

The Importance of Point of Purchase Display on Store Atmospheric

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ABSTRACT

Retail is one of the largest sectors in many national economies. The major characteristic of Indian retail is that it is largely dominated by unorganized sector (which largely consist of small *kirana* shops, vegetable shops, dairy shops etc.) and it counts for around 94% of total market share. With the dawn of the 21st century, India has seen entry of the mall culture especially in Metro and big cities. By the end of last decade this mall culture has entered in Tier 2 and Tier 3 cities too and it has also changed the way for shopping in our country. As the retail stores develops visual retailing and displaying of products is becoming a source of concern for business owners. Retailers must be in tune with all the different types of store displays and fixtures available for store displays that are available for their stores' merchandise. Display plays a major role in consumer decision making and studies show that around 70% of the final decisions are made inside the store. Point of purchase display comes into force when customer is actually purchasing the product. It acts like a last moment reminder and boost sales.

Keywords: Point of purchase display, promotion, store atmospherics, retail, consumer decision making, advertising.

I. INTRODUCTION

The economic conditions in the global market are very tough to deal with. Started with sub-prime crisis and the fall of Lehman Brothers in 2008, each time it appears that the global economy is about to recover and will accelerate soon, something happens to create a hurdle into the path of growth (Estrada, 2011). Sometimes it may be the economic crisis in Euro zone, or sometime it may be Iraq crisis which leads to destabilization of the world economy. In the past few years, we have seen the decline in the speed of economic growth of United States, China, Japan, India and Brazil (IMF, 2013). These countries count for the major chunk in the world economic pie and the decline in the speed of growth rate is a cause of concern for every industry at global level and retail is not an exception.

In recent times, the retail sector has undergone significant changes. Due to deregulation of foreign investment policies, monopoly / competition policies, and change in land usage policies, alongside broader

new economic reforms in various countries affecting consumer markets and trade, large retailers have managed to strengthen their power and have expanded globally. While small retailers still dominate in various parts of the world (Wrigley, 2010), international corporations are grabbing larger shares of the market. As large companies seek to maximize their profits, they have managed to reduce the risks of investment by various alternative channels like franchising and subcontracting. These trends have not only impacted smaller firms, but consumers, suppliers and employees also. These changes in the retail industry have developed larger labour market trends, where employers are trying to shift the risks and cost of employment by adopting "flexible" work practices (Luce, 2013). This includes decreasing the number of full-time jobs, and increasing part-time, temporary, and on-call workers. More retail workers have become workers with little job security, low wages and less hours of work. This step was also backed by broader labour laws and elimination of employee unions in many countries.

Retail is one of the largest sectors in many national economies. Countries differ in how they define the industry, but according to the International Labour Organization, "Retail is universally understood as the final step in the distribution process, in which retailers are organized to sell merchandise in small quantities to the public." This differs from wholesale trade, where firms sell to another firms. The retail industry counts for more than US \$15 trillion in global revenue and is expected to maintain strong growth in the coming years (Ramasmami et al, 2010). The retail industry is very diverse, with small retailers still in majority in developing countries, but increasingly, large firms are dominating.

Retail in India has seen a lot of phases from barter system to online shopping and has evolved to support the unique needs of our country. Melas (village fairs), haats (weekly markets in villages) and mandis (local markets) have always been a part of the Indian retail landscape. These are still prevailing in the most parts of the country and form a very important part of life and trade in various areas.

In the past decade, the Indian marketplace has transformed dramatically. However, from the 1950's to the 1980's investments in various industries was limited due to the low purchasing power in the hands of the consumer and the government's policies favoring the

small scale sector. Initial steps towards liberalization were taken in the period of 1985-90. It was at this time that many restrictions on private companies were lifted, and in the 1990's, the Indian economy slowly progressed from being state led to becoming 'market friendly' (Kumar et al., 1993).

Indian retail sector looks very promising on ground of recent economic developments like increase in per capita income, young work force, flourishing consumerism, change in life style of people, nuclearization of families, urbanization, growing preferences for branded products, mall culture and above all the higher aspirations of the Indian consumers. Today, Indian retail sector is one of the fastest growing sector in the economy with a CAGR of 15 % per annum (including both organized and unorganized sectors) and it is likely to reach at Rs. 47 lac crores by FY 2016 – 17 from a level of Rs. 23 lac crores in FY 2011-12 as per a study conducted by ASSOCHAM and Yes Bank.

The major characteristic of Indian retail is that it is largely dominated by unorganized sector (which largely consist of small *kirana* shops, vegetable shops, dairy shops etc.) and it counts for around 94% of total market share (Singh and Tripathi, 2012). The main reason behind the growth of these traditional outlets is proximity to customers, ability to manage old and personal relationships with the customers, flexible working hours, bargaining habits of Indian customers, home delivery, selling of loose items (customized products) and credit facilities extended without any collateral security (Kumar, 2005). The unorganized retail sector is second largest employers in Indian economy after agriculture and it counts for around 10% of total employment in the country.

With the dawn of the 21st century, India has seen entry of the mall culture especially in Metro and big cities. By the end of last decade this mall culture has entered in Tier 2 and Tier 3 cities too and it has also changed the way for shopping in our country. Though organized retail has entered and expanded in all cities of India, yet the share of organized store is around 7% only. But the organized retail is growing much faster as compared to the unorganized sector (ICRIER, 2008) and it is estimated to grow at a CAGR of 24% per annum and will probably acquire 10.2% share of total retail sector by 2016-17. The major business houses have entered into the business of organized retailing in India such as: Tata, Reliance, Future group, Landmark group, Vishal Mega mart, etc.

II. POINT-OF-PURCHASE DISPLAY

Today, retail stores have everything from shoes, clothes, toys to electronics. It is therefore important for store owners to have the necessary tools for merchandising a wide variety of items in the most efficient manner within their stores to help promote merchandise. As the retail stores develops visual retailing and displaying of products is becoming a source of concern for business owners. Retailers must be in tune with all the different types of store displays and fixtures available for store displays that are available for their stores' merchandise.

Point-of-purchase is the place where a customer is about to buy a product. Point-of-purchase display refers to how a retailer should display various brands so that they are most likely to be noticed and purchased by the customers. It is a well-recognized fact that many of Indian customers make their final decision with respect to purchase of a product/brand at the last minute. The point-of-purchase display derives its power out of this phenomenon. The point-of-purchase display not only presents the last minute reminder but also invites the customers to buy it. Effective display backed by recommendation of the retailer can do wonders to a brand. The underlying assumption is "*jo dikhta hai vo bikta hai*".

III. REVIEW OF LITERATURE

The environment, the manner in which the brands are displayed at the counter and the ambience surrounding the brand are as important as the product itself. (Ramasyamy & Namakumari, 2007)

The appeal of point of purchase advertising lies in the fact that in many product categories consumers make the bulk of their final brand decisions in the store. In store advertising is designed to increase the number of spontaneous buying decisions. (Kotler & Keller, 2007).

Marketing materials or advertising placed next to the merchandise it is promoting. These items are generally located at the checkout area or other location where the purchase decision is made. (Waters, 2013).

Point of Purchase areas are places in the store where customers can purchase merchandise. Because many customers go to these areas and may wait in line to make a purchase, they are often used to display impulse items. (Levy, Weitz & Pandit, 2008). Each Point of Purchase display provides shoppers with information, adds to store atmosphere, and serves a substantial promotional role. (Berman & Evans, 2008).

Point of sale displays that grab prospective customer attention as they are contemplating making a purchase might be the key to increasing your sales. You cannot be there to make the sale, but your point of sales display can be. (www.gaebler.com).

A point-of-sale display (POS) is a specialized form of sales promotion that is found near, on, or next to a checkout counter (the "point of sale"). They are intended to draw the customers' attention to products, which may be new products, or on special offer, and are also used to promote special events, e.g. seasonal or holiday-time sales. (en.wikipedia.com).

Eye catching retail displays will grab your customers' attention in reception areas, retail shops, airports and many other applications. Effective point of sale display promotion will draw your customers attention to new products and special offers. (www.redcliffe.co.uk)

Efficient shelf space allocation leads to a better display of the product and make the store environment more pleasant. This is one of key determinants to gain an edge in the highly competitive retail industry. Several models are developed for allocation of shelf space to a large number of products to optimize retailer's objective under certain operating conditions within a store.

Growing number of products has posed a challenge to the retailers in allocating available shelf space to them efficiently. If retailers can manage space allocation in an efficient manner it can be helpful in increasing their bottom line (Gajjar and Adil, 2011).

IV. RESEARCH METHODOLOGY

The present research is exploratory cum descriptive in nature and depends largely upon the primary source of information. Data has been collected from 100 respondents who visited the shopping malls in Haryana with the help of a structured questionnaire. Interview technique has been used when and where necessary, in order to gather information about the present retail scenario. Data has been analyzed with the help of SPSS using 't' test and One way ANOVA. The objectives of the study are:

- (i) To study the impact of point of purchase display on store atmospheric.
- (ii) To study whether significant difference occurs among the opinions of people across different demographic profile with respect to point of purchase display.

Part A – Data Analysis (Demographic)

Table 1 – distribution of respondents –gender wise

GENDER	Frequency	Percent	Cumulative Percent
Male	57	57	57
Female	43	43	100
Total	100	100	

(Source – Primary data)

Male and female both are equally engaged in shopping activities. The above table depicts that a mixture of both genders has been taken in order to gain maximum insight.

Part B – Data Analysis using Anova

The statements used in questionnaire are:

Store atmospheric	
S1	The items displayed in outer display tell about the standard of the store
S2	The items in point of purchase display are well arranged as compared to other parts of store
S3	Display along with other amenities such as lightening, music, scent, signage, texture and color makes the ambiance of retail store very much pleasant
S4	A good display leads to spend the quality time within the store

Table 2 distribution of respondents – age wise

AGE	Frequency	Percent	Cumulative Percent
Less than 20	4	4	4
21 - 40	48	48	52
41-60	27	27	79
61 & above	21	21	100
Total	100	100	

(Source – Primary data)

The data has been collected from the various shoppers and the table indicates that maximum respondent belongs to 21 – 40 age group followed by 41 – 60 age groups. The reason observed behind this is that most of the shoppers today are young customers and same is being reflected in this table too.

Table 3 – distribution of respondents – education wise

EDUCATION	Frequency	Percent	Cumulative Percent
Up to 10th	8	8	8
Up to graduation	41	41	49
pg & above	51	51	100
Total	100	100	

(Source – Primary Data)

The above table indicates that most of the respondents belong to either 2nd group or 3rd group. Only 8% respondents belong to 1st group i.e. upto matric. This trend shows most of the customer visiting shopping malls in haryana are highly educated.

Table 4 – distribution of respondents – occupation wise

OCCUPATION	Frequency	Percent	Cumulative Percent
Business	17	17	17
Service	36	36	53
Others	47	47	100
Total	100	100	

(Source – Primary Data)

The above table indicates the occupation of the respondents. For this three categories viz. business, service and others had been taken. Other included students, house wives and retired persons (who do not have a direct source of income). The data indicates that around 53% respondents belong to first two categories and rest belongs to 3rd category.

S5	A store with good display is like a community park, where we can go and pass our leisure time in a pleasant environment
S6	If the products are displayed in sequence it makes shopping experience much better
S7	Display is the most prominent factor which differentiates the modern & traditional retailing
S8	I feel that unorganized retailers also have understood the importance of a good display and many of them have converted the look of shop for the same

The above statements have been analyzed using anova. The analysis of each statement with various demographic factors can be explained as:

Table 1- Analysis of data using Anova across age

	Age	N	Mean	Std. Deviation	F	Sig.
S1	<20	4	3.14	1.18	2.93	0.03
	21-40	48	3.58	1.21		
	41-60	27	3.40	1.34		
	61 & Above	21	3.76	1.11		
	TOTAL	100	3.54	1.22		
S2	<20	4	3.40	1.06	6.38	0.00
	21-40	48	4.01	0.82		
	41-60	27	3.67	1.09		
	61 & Above	21	3.91	0.98		
	TOTAL	100	3.86	0.96		
S3	<20	4	3.10	1.21	3.49	0.02
	21-40	48	3.53	1.13		
	41-60	27	3.30	1.20		
	61 & Above	21	3.71	1.14		
	TOTAL	100	3.48	1.16		
S4	<20	4	3.50	1.15	4.36	0.00
	21-40	48	3.88	1.12		
	41-60	27	3.58	1.06		
	61 & Above	21	4.06	0.98		
	TOTAL	100	3.81	1.09		
S5	<20	4	3.14	0.98	0.42	0.74
	21-40	48	3.09	1.23		
	41-60	27	3.03	1.20		
	61 & Above	21	2.94	1.20		
	TOTAL	100	3.06	1.19		
S6	<20	4	2.83	1.48	5.39	0.00
	21-40	48	3.21	1.21		
	41-60	27	2.71	1.29		
	61 & Above	21	3.35	1.17		
	TOTAL	100	3.09	1.27		
S7	<20	4	3.43	1.29	2.26	0.08
	21-40	48	3.54	1.17		
	41-60	27	3.27	1.26		
	61 & Above	21	3.72	1.03		
	TOTAL	100	3.51	1.18		
S8	<20	4	2.90	1.38	5.81	0.00
	21-40	48	3.64	1.14		
	41-60	27	3.46	1.29		
	61 & Above	21	3.75	0.95		
	TOTAL	100	3.44	1.22		

(Source – Primary Data)

1- Analysis of data using Anova across age

H01: There is no significant difference in the opinions of the respondents across the different age groups regarding impact of point-of-purchase display on store atmospheric.

Table 1 depicts the result of anova which was applied with an intention to know the opinion of respondents across different age groups with regard to impact of point-of-purchase display on store atmospheric. The analysis of the table shows that for

statements variables S1, S2, S3, S4, S6 and S8 the significance level is less than 0.05, which indicates that the opinion of the respondents across different age groups significantly differs and rejects the null hypothesis for these statements. For rest of the statements i.e. S5 and S7 the significance level is more than 0.05 and thus the opinion of respondents across different age groups does not significantly differ for these two statements

Table 2 - Analysis of data using Anova across education

	Education	N	Mean	Std. Deviation	F	Sig.
S1	Upto Matric	8	2.97	1.35	21.00	0.00
	Upto Graduation	41	3.32	1.29		
	PG & Above	51	3.92	0.97		
	Total	100	3.55	1.21		
S2	Upto Matric	8	3.28	1.27	10.16	0.00
	Upto Graduation	41	2.88	1.11		
	PG & Above	51	3.37	0.96		
	Total	100	3.17	1.09		
S3	Upto Matric	8	2.79	1.25	3.99	0.02
	Upto Graduation	41	2.98	1.35		
	PG & Above	51	3.26	1.28		
	Total	100	3.09	1.31		
S4	Upto Matric	8	3.19	1.29	1.78	0.17
	Upto Graduation	41	3.52	1.13		
	PG & Above	51	3.48	1.18		
	Total	100	3.46	1.18		
S5	Upto Matric	8	2.26	1.29	12.97	0.00
	Upto Graduation	41	2.75	1.05		
	PG & Above	51	3.06	1.07		
	Total	100	2.83	1.13		
S6	Upto Matric	8	3.48	1.45	7.32	0.00
	Upto Graduation	41	3.09	1.31		
	PG & Above	51	3.57	1.12		

	Total	100	3.37	1.27		
S7	Upto Matric	8	3.78	1.31		
	Upto Graduation	41	3.87	1.12	1.86	0.16
	PG & Above	51	4.03	0.92		
	Total	100	3.94	1.06		
S8	Upto Matric	8	3.66	0.93		
	Upto Graduation	41	3.38	1.07	1.65	0.19
	PG & Above	51	3.46	0.95		
	Total	100	3.45	1.00		

(Source – Primary Data)

2 - Analysis of data using Anova across education

H02: There is no significant difference in the opinions of the respondents across the different educational groups regarding impact of point-of-purchase display on store atmospheric.

Analysis of table 2 depicts the result of anova across different educational groups which indicate the response of various respondents over the impact of point-of-purchase display on store atmospherics. The table further reveals that statements S1, S2, S3, S5 and

S6 have got significance level of less than 0.05 and rejects the null hypothesis which means that the opinion of different respondents significantly differs for these statements while for rest statements i.e. S4, S7 and S8 the level of significance is more than 0.05 and thus the opinion of various respondents across different educational group does not significantly differ and null hypothesis cannot be rejected for these statements. Overall we can conclude that there is a mix response of the respondents.

Table 3 - Analysis of data using Anova across occupation

	Occupation	N	Mean	Std. Deviation	F	Sig.
S1	Business	17	3.46	0.98	3.57	0.03
	Service	36	3.78	1.02		
	Others	47	3.51	1.14		
	Total	100	3.61	1.08		
S2	Business	17	3.27	1.33	3.22	0.04
	Service	36	3.62	1.10		
	Others	47	3.37	1.03		
	Total	100	3.46	1.10		
S3	Business	17	2.60	1.09	2.58	0.08
	Service	36	2.93	1.09		
	Others	47	2.97	1.05		
	Total	100	2.91	1.07		
S4	Business	17	3.12	1.35	7.82	0.00
	Service	36	3.41	1.04		
	Others	47	2.94	1.19		
	Total	100	3.15	1.17		
S5	Business	17	3.35	1.40	10.74	0.00
	Service	36	3.76	1.16		
	Others	47	3.16	1.33		
	Total	100	3.43	1.30		
S6	Business	17	3.23	1.15	4.69	0.01
	Service	36	3.68	0.97		
	Others	47	3.38	1.28		

	Total	100	3.48	1.15		
S7	Business	17	3.08	1.17		
	Service	36	3.74	1.14		
	Others	47	3.20	1.30	11.48	0.00
	Total	100	3.40	1.25		
S8	Business	17	2.69	1.06		
	Service	36	3.10	1.20		
	Others	47	2.95	1.27	2.41	0.09
	Total	100	2.98	1.22		

(Source – Primary Data)

3- Analysis of data using Anova across occupation

H03: There is no significant difference in the opinions of the respondents across the different occupational qualifications background regarding impact of point-of-purchase display on store atmospheric.

The table 3 depicts the results of anova that was applied to know whether there is some significant difference in the opinion of the three occupational groups – business, service and others in respect to the impact of point-of-purchase display on store atmospheric. The analysis of the table indicates that for statements S1, S2, S4, S5, S6 and S7 there is a significant difference in the opinion of various respondents as the significant level is less than 0.05 for these statements which rejects the null hypothesis. Only for two statements i.e. S3 and S8 level of significance is more than 0.05 which does not reject the null hypothesis

V. FINDINGS & CONCLUSION

After analyzing the data it was found that for most of the statements the opinion of various groups of respondents significantly differs. For statements like the items displayed in outer display tell about the standard of the store and the items in point of purchase display are well arranged as compared to other parts of store and if the products are displayed in sequence it makes shopping experience much better the opinion of the respondents over various demographic groups was found significantly differ in all the cases. It was found that point of purchase display have an impact on the store atmospheric. It was also found that display is helpful in making store environment pleasant. To conclude we can say that point of purchase display has an impact on the overall atmosphere of the retail store. The customers visit more those stores which have wide range of displayed products.

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