

THE IMPACT OF IN-STORE ACTIVATION ON CONSUMER ENGAGEMENT

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## **APPROVAL**

I/ We hereby declare that I/ we have read this dissertation/report and in my opinion,  
this dissertation/report is sufficient in terms of scope and quality as a partial  
fulfilment of the requirements for the award of Bachelor of Technology Management  
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## DECLARATION OF ORIGINAL WORK

I hereby declare that the project work entitled “The Impact of In-Store Activation on Consumer Engagement” submitted to Faculty of Technology Management and Technopreneurship (High Technology Marketing), Universiti Teknikal Malaysia Melaka is a record of an original work done by me under the guidance of Assoc. Prof. Dr. Norfaridatul Akmaliah Binti Othman, lecturer of Faculty of Technology Management and Technopreneurship (High Technology Marketing), Universiti Teknikal Malaysia Melaka. The results embodied in this research have not been submitted to any other University or Institute for the award of any degree or diploma.

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## DEDICATION

I would like to express deepest thanks to my dearest family members who give me encouragement that helped me in completion of this research paper. Thanks for giving me the opportunity and new experiences in my life to complete this meaningful research.

Moreover, I want to dedicate this thesis to my supervisor, Assoc. Prof. Dr. Norfaridatul Akmaliah Binti Othman, for her guidance and motivation along this whole process of the project.

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## ABSTRACT

E-commerce is growing faster than any other retail sector in recent years. Online shopping is become increasing popular other than shopping at physical stores. According to Mahalingam (2016) on The Star Online, nearly three quarters of Malaysian respondents access to promotional offerings while shopping by using social media. In this case, the online shopping situation caused people start to switch from real-life shopping to online shopping because online shopping are getting more convenience and cost effective. Therefore, the purpose of this study was to identify the impact of in-store activation on consumer engagement in Johor, Malaysia. The questionnaires were distributed to 300 respondents and the data were collected and analyse using Statistical Package for Social Science (SPSS) through descriptive analysis, correlation analysis and regression analysis. In order to obtain an accuracy research data for the research, researcher targeted on consumers that had ever visited to any supermarket chain in Johor. Finding revealed that sales person is the most influencing factor towards consumer engagement and three of in-store activation factor have significant impact on consumer engagement. Hence, this research is important for FMCG companies or event agency to investigate which factors will most influencing consumer engagement so they can decide to use which strategy to engage with consumers in shopping mall.

Keywords: in-store activation, consumer engagement, shopping industry

## ABSTRAK

*E-commerce berkembang lebih cepat daripada mana-mana sektor runcit pada masa kini. Membeli-belah dalam talian menjadi semakin popular selain daripada membeli-belah di kedai-kedai fizikal. Menurut Mahalingam (2016) di The Star Online, hampir tiga suku responden Malaysia mengakses tawaran promosi semasa membeli-belah dengan menggunakan media sosial. Dalam kes ini, keadaan membeli-belah secara online menyebabkan masyarakat mula beralih dari membeli-belah di parasaya kepada membeli-belah secara online kerana kemudahan dan kos yang berkesan. Oleh demikian, tujuan kajian ini adalah untuk mengenal pasti kesan aktiviti pemasaran dalam pasaraya terhadap penglibatan pengguna dari segi promosi bukan monetari, promosi monetari dan orang jualan di Johor, Malaysia. Soal selidik telah diedarkan kepada responden dan sebanyak 300 data dikumpulkan untuk menganalisis menggunakan Statistical Package for Social Science (SPSS) melalui analisis deskriptif, analisis korelasi dan analisis regresi. Untuk mendapatkan data penyelidikan yang ketepatan, penyelidik menyasarkan pelanggan yang pernah melawat ke mana-mana rangkaian pasaraya di Johor. Penemuan mendedahkan bahawa orang jualan merupakan faktor yang paling berkesan terhadap penglibatan pelanggan dan semua faktor yang dikaji memberi kesan kepada penglibatan pengguna. Oleh itu, penyelidikan ini adalah penting bagi syarikat FMCG atau agensi acara untuk menyiasat faktor mana yang paling mempengaruhi penglibatan pengguna supaya mereka boleh mengambil keputusan untuk menggunakan strategi untuk melibatkan diri dengan pengguna di pusat membeli-belah.*

*Kata Kunci: aktiviti pemasaran, penglibatan pengguna, industri membeli-belah*



## TABLE OF CONTENT

CHAPTER	CONTENT	PAGE
	<b>DECLARATION OF ORIGINAL WORK</b>	i
	<b>DEDICATION</b>	ii
	<b>ACKNOWLEDGEMENT</b>	iii
	<b>ABSTRACT</b>	vi
	<b><i>ABSTRAK</i></b>	v
	<b>TABLE OF CONTENT</b>	vi
	<b>LIST OF TABLE</b>	x
	<b>LIST OF FIGURES</b>	xi
	<b>LIST OF ABBREVIATION</b>	xii
	<b>LIST OF APPENDIX</b>	xiii
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	1
	1.0 Introduction	1
	1.1 Background of the Study	2
	1.2 Problem Statement	3
	1.3 Research Questions	4
	1.4 Research Objectives	4
	1.5 Scope of Study	5
	1.6 Limitation of Study	6
	1.7 Important of Study	7
	1.8 Summary	7

<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	8
2.0	Introduction	8
2.1	Concept of Engagement	9
2.2	Introduction of Consumer Engagement in Marketing Literature	10
2.3	Dimensionality of Consumer Engagement	11
2.4	Multidimensional Concept of Consumer Engagement	12
2.4.1	Cognitive Dimension	12
2.4.2	Emotional Dimension	13
2.4.3	Behavioral Dimension	14
2.5	Consumer Engagement Marketing	15
2.6	Experiential Marketing	18
2.7	In-Store Activation	18
2.8	In-store Activation to Influence the Consumer Engagement	19
2.9	Conceptual Framework	23
2.10	Hypothesis	24
2.11	Summary	25
<b>CHAPTER 3</b>	<b>METHODOLOGY</b>	26
3.0	Introduction	26
3.1	Research Design	27
3.2	Methodological Choice	28
3.2.1	Quantitative Method	28
3.3	Data Sources	29
3.3.1	Secondary Data Sources	29
3.3.2	Primary Data Sources	30
3.4	Research Strategy	30

3.5	Questionnaire Design	31
3.6	Time Horizon	33
3.7	Pilot Test	34
3.8	Data Collection	35
	3.8.1 Sample Size	35
	3.8.2 Location of Research	36
	3.8.3 Sampling Technique	37
3.9	Data Analysis	37
	3.9.1 Descriptive Statistics	38
	3.9.2 Linear Regression	39
	3.9.3 Pearson's Correlation Coefficient	39
3.10	Scientific Canons	40
	3.10.1 Validity	40
	3.10.2 Reliability	41
3.11	Summary	42
<b>CHAPTER 4 FINDINGS AND ANALYSIS</b>		<b>43</b>
4.0	Introduction	43
4.1	Pilot Test	44
4.2	Demographic Background	45
	4.2.1 Gender	46
	4.2.2 Age Group	46
	4.2.3 Highest Education Level	47
	4.2.4 Employment Status	48
	4.2.5 Current Income Level	49
	4.2.6 Frequency of Shopping	50
4.3	Mean of Variable	51
4.4	Reliability Analysis	53
4.5	Relationship between In-Store	54

	Activation and Consumer Engagement	
4.6	Hypothesis Testing	58
4.7	Summary	62
<b>CHAPTER 5</b>	<b>CONCLUSION AND RECOMMENDATIONS</b>	<b>63</b>
5.0	Introduction	63
5.1	Achievement of the Research Objective	63
5.1.1	Objective 1: To identify factors influencing consumers engage to in-store activation	64
5.1.2	Objective 2: To analyse the most influencing in-store activation factor towards consumer engagement	65
5.1.3	Objective 3: To study the relationship between in-store activation and consumer engagement	66
5.2	Contribution of Study	68
5.3	Limitations of Study	68
	5.3.1 Sample	69
	5.3.2 Location and Industry	69
5.4	Recommendations for Future Research	69
5.5	Summary	70
	<b>REFERENCES</b>	<b>71</b>
	<b>APPENDIX</b>	<b>80</b>

## LIST OF TABLES

<b>TABLES</b>	<b>TITLE</b>	<b>PAGES</b>
3.1	Likert Scale of Agreement	32
3.2	Questionnaire Structure	32
4.1	Reliability Statistic for Pilot Test of 15 respondents	44
4.2	Total Respondents	45
4.3	Frequency and Percentage of Gender	46
4.4	Frequency and Percentage of Age	46
4.5	Frequency and Percentage of Highest Education Level	47
4.6	Frequency and Percentage of Employment Status	48
4.7	Frequency and Percentage of Current Income Level	49
4.8	Frequency and Percentage of Frequency of Shopping	50
4.9	Descriptive Analysis	51
4.10	Reliability Result	53
4.11	Rules of Thumb of Pearson Correlation	55
4.12	Correlations between variables	55
4.13	Model Summary of Multiple Regression	56
4.14	ANOVA table	57
4.15	Coefficients Table	58
4.16	Summary of Hypothesis Testing	60
4.17	Regression Analysis on the Multi Regression Equation	61

**LIST OF FIGURES**

<b>FIGURES</b>	<b>TITLE</b>	<b>PAGES</b>
2.1	Conceptual Model of Consumer Engagement Marketing on Consumer Engagement	16
2.2	Conceptual Framework	23
3.1	Values of correlation coefficient	40
4.7	Values of correlation coefficient from Saunder et al. (2016)	54

**LIST OF ABBREVIATIONS**

UTeM	University Teknikal Malaysia Melaka
SPSS	Statistical Package for Social Science
ANOVA	Analysis of Variance
FMCG	Fast-moving consumer goods

**LIST OF APPENDIX**

<b>APPENDICES</b>	<b>TITLE</b>	<b>PAGES</b>
A	Gantt Chart PSM	80
B	Questionnaire	81



## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter is about the introduction of the research which provides a general view for reader regarding the research. The introduction includes the background of study about the consumer engagement and in-store activation. Other elements such as problem statement, research questions, research objectives, scope, limitation and importance of study will also include in this chapter.

## 1.1 Background of the Study

In the competitive market environment, there are many types of marketing strategy in order to attract target market, increase sales and build profitable relationship with consumer. In-store activation is an experiential marketing strategy which is the key to build a strong relationship with consumers by approach and communicate with consumer on the ground inside a department store or shopping mall. It is about taking a product or brand and building a following. Company will take a product or brand and figure out how to use it in a captivating and engaging way that will build lifetime customers. By interactive event of experiential marketing, company can position the brand to consumer's mind and enhancing the image and at the same time, enhance the relationship with consumer through creation of positive associations.

In-store activation often takes place in supermarket or grocery store. It can be classified as one of the strategies of experiential retail marketing. The retail sector has expanded unpredictability, where retailers now operate stores in different retail formats such as supermarkets, convenience, supercenters, online across a range of countries. Similarly, manufacturers increasingly offer their goods across a range of retail formats and countries (Deloitte, 2013). For example, in-store sampling has become an important marketing strategies as it can drive the product trials and furthermore induces the shopper to purchase the product. In-store sampling not only stimulate the sales, it also encourage the product trails and distribution and brings product into consideration set of the target customer (Pawar, Shastri, & Raut, 2016).

Consumer engagement is the intensity of person's interest in and association with an organization's contributions and/or organizational activities, which either the customer or the organization initiate (Shiri et al., 2012). Customer engagement is about encouraging customers to interact and share in the experiences company create for them as a business and a brand. Thus, consumer engagement is formed when a company creates a long-term and trustable relationship with its customer base to foster brand loyalty and awareness. This can be influenced by various factor of in-store activation which will discuss in literature review.

## 1.2 Problem Statement

Malaysia, as one of the internet-native countries of South-East Asia after Singapore, presents huge opportunities for e-commerce. Nowadays, online advertisements are getting common and overflow. Online advertisement can be seen anytime, anywhere on social media platform. Online shopping is the platform that allows people to buy goods and services from seller who sell their product or service by internet. In the past decade, the way people shop has drastically changed. Other than shopping at physical stores, with the development of information and communication technologies, people can visit website from the comfort of their homes and shop as they sit in front of the computer. Online shopping is becoming increasingly popular. According to Wallace (2017) on Ecommerce Trends, a 2017 point-of-sale solutions survey of 1,164 U.S. business owners conducted by Square and Mercury Analytics stated that 67% of Millennials and 56% of Gen Xers prefer to shop on online rather than in-store shopping. Furthermore, 30% of online shoppers said they prefer to make a purchase from a social media platform such as Facebook, Instagram or Twitter. These trends are characteristics of the massive potential for retailers to connect with consumer on their favourite platforms as social commerce continues to develop and grow.

According to Mahalingam (2016) on The Star Online, nearly three quarters of Malaysian respondents access to promotional offerings while shopping by using social media. In this case, the online shopping situation caused people start to switch from real-life shopping to online shopping because online shopping are getting more convenience and cost effective. A study conducted by Bezes, 2016 was to compare empirically the nature, level and influence of perceived risk online and in-store. The overall result showed that purchase risk higher and more dissuasive on website than in-store. Furthermore, most of the previous researchers (Kowatsch & Maass, 2010; Sorensen et al., 2017; Tendai & Crispen, 2009) are mainly focus on in-store shopping environment that will influence consumer behaviour than in-store activation. They are lack of research regarding the topic of in-store activation on consumer engagement. Thus, researcher found then gap that it is necessary to investigate that whether in-store activation works or not. In-store activation is one of the experiential marketing strategies used to attract consumer and to get attention on.

In-store activation is on the ground marketing campaign that allows company to create the experiences necessary to win the right audience, bring traffic in-store, and introduce new product to public. These events draw customers out of their homes and therefore cannot be replicated online.

### **1.3 Research Questions**

In this study, there are several research questions that have been developed regarding the problem statement occurred. The research questions of this research are:

- i. What are the factors influencing consumer engage to in-store activation?
- ii. Which factors of in-store activation will most influencing consumer engagement?
- iii. What is the relationship between in-store activation and consumer engagement?

### **1.4 Research Objectives**

In general, this research is to study about the impact of in-store activation to consumer engagement. The specific objectives are:

- i. To identify factors influencing consumers engage to in-store activation.
- ii. To analyse the most influencing in-store activation factors towards consumer engagement.
- iii. To study the relationship between in-store activation and consumer engagement.

## 1.5 Scope of study

In-store activation often takes place inside a supermarket. Supermarket is any business or company offering a variety of food and household items to customers. There are some famous supermarket chains in Malaysia such as Aeon, Aeon Big, Tesco, Econsave, Mydin, Songmart, The Store and so on. This study is focused on retail shopping industry in Johor because Johor is a major development state among Malaysia which called Iskandar Malaysia. Currently, it is the major focus of shopping industry development in Malaysia.

In this research, the researcher aims to identify the impact of in-store activation that will influence the consumer engagement in the supermarket. In order to obtain an accuracy research data for the research, researcher targeted on consumers that had ever visited to any supermarket chain in Johor. The targeted respondents must be ever experienced any strategies of in-store activation inside the supermarket such as sampling activities and other promotional strategies. Furthermore, this finding of study able to benefit the FMCG companies or event agency that aims to having in-store activation inside a department store or supermarket.

## 1.6 Limitation of Study

Limitations are influences or threats of the study that the researcher cannot control. In this research, researcher has collected the data of respondent from the consumer that had ever experienced in-store activation in the shopping mall. Therefore, the researcher assumes that respondents are knowledgeable to provide a reliable answer and reply. Since the questionnaire is only provided in English language, there is a limitation for respondents to read and answer the questionnaire accurately because some group of respondents cannot understand the English language.

Besides that, the limitation of this study was the limited coverage of the state which researcher had only covered the consumers in Johor state. Therefore, the result cannot be generalized into every state in Malaysia. Future research should consider the larger sample of respondents on other state in Malaysia. Time constraint also need to be a concern as limitation in this research paper as the research only takes about one year to complete from the beginning to the end of the research.

## **1.7 Important of study**

Firstly, this study will benefit to the academic students, especially for marketing students who are interested to explore for brand activation in the field of marketing. This research will help researcher for research deeply in in-store activation in order to increase consumer engagement. Furthermore, undergraduates who want to study about in-store activation can make this study as a way to collect the data and resource for their study.

This study also importance for the fast-moving consumer goods (FMCG) companies and event agency that want to activate their brand or product through in-store activation. Related parties can improve their company's performance and make this study as a reference and guidance. FMCG Companies or event agency usually activate their new product or promote their product through in-store activation inside shopping mall. Thus, related parties can make this research as referrals about in-store activation factors to engage consumers and practice this method in their company.

## **1.8 Summary**

In this chapter, the researcher has briefly explained the background of this research. This chapter has highlighted the research questions and research objective of this topic. Findings of problem statement also enabled to determine the both research questions and research objectives. Besides, researcher also explained the scope and limitation of this research in this chapter. Last but not least, the researcher has explained the importance of this research to the industry which going to study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 Introduction

The literature review provides a description, summary and evaluation of each source. The purpose is to offer overview of the significant literature published on a topic about the research. In this chapter, the contents of consumer engagement and its dimensionality will be explained in more details. To achieve the objectives of this study, the definition, concept and practices concerning consumer engagement, multidimensional concept, consumer engagement marketing, experiential marketing and in-store activation were obtained from various sources such as published books, journal, and online article in order to improve the reliability of the research. To strengthen the reader's understanding, researcher will also construct conceptual framework of consumer engagement initiative to foster consumer engagement. Researcher will relate the concept and information given in order to achieve research objective.

Furthermore, a conceptual framework of this research and hypothesis of this research is outlined in end of this chapter. The conceptual frameworks are formed in term of the knowledge and information collected from the secondary data such as book and journal.