

Customer perception towards effectiveness of floor advertisements in organized retail

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ABSTRACT: *Advertisements play a significant role in consumer decision making related to products/ services. In fact, the customer perception gets influenced in different ways in varying degree in response to advertising stimuli presented by marketers, especially in the context of multitude of advertising tools and techniques applied by organized retail sector in the domain of point of purchase ads. One such technique that has gained attention of supermarkets and/ or hypermarkets is the use of floor advertisements. This study is perhaps a maiden attempt in Oman's organized retail sector and attempts to investigate/ examine customer perception towards effectiveness of floor ads used in organized retail outlets. For the said purpose, primary data was collected by administering structured undisguised questionnaire amongst 100 respondents in Oman. The impact of select factors which are expected to contribute significantly to floor-ad effectiveness, viz.; floor-ad recall, floor-ad persuasiveness, attitude towards floor-ad, and floor-ad attractiveness has been examined. Further, the impact of floor-ad effectiveness on customers' purchase intention as well as on his/ her word of mouth intention has also been examined. Structural equation modeling based on partial least square method was used to determine path coefficients in the proposed structural model. Based on the findings, it could be concluded that all relationships examined as per proposed structural model were found to be significant at 95% confidence level, except the relationship indicating impact of floor-ad recall on floor-ad effectiveness. This study is expected to help marketers make informed decisions related to channelizing advertising budgets concerning floor-ads in organized retail sector, besides providing some useful insights to other scholars in phenomenon similar or related to the domain of research.*

KEYWORDS: *Customer perception, floor-ads, organized retail, PLS, SEM*

I. INTRODUCTION

In the present world advertising plays an effective role in promotion of goods and services. "Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor" (Kotler, 2001). Through advertisements the impact can reach wider audience, and hence the main motive is to inform/ convince / persuade/ remind or any two or more of specified motives, about the product/services to the customers. New ideas and innovative ways attract customers to buy and remember the brands. It is a competitive world where brand is replacing brand and therefore, advertisements have a bigger role in influencing customers' purchase intention and/ or word of mouth (WOM) intention.

A number of studies have been conducted in the domain of or related to in-store advertising methods / techniques but few have been dedicated to floor ads. This study is probably a maiden attempt to understand the customer perception towards effectiveness of floor ads in organized retail sector in Oman (Muscat). The findings of this study are expected to provide useful insights to academicians and researchers besides benefiting marketers and organized retailers in making informed decisions related to use of floor ads.

II. LITERATURE REVIEW

In supermarkets and hypermarkets, the promotions through visual displays have been very effective in reminding and persuading customers for their decisions to buy products (Crosier, 2003). In one of the studies, it was depicted that almost 70% of the consumer decisions are taken during the shopping trip in the hypermarket (Matamalas & Ramos, 2009). Hence, these sales outlets may be critical in forming and changing/ influencing purchasing habits of customers. Different promotional tools & techniques, and media (including electronic aids) viz.; TVs, posters, LED screens, shelves, floor ads etc., have been used for advertisements by organized retail outlets. Recently ads have been predominantly used in passing a message to the customers at the point of purchase. According to Solomon (1992), different forms of advertisement, whether outdoor advertising, transit or point of purchase advertising influence purchase behavior of customers. Outdoor advertising includes

banners, billboards, digital signs etc., whereas transit advertising includes advertisers' posters on buses, door cards etc. and finally point of purchase advertising includes advertising involving the use of shelves, stacks, and/or floor-ads etc.

The Point of Purchase Advertising Displays (POP ADs) are the displays on the floor space exhibiting merchandise (Krafianova, 2009). Further, Varley(2001) explained POP AD as brand messages and colourful or decorative graphics which can be moved easily. These fixtures can stock products and act as one of the mediums of marketing. Not only do these POP ADs enhance store ambience, improve customer information etc. but also play a critical role in advertisement promotions (Quelch & Bonvetre, 1983). The best features of these ads are that they are not annoying customers unnecessarily but still influence them in subtle way to get informed about the said product (Bass & Wind, 1995). In hypermarkets, the customers are buying mainly low involvement products and hence the POP ADs can help them in decision making (Currah, 2003). The advertisers also get benefited from POP Ads, as it is a good source of income for them. The importance is paramount and its contribution in enhancing and/or influencing purchase behaviour of customers cannot be under-estimated.

Floor ads are one of the POP advertisements which are stickers of product pasted on floor where the product is shelved or to be shelved so as to seek customer attention. At the time of launching new products, most of the companies advertise through floor space ads to inform customers about new launch and create brand awareness. It is assumed that floor ads can have good recall due to their size (extent of coverage) & colour scheme, high level of acceptance as it is not interfering in customer purchase. In Oman, a number of hypermarkets have started using floor graphics to attract customers. These graphics indirectly influence customers to recall and eventually may lead to buying or developing intention to buy the product. The floor graphics and ads are being used for marketing purposes and benefit retailers to get substantial price for the floor space. "The graphics are eye-catching and draw attention to the product displayed on the shelf," according to Ellen Evans, Director of consumer marketing services for Montvale, N.J. based A&P. (Supermarket News, 1999). According to the article "Winning at the point of sale: Lessons from leaders" (Jones, n.d.), there are various types of in-store activities like in-store advertising, demos etc. Most of the innovative promotion tactics like floor advertising, interactive kiosks are very rarely used. In fact, in one of the articles by Deloitte "Shopper Marketing: Capturing a shopper's mind, heart and wallet", it is stated that companies go for floor ads only occasionally (GMA, 2007).

According to Kotler (2003), customer perception can be defined as a process of selecting, organizing and interpreting information to make meaningful picture. Same stimulus can be perceived by customers in different forms depending on their selective attention, distortion and retention. Selective attention means that the customers filter information according to their understanding. Selective distortion means that customers change the meaning according to their personal connotation. Further in selective retention, customers remember those thoughts and feelings which they have rehearsed well in the past. Hence, it will be interesting to know the customer perception about the effectiveness of floor ads in organized retail sector.

There are several floor ad graphics namely external floor graphics which are printed on the streets, internal floor graphics which are for big halls, vents, airports, museums etc. Cut shape floor graphics are attractive cutouts which lead customers to the product like footprints etc. In clear floor graphics we can see the ads as well as the floor, as the graphics are transparent. Effectiveness of ads according to Olson(n.d.), can be measured through different factors like ad-recall which can measure the number of customers who could recall the ad when asked later. Persuasion measures how far the customers were influenced to buy the product.

Attitude towards the ad measures how customers felt about the ad like relevance, uniqueness, likeability etc. Thus the measurement factors for the present study have been adapted to suit the context of this study as floor ad recall which will measure the customers recall for the floor graphic design when asked. Floor ad persuasiveness will measure the extent to which the ad has influenced the customer to buy the product. Attitude towards floor ads will measure the customers' feelings towards these ads. The floor ad's attractiveness will measure how far the customers were encouraged to buy the product. If factors like floor ad recall, floor ad persuasiveness, floor ad attractiveness have a significant impact on purchase decision(s) of customers and the phenomenon is supported by positive attitude towards floor ad, then it is expected to lead to increased floor-ad effectiveness, further leading to increased purchase intention or improved WOM intent from customers' perception.

III. OBJECTIVES OF THE STUDY

3.1 The key objectives of this study have been:

- a) To ascertain the effectiveness of floor-space advertisements in organized retail in Oman
- b) To identify factors that influence floor ads' effectiveness in organized retail in Oman

3.2 Hypothesis

- H1: Floor ad recall significantly impacts floor ad effectiveness.
- H2: Floor ad persuasiveness has a significant impact on floor ad effectiveness.
- H3: Customers attitude towards floor ad has a significant impact on floor ad effectiveness.
- H4: Floor ad attractiveness significantly impacts floor ad effectiveness.
- H5: Floor ad effectiveness has a significant impact on customer's intention to buy the product.
- H6: Floor ad effectiveness has a significant impact on customer's intention to spread positive WOM about the product.

IV. RESEARCH METHODOLOGY

This study is a quantitative research and is descriptive in nature, and includes administering survey for fact finding. Sample for the study was drawn using non-probability convenience sampling. Primary data was collected through structured undisguised questionnaire encompassing six dimensions related to different research constructs, viz.; floor-ad recall, attitude towards floor-ad, floor-ad attractiveness, floor-ad persuasiveness, purchase intention and WOM intent. The survey was administered amongst a sample of 100 respondents comprising working men and women, housewives, and students as individual customers of organized retail stores / hypermarkets. The primary focus of this study has been on understanding customer perception towards effectiveness of floor ads in organized retail i.e. the hypermarkets in Muscat region. The following table (Table I) gives a snapshot of the description of constructs included in the study.

Table I: Description of constructs used in the questionnaire

Item No.	Variable name	Source*	No. of Items
Q2, Q3, Q4, Q5	Floor ad recall	(Bruner, 2009)	4
Q6, Q7	Attitude towards floor ad	(Bruner, 2009)	2
Q8, Q9	Floor ad attractiveness	(Bruner, 2009)	2
Q10, Q11, Q12, Q13, Q14, Q15	Floor ad Persuasiveness	(Bruner, 2009)	6
Q16, Q17	Purchase Intention	(Bruner, 2009)	2
Q18, Q19	WOM intent	(Bruner, 2009)	2

* adapted from Marketing Scales Handbook (2009)

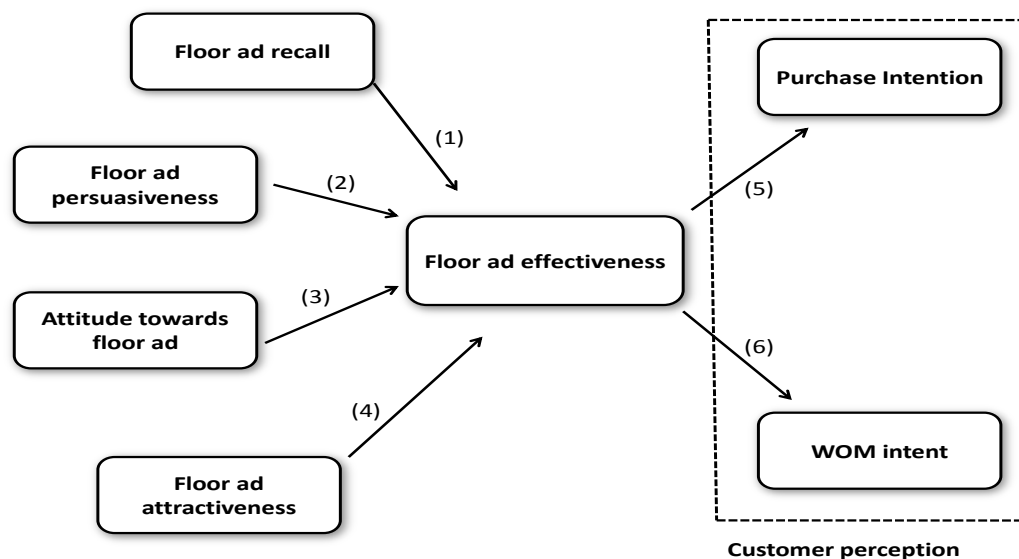


Figure 1: A structural model for factors affecting floor-ad effectiveness (proposed)

Table II: Description of relations in proposed structural model for factors affecting floor-ad effectiveness

Relation	Source (adapted from):
1	Olson, n.d.
2	Olson, n.d.
3	Olson, n.d.
4	logical relation
5	Moldovan & Lehmann, n.d.
6	Moldovan & Lehmann, n.d.

V. DATA ANALYSIS

The data was collected from a non-probability based convenience sample comprising 100 respondents. A survey was administered amongst respondents using data collection instrument developed for the purpose of study. The number of female respondents was more than male respondents. Most of the respondents were generally young in the age group 15-35 years. Majority of the respondents were non-Omani post-graduate students and almost all of them had seen floor ads mostly in the supermarkets/ hypermarkets in Oman. The data was analyzed using descriptive statistics and cronbach alpha was used as a measure to assess the internal consistency of the scales (adapted) used in the questionnaire. The value(s) of cronbach alpha (if item deleted) were examined and accordingly select items in the questionnaire were eliminated from subsequent analysis. This lead to revised value of cronbach alpha (0.864) after eliminating Q7, Q9, Q12, and Q17 from the statistical analysis. It was evident that overall alpha (revised) being 0.864, is indicative of strong internal consistency among scale items. Further, structural equation modeling based partial least square method was used to determine path coefficients. The results obtained were discussed, analyzed interpreted and presented accordingly.

Table III: Results Summary for PLS model

Latent Variable	Indicators	Loadings	Composite Reliability	AVE
Floor ad recall	Q2	0.000	0.306258	0.218431
	Q3	0.059		
	Q4	0.205		
	Q5	0.910		
Attitude towards floor ad	Q6	1.000	1.000000	1.000000
Floor ad attractiveness	Q8	1.000	1.000000	1.000000
	Q10	0.593		
Floor ad persuasiveness	Q11	0.632	0.848153	0.532246
	Q13	0.736		
	Q14	0.856		
	Q15	0.797		
Purchase Intention	Q16	1.000	1.000000	1.000000
WOM Intent	Q18	0.795	0.841940	0.727904
	Q19	0.908		

Internal consistency reliability: Composite reliability should be higher than 0.70 and as indicated in Table III above, the values of composite reliability are more than 0.70 for all latent variables, except floor ad recall.

Convergent validity: The average variance extracted (AVE) should be higher than 0.50 and as depicted in Table III above, AVE is above 0.53 for all latent variables, except floor ad recall.

Floor ad effectiveness has the strongest effect on purchase intention (0.816), followed by WOM intent (0.586). Moreover, the two constructs explain 92% percent of the variance of the endogenous latent construct purchase intention ($R^2 = 0.923$) as depicted in the following figure (Figure 2).

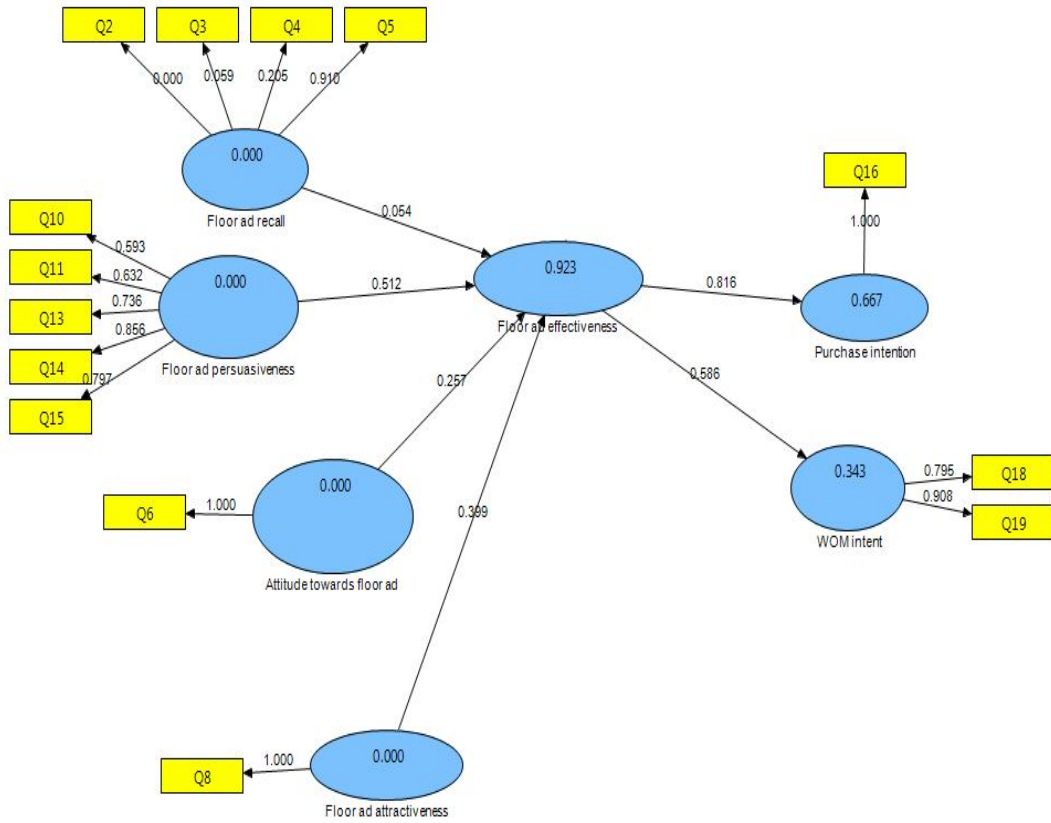


Figure 2: PLS Model

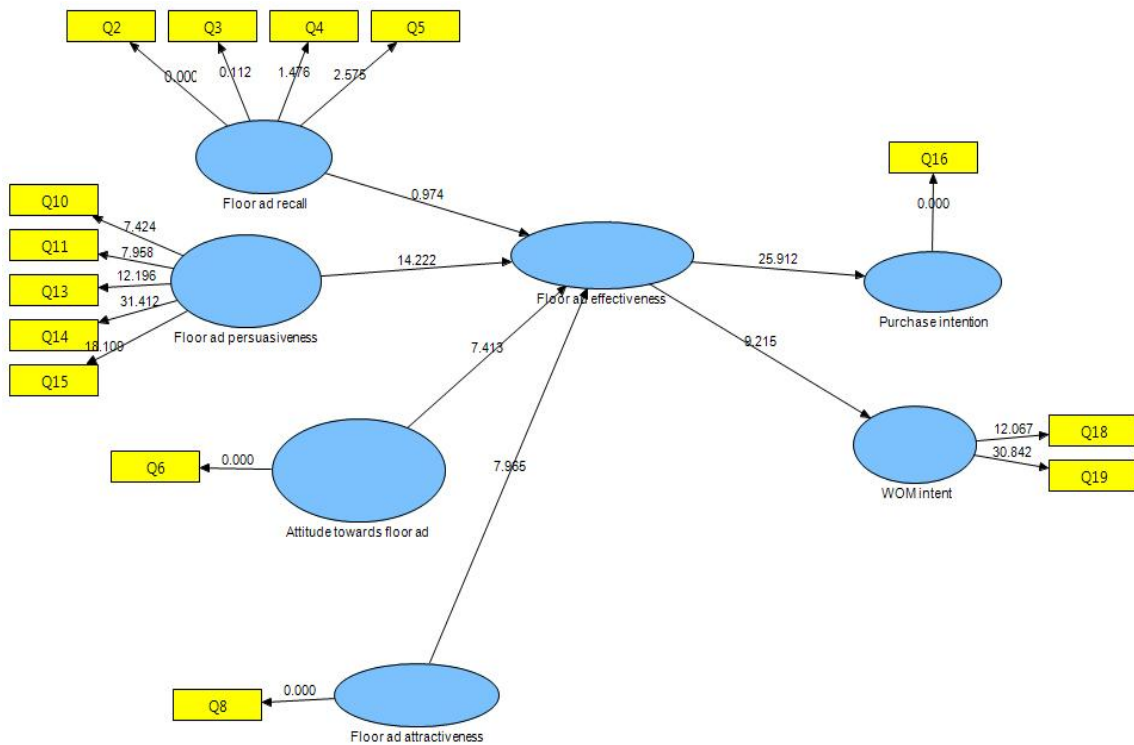


Figure 3: Bootstrapping results

In order to test the significance of the standardized regression weights for effects obtained using PLS and depicted in PLS Model (refer Figure 2), bootstrapping was carried out. The t-statistic values obtained after bootstrapping were examined as an indicator of significance of standardized regression weights obtained in PLS results. The bootstrapping results (refer Figure 3) revealed that floor ad effectiveness had the strongest effect on purchase intention (t statistic = 25.912), followed by WOM intent (t statistic = 9.215) as depicted in Figure 3. The relationships between floor ad effectiveness & purchase intention, and floor ad effectiveness & WOM intent were found to be significant (refer Figure 3) at 95% confidence level.

Table IV: Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)
Attitude towards floor ad ----> Floor ad effectiveness	0.256980	0.251052	0.038294	0.038294
Floor ad attractiveness ----> Floor ad effectiveness	0.399292	0.403809	0.049835	0.049835
Floor ad effectiveness ----> Purchase intention	0.816424	0.814313	0.033514	0.033514
Floor ad effectiveness ---->WOM intent	0.586065	0.585987	0.062755	0.062755
Floor ad persuasiveness ----> Floor ad effectiveness	0.512459	0.511659	0.036805	0.036805
Floor ad recall ----> Floor ad effectiveness	0.054488	0.059537	0.053122	0.053122

	T Statistics (O/STERR)
Attitude towards floor ad ----> Floor ad effectiveness	6.710644
Floor ad attractiveness ----> Floor ad effectiveness	8.012297
Floor ad effectiveness ----> Purchase intention	24.360985
Floor ad effectiveness ---->WOM intent	9.338863
Floor ad persuasiveness ----> Floor ad effectiveness	13.923547
Floor ad recall ----> Floor ad effectiveness	1.025715

VI. CONCLUSION

This study aimed at understanding customer perception towards effectiveness of floor ads in organized retail in Oman. Floor ad recall, floor ad persuasiveness, attitude towards floor ads, floor ad attractiveness, purchase intention, WOM intent are the different factors making up floor ad effectiveness. And it has been observed that they make a significant contribution to floor ad effectiveness. From the findings of this study, it can be interpreted that three factors, viz.; floor ad persuasiveness, attitude towards floor ad and floor ad attractiveness contribute significantly to floor ad effectiveness, and floor ad persuasiveness has a largest contribution to floor ad effectiveness. On the other hand floor ad effectiveness contributes significantly to purchase intention and moderately to WOM intent. Based on the findings related to relationship among different research constructs in the proposed model, the following relations have been found to be significant (refer Figure 4):

- floor ad persuasiveness and floor ad effectiveness
- attitude towards floor ad and floor ad effectiveness.
- floor ad attractiveness and floor ad effectiveness
- floor ad effectiveness and purchase intention
- floor ad effectiveness and WOM intent

However, the relationship between floor ad recall and floor ad effectiveness was found to be insignificant.

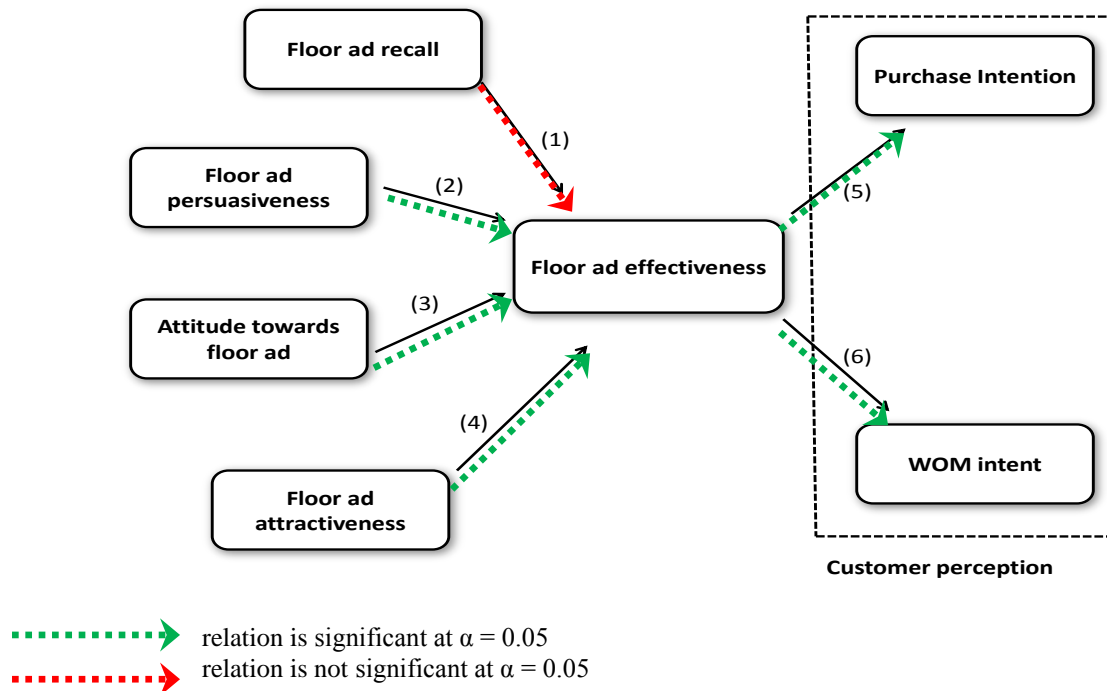


Figure 4: A structural model for factors affecting floor-ad effectiveness

VII. SUGGESTIONS AND DIRECTIONS FOR FUTURE RESEARCH

The outcome of this study highlights that floor ads play an important role in attracting customers and hence, marketers as well as researchers need to explore this concept and its applications in multitudinous domains, especially the ones related to indoor advertising. For further research, similar questionnaire could be translated in Arabic language as it would provide valuable inputs from the Omani customers. The researchers could also attempt examining different phenomenon related to select contemporary research domains such as the potential use of interactive floor ads by supermarkets/ hypermarkets. Moreover, this research can be extended further by exploring factors, other than the ones discussed in this study that may contribute to floor ad effectiveness. This would definitely provide insights into completely new dimensions that could help in improving applications of floor ads and make them more effective in coming years. Finally, marketers as well as academicians & researchers can attempt comparative studies on or related to floor ad effectiveness, in terms of varying demographic and psychographic profiles of people.

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Annexure 1: Questionnaire

Dear Respondent

The following questionnaire has been prepared as a part of the research titled “Customer perception towards effectiveness of floor ads in organized retail”. Attempting the survey questionnaire is voluntary. It is assured that the information provided by you will be kept confidential and will be used solely for academic purpose and not for any commercial purpose.

Instructions:

For all questions from 1-24, please put a (✓) against the appropriate choice(s).

Part A: General questions

- 1) How frequently do you visit a hypermarket / organized retail store (for example Lulu, Safeer, Carrefour)?
 More than once in a week once in a week once in a month
 rarely
- 2) Have you noticed any floor ads in a hypermarket / organized retail stores?
 Yes No
- 3) For which of the following brands have you seen floor ads?
 Pantene Lux Pampers Nestle M&M Oreo
 Panasonic
- 4) When you observed the floor ads, were the majority of them
 Colored Black & White
- 5) Where was/ were the floor ads placed?
 Passage between two shelves below the Pallet displays (display pallets made from paperboard)

S. No.	Statement	Strongly Disagree (1)	Disagree (2)	Slightly disagree (3)	Don't know (4)	Slightly agree (5)	Agree (6)	Strongly agree (7)
6	While watching the floor ad I found it attractive.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	While watching the floor ad I did not find it interesting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	I found the floor ad catchy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	I didn't find the floor ad appealing to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The floor ad was informative.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	The floor ad was clear.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	The floor ad was not easy-to-follow.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	The floor ad was persuasive.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	The floor ad influenced my opinion about the product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	The floor ad changed my attitude towards the product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	I would purchase the product for which the floor ad is shown.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	I'm not interested in the product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	I would recommend the product to close personal friends.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	I bring up the topic of floor ads in a positive way in conversations I have with friends and acquaintances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part B: Personal profile:

- 20) Age (in years) : 15-35 35- 55 55 and above
- 21) Gender : Male Female
- 22) Nationality : Omani Non – Omani
- 23) Educational qualification : Schooling Diploma Graduate Post-Graduate
 Others (please specify)
- 24) Occupation : Self- employed Private service Govt.
service Student Homemaker Others