement (outer) models. The amount of loading factor of 0.5 for each variable in AVE and communality is defined (Ghozali, 2011).

Discriminant Validity Test:

Table 4.2: Discriminant Validity Test.

	VM	L	SF	SA	PS
VM1	0,854	0,612	0,689	0,655	0,234
VM2	0,885	0,582	0,705	0,638	0,427
VM3	0,666	0,512	0,442	0,397	0,270
L1	0,454	0,796	0,401	0,434	0,196
L2	0,660	0,836	0,615	0,601	0,325
L3	0,645	0,913	0,600	0,582	0,299

Table 4.2: Discriminant Validity Test. (cont.)

	VM	L	SF	SA	PS
SF1	0,697	0,581	0,796	0,723	0,203
SF2	0,499	0,478	0,748	0,563	0,275
SF3	0,633	0,487	0,828	0,601	0,271
SF4	0,565	0,453	0,745	0,495	0,410
SA1	0,555	0,571	0,652	0,826	0,244
SA2	0,557	0,549	0,502	0,717	0,145
SA3	0,619	0,556	0,641	0,884	0,297
SA4	0,639	0,534	0,708	0,852	0,244
SA5	0,567	0,444	0,662	0,813	0,323
PS1	0,408	0,313	0,358	0,300	0,969
PS2	0,335	0,325	0,335	0,301	0,969

4.1.2 Reliability Test

Table 4.3: Reliability Test.

	Cronbach's Alpha	Composite Reliability
Visual Merchandising	0,733128	0,847115
Layout	0,808032	0,885828
Store Facility	0,786709	0,861077
Store Atmosphere	0,877297	0,911093
Store patronage	0,934289	0,968190

The reliability test can be extracted from composite reliability with PLS calculations. The value of a variable is reliable if the composite reliability value is > 0.70 and the result of all the items have been met as a rule of thumb (Ghozali, 2011).

4.2 Inner Model

Evaluation for inner model involving coefficient determination test and estimating the path coefficient.

Coefficient Determination Test.

Table 4.4: Coefficient Determination Test.

	R Square
Visual Merchandising	

Layout	
Store Facility	
Store Atmosphere	0,649899
Store patronage	0,096059

The results are: Store Atmosphere variables had been affected by the visuals merchandising as well as layout and store facilities by 64.98%, the rest of the 35.02% were from other variables not examined in this study. Patronage Motive variables were influenced by the store atmosphere at 9.60%, while the remaining 90.4% was influenced by other variables not examined in this study.

Significance of Path Coefficient.

Table 4.5: Significance Of Path Coefficient Test.

	T Statistics (O/STERR)
Visual Merchandising -> Store Atmosphere	2,064841
Layout -> Store Atmosphere	1,842815
Store Facility -> Store Atmosphere	5,066661
Store Atmosphere -> Store patronage	3,238372

Referring to the results of hypothesis test researched in this study is H1 is accepted, which means that the store atmosphere variable has a significant influence on the variable of Store Atmosphere. H2 is rejected, which means Layout variables do not have a significant influence on the store atmosphere. H3 is accepted, which means Store Facilities variables have a significant influence on the shop atmosphere. H4 is accepted, which means that the store atmosphere variables have a significant influence on Patronage.

5 CONCLUSIONS

This research aimed to examine the mini theory from previous research by (Sander and Wijaya, 2017) about store patronage and also aims to investigate extended variable in store patronage (Wijaya, 2016). Based on the results, the following conclusion is taken: the visual merchandising has a significant effect on store atmosphere, because consumers feel the existing product arrangement in Carrefour Transmart Cempaka Putih is already neat and always available to support the comfortable shop atmosphere. The layout does not have a

significant effect on store atmosphere variables; the consumers feel the layout that exists in Carrefour Transmart Cempaka Putih is wide enough, so the consumer finds it quite difficult to find the product. Store facility has a significant effect on store atmosphere variables; the consumers feel the existing storage facilities in Carrefour Transmart Cempaka Putih such as air conditioning, toilets, trolley, and EDC machines make a more convenient atmosphere for store patronage. Store atmosphere has a significant effect on store patronage; the consumers feel the existing storage facilities in Carrefour Transmart Cempaka Putih such as lighting, music, scent, cleanliness, and color can attract shop patronage. We suggested to another researcher to find other variables in patronage research such as location, access, and service.

6 DISCUSSION AND LIMITATION

The result of this research has some limitation. The sample taken was just 85 samples and was obtained on weekends. We suggest another researcher to increase samples and investigate another method of collecting data in a weekday and weekends to see consumer buying pattern and patronage motive as well as adding some additional variables such as location, promotion, and other situational variables. Another interesting factor in this research is technology environment. Many businesses now tried to promote and advertise on the internet channel. We suggest for another researcher to find out the technology area. Such as the relationship from the ease of technology with interest in store patronage, whether to increase or decrease interest in store patronage in terms of showrooming or free-riding phenomenon.

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