

**THE ROLES OF INNOVATIVE POINT OF PURCHASE DISPLAYS IN  
INFLUENCING CONSUMER PURCHASE DECISION**

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## DECLARATION

A research project submitted in partial fulfillment of the requirements for degree in Bachelor of High Technology Management (High Technology Marketing) by the coursework Final Year Project 2 in the Faculty of Technopreneurship, Universiti Teknikal Malaysia Melaka, 2019.

I declare that this research is my own, unaided work, in exception of citation and references, which I have explained. It has not been submitted before for any other degree or examination in any other or this university.

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## APPRECIATION

In this research, I would like to give an utmost gratitude for my beloved parents, Mr Anuar Bin Ahmad and Mrs Zozita Binti Yahya for their endless love, moral and financial support throughout this research study. In addition, a big thanks to my supervisor, Datuk Dr Sabri Bin Mohamad Sharif for all the guidance for this thesis.

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## ABSTRACT

Nowadays, retailers across all over the world are battling in putting up good promotional deals, advertising and marketing strategies in attracting more customers into their perspective store. Furthermore, companies have spent vast amount of money in advertising and promotional activities. One of the common promotional activity is Point of Purchase Display. Point of Purchase Display acts as a communication medium between companies, retailers and consumers. In this era of modernization, many companies opt to change from the conventional to more innovative Point of Purchase Display with the significant influence on consumers, mainly on purchasing decision. With the utilization of the Theory of Purchasing Decision and Maslow's Hierarchy of Needs, the roles of Innovative Point of Purchase Display; visual attraction, informativeness and impulse purchase persuasion play significant influence on consumer purchase decision. A framework consisting three independent variables and one dependent variable was constructed. In order to achieve the research objective, this study employed quantitative method by conducting a survey questions to 222 respondents. The distribution of questionnaire was distributed by Google Form Survey. The same method was applied in data collection. The results from descriptive statistic and multiple regression have identified that visual attraction, informativeness and impulse purchase persuasion have significant impact on consumer purchase decision. Hence, at the end of this study, researcher is able to prove the hypothesis. In conclusion, this study contributes to the understanding of the roles of Innovative Point of Purchase Display in influencing consumer purchase decision.

Keyword: Retail, Marketing, Innovative, Point of Purchase Display, Consumer Purchase Decision

## ABSTRAK

*Pada masa kini, peruncit di seluruh dunia bertungkus-lumus dalam menyediakan tawaran promosi, strategi pengiklanan dan pemasaran yang baik untuk menarik lebih banyak pelanggan ke dalam kedai perspektif mereka. Selain itu, syarikat telah menghabiskan banyak wang dalam aktiviti pengiklanan dan promosi. Salah satu aktiviti promosi yang biasa adalah Paparan Pembelian Point. Paparan Pembelian berfungsi sebagai medium komunikasi antara syarikat, peruncit dan pengguna. Dalam era pemodenan ini, banyak syarikat memilih untuk menukar dari konvensional ke Paparan Pembelian yang lebih inovatif dengan pengaruh penting kepada pengguna, terutamanya pada keputusan pembelian. Dengan penggunaan Teori Keputusan Pembelian dan Hierarki Keperluan Maslow, peranan Paparan Pembelian Inovatif; daya tarikan visual, pengetahuan dan kepercayaan pembelian dorong memainkan peranan penting terhadap keputusan pembelian pengguna. Rangka kerja yang terdiri daripada tiga pembolehubah bebas dan satu pemboleh ubah bergantung. Untuk mencapai matlamat penyelidikan, kajian ini menggunakan kaedah kuantitatif dengan menjalankan soalan kaji selidik kepada 222 responden. Pengagihan soal selidik diedarkan oleh Google Form Survey. Kaedah yang sama telah digunakan dalam pengumpulan data. Hasil dari statistik deskriptif dan regresi berganda telah mengenal pasti bahawa daya tarik visual, pengetahuan dan kepercayaan pembelian dorong mempunyai kesan yang signifikan terhadap keputusan pembelian pengguna. Oleh itu, pada akhir kajian ini, penyelidik dapat membuktikan hipotesis. Kesimpulannya, kajian ini menyumbang kepada pemahaman tentang peranan Paparan Pembelian Inovatif dalam mempengaruhi keputusan pembelian pengguna.*

*Kata Kunci: Runcit, Pemasaran, Inovatif, Paparan Pembelian, Keputusan Pembelian Pengguna*

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter provides a brief overview of the study presented in this research. This chapter introduced the problem statement, research question, research objective, scope, significance of the research, and as well as the limitations of this research. The researcher also explains the definition term of this research.

## 1.2 Background of Study

This chapter will further discuss about the background study of this research regarding innovative point of purchase displays and the influence towards consumer purchase decisions. Nowadays, retailers are battling for a competitive advantage that sets them apart from another competitor. It is the far the fact for striving retailers especially to the retailers who invested in the brick and mortar stores. Nowadays, many retailers are dealing margin, gradual, slow moving traffic of customer and additionally fierce opposition from other retailers thus making them face a disaster mode. Hence, retail stores are as much as the idea on to bringing masses of customers coming in into their stores, by using more revolutionary thoughts and innovative ideas to attract customers' purchase intention and leading to buying decision. This leads to a revolution on the store design, where more time is spent on developing greater, effective surrounding and engaging atmospheric environment with consumers.

In terms of promotions, companies surely have spent a vast amount of dollars in making the promotions a good deal. Now, our world is moving towards a more high-technology era of modernization, making the technology to be evolving more and more; thus the mode of promotion also evolving from times to times. Some more, technological advances had opened new insights in promotions (Loya, Ismail, & Khan, 2015). As we all know, direct selling in the market place and door to door sellers were the first mode advertisement. With the knowledge of consumer visualization and better communication medium, today, advertising are developing towards more creative and innovation one. As mentioned by and industry research Point of Purchase Advertising Institute or POPAI (1997), promotions triggered in-store purchases for as much as 91 percent of shoppers (POPAI, 1997).

When we talk about the engaging environment experienced by walk in customers, there are way many things that influence the engagement of customers in store. One of it is Point-of-Purchase Display. According to Quelch (2006), he said that point of purchase is honestly the most suitable area and duration for retailers to

communicate with consumers. This is due to the chance and opportunity available for consumers to make a brand decision. Plus, it is also the time and place where most elements of sales are there collectively (Quelch, 2006).

Under the sub element of consumer promotions, certainly POP Displays or advertising is one of the major promotional tools beneath it. As indicated by Kotler and Armstrong (2016), POP Displays include displays, promotions and demonstrations that take place at the point of sales (Kotler & Armstrong, 2016). If we go to big retail stores such as AEON Melaka, we might be tripped over displays, promotional signs, floor graphics, demonstrations or “shelf talkers”, for some good reason those displays able to attract consumers’ attention and leads to product sales. Since POP Display is a sub part of advertising, the Malaysian advertising landscape is gradually shifting its traditional media forms to the emergent new media advertising but even though it is still in budding stage.

According to POPAI (1997), POP displays urge the purchase decision by drawing attention to otherwise overlooked product, plus they also serve as a purchase reminder towards products or services that were overlooked (POPAI, 1997). They commonly obtained consumers’ impulse purchase decision for certain items, such as condiments, cookies, snacks and beverages. In recent decades, POP Display have soar in significant manner because of the abundance of number of brands and increasing amount of money spent on unplanned purchases. In a study, a family of four spends 61% of its grocery dollars on unplanned purchases (POPAI, 1997). Even when consumers follow their shopping lists, it is shown that most of the specific brands they choose are made in-store, because mainly are caused by POP and promotions. On top of that, half of the shoppers report they are influenced by POP displays (POPAI, 1997).

Furthermore, in a supporting industry research from POPAI, it promotes best practices of POP Display and advertising in the retail outlets. POPAI had made collaboration with ARE (Association for Retail Environments) to create Shop!, where

there are variety of studies available, mainly about in-store POP Display and advertising.

Meanwhile, according to POPAI (2015), there are more than 76% of all brand purchase are made in-store (POPAI, 2015). This is supported by another study also by POPAI (2015), stated that there is an elevation of in-store sales as much as 65% when POP Displays and materials are set up (POPAI, 2015). Thus, these showings most consumers are impacted by the POP Display, as the POP Display are behaving like 'pulling' their purchasing power (POPAI, 2015).

Therefore, there are many researchers have found promotions such as POP display and advertising plays significant impacts in boosting sales and influencing consumers' purchase decision (POPAI, 2015).

There are many advantages of Point of Purchase Displays. According to POPAI (2015), POP Display could be placed in various place and almost everywhere in the stores- either it can be next to the merchandise, at the counter checkout or even on the floor. Then, POP Display is very effective in terms of sales making since it can directly affect the sales of certain brands. Plus, POP Display is very clear in targeting well defined customers that closest to the time of purchase. Thus, overall, POP Display and advertising is very influential in influencing consumers especially in a competitive retail environment (POPAI, 2015).

### **1.3 Innovative Point of Purchase**

However, in this study, researcher would like to not only focusing on the Point-of-Purchase itself, but researcher would like to study about the innovative POP Display and advertising. Technological era recently had brought manufacturers and retailers to put up more innovative POP materials. Innovation in POP Display and advertising is



a part of marketing innovation. Marketing innovation comes in various forms; hence it is critical for the success of company and creates customer loyalty (Reichheld, 1996).

Significantly, many retailers do not like to handle bundles of displays and signage from manufacturers so manufacturers sometimes offer better POP materials to be set up such as on television and internet. (Kotler & Armstrong, 2016). Innovation comes from “In” and “Novare” which means something new that been introduced either systems, tools as well as having the synonym terms with changes and revolutions in features, in order to make something more good (Kiran et al, 2012).

Innovative point of purchase display can be in the form of digital signage, for instance. It has a great influence on a store’s operations and sales performances. Innovative POP displays are a kind of innovative in store promotions that enables great chances to turn retail store rather from a dim into a bright and entertaining store, which help to spark the curiosities in their minds (Kiran et. al, 2012). Nowadays, in the era of moving technology, many innovated POP displays such as digital signages are being used as an alternative of the traditionally printed POP displays and they also address the issues related to traditional POP displays.

#### **1.4 Research Problem**

Point of purchase displays had traditionally been based on printed material where stores would normally order a lot of batches of signs for promotions, and swap out if the promotions end to change them with new displays. It was actually an expensive process and involve lots of workforce to do, especially for small operators, they cannot order on large quantities. Since we always that these traditional Point of Purchase are very beautiful, creative and too good enough to be changed with new displays, the problems are still there. The cost of shipping and disposing all of this printed materials remain high because they require a lot of handling, and usually can be damaged so it is wasted. Most of the stores practice seasonal business where displays must be changed for every change of season. This is how the idea comes if

the retailers have another option that is changing to an innovative point of purchase display.

Plus, the problem of this research is also about consumers. Sometimes, consumers are not aware about POP display and advertising. The worst case, sometimes consumers are aware about POP Display, especially the traditional printed of POP, and however they are not concerned about it. This is where researcher found the idea of this research, looking for answer if innovative POP display can attract consumer's attention and thus leading to purchase decision.

### **1.5 Research Question**

They are three research questions created based from problem statement by the research as per below:

- i. What are innovative Point-of-Purchase Displays?
- ii. What is the relationship between the roles of innovative Point of Purchase Display with consumer purchase decision?
- iii. What is the strongest role played by Innovative Point of Purchase Display in influencing consumer purchase decision?

### **1.6 Research Objective**

- i. To identify the innovative Point of Purchase display.
- ii. To determine the relationship between the roles of innovative Point of Purchase Display with consumer purchase decision.

- iii. To determine the strongest role played by Innovative Point of Purchase Display in influencing consumer purchase decision.

### **1.7 Scope of Study**

The purpose of this study is to identify visual attractions of innovative POP Displays either it can attract the attention of consumers. Then, researcher would like to investigate either information displayed on innovative POP can be conveyed to consumers. Lastly, researcher would also like to measure the time spent by consumer in the stores while observing the innovative POP Displays and the influence it can bring towards consumers' purchase decision.

### **1.8 Limitation of Study**

This research has faced several limitations caused by the a few elements and factor. From the survey, the respondent has the adequate knowledge about the topic the researcher wants to study. In addition, they answer the question based on experience there have. The experience cannot help to get the right information. Lastly, the researcher assume that probability respondent provide the honest answer.

### **1.9 Significant of Study**

This study will analyze about the roles of innovative POP Displays and the influence they have on consumer purchase decision. Since nowadays the era of technology is moving towards modernization, point of purchase display and advertising are mostly no longer utilizing the traditional way in putting point-of-purchase display in the retail stores.

The significance of this study is mainly to investigate the roles played by the innovative point-of-purchase display in influencing consumer purchase decision. The researcher would like to know if POP Displays are really influencing consumers in terms of their purchasing decision. Then, consumers sometimes are also not aware of Point of Purchase displays located in the store, making researcher would like to identify and making this is significant in this study. Due to the lack of research in roles of POP Display, especially on the innovative POP, researcher would like to explore more on how the innovativeness in POP Display and advertising would influence consumers.

### **1.10 Summary**

In conclusion, this chapter provides an introduction of this subject of study which is Innovative Point of Purchase Displays and the research problem that would further be discussed in this study. Plus, researcher also stated the research questions and research objectives as well as the significance of this study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter discussed on the literature review that would be done on the innovative point-of-purchase display in influencing consumer purchase decision. It's emphasizing on the roles of innovative point of purchase decision in influencing consumers. The theory of purchase behavior is included and this study also describes the theoretical framework of this study. The theoretical frameworks explain about roles to influence consumers purchase decision.

## 2.2 Definition of Point-of-Purchase Display in Marketing

POP is the place where customers are about to find the product, making it is a crucial point where the exchange take place (Uniyal & Sinha, 2009). The Point of Advertising Institute has defined POP as any form of advertising that being set up in store in order to influence consumer into purchasing product or service (POPAI, 2015). A POP Display is strategically placed at one strategic location that informs well defined and targeted customers about product or service. The function of this strategically located POP Display is no other than to tempt potential customers to try new product before leaving the store thus may lead to purchasing decision to consider. (Vence, 2007).

As eloquently stated by Kigetu (2009), POP promotion is also called as Merchandising, Retail Promotion or Point or Sales or Point of Purchase Promotion, and basically often abbreviated as POS or POP. Nevertheless, it involves posting POP Display and advertising and provision of POP product displays. (Kigetu, 2009).

In the marketing element mix perspective, POP acts as a linkage between promotion and place (Uti & Choi, 2013). At retail's point, it provides direct promotional activities towards consumers. Uti & Choi (2013) also stated the factor that makes POP is very critical is because it serves as one of advertising method stood strongly in stores that act as persuasion promotions towards consumers in an environment where all marketing mix are present (Uti & Choi, 2013). Arens et al (2008), defined POP as materials including window displays, counter displays, floor and wall displays, streamers and posters that are being set up at a retail location to build traffic, advertise the product and induce impulse buying. (Arens et, al., 2008).

Meanwhile, Shimp (2007) stated POP enables brand marketers to effectively influence consumers buying behavior. As being mentioned by Steven A. Weiss, Chief Executive Officer of 'Shop! Enhancing Retail Environments and Experience', The POP represents the time and place at which all the elements of the sale come together.

By using various communication vehicles such as displays and signage, at the POP, there is a great opportunity to influence the consumers' buying decision. (Weiss, 2017).

POP Display is a communication that mostly will affect consumers' behavior. Shimp (2007) viewed this as an effectiveness of POP is seen in terms of how far it at interrupting customers' temperament, mentality and causing them to display certain ways of consumer behavior. Shimp's point of view was supported by Uti and Choi (2013), where the in their research study mentioned that general function of POP Display and advertising is believed to influence consumer behavior and acts as brand communication that delivers marketing and gains sales value. Moreover, Shimp (2007), also a view POP provides a platform where all elements of sales consumers' willingness, money and product come together in time and space. Uti and Choi (2013) therefore mentioned POP is Below The Line (BTL) advertising method that delivers instant and measurable sales value while delivering push experience towards consumers at the same time.

On the other hand, Kigetu (2009), views POP display as a bridge connecting trade and consumers' promotions. Trade promotions are targeted at middlemen, who are responsible to get goods and services from a manufacturer to a trade establishment. As being mentioned by the study of Uti and Choi (2013) earlier, trade promotions push products in to the store, so it is named as 'push' strategy whereas, consumer promotions are mainly targeted towards end user or consumer. Consumer promotions are termed as pull strategies, as they literally motivate consumers to pull the products out of the shelf (Uti & Choi, 2013).

### **2.2.1 Describing Innovative Point of Purchase Display**

According to Kotler and Bes (2005), innovation in marketing is known to be differing from traditional marketing methods and it is essentially a part of marketing strategy and concept. In marketing innovation, researcher ought to have knowledge

and understand that leaning on existing market rules alone is not enough to ensure success in giving competitive advantage and putting other competitors at the edge (Kotler & Bes, 2005).

Shankar (2011), have clearly elaborated about the innovation in the shopper marketing had received so many attentions. He also defined innovation in marketing as “The planning and execution of all marketing activities, giving that it influences the shopper along the entire path to purchase, consumption, repurchase and recommendation” (Shankar, 2011).

Innovative POP Display and advertising is actually a part of innovation in marketing, in terms of advertising. According to the research by Miles and Green (2008), doing an innovation is a part of advertising industry. Kigetu (2009), briefly described the phase of POP displays from the earlier days till now. Back then, POP displays used to be in a static form of display, but now has evolved from traditional and static forms to more sophisticated innovation and technology (Kigetu, 2009). Ben Joy, Senior Product Marketing Manager in the control room and signage business unit for Bearverton, Ore-based Planar System Inc, a company that specializes in digital display technology has eloquently mentioned displays nowadays are having back-lit light boxes and monochrome Light Emitting Diode (LED) boards or digital panel displays (Joy, 2010). Today’s POP displays work much a computer and screen where digital content are played via cables or wireless, transmitted through local area network. (Kigetu, 2009).

Thus, this has been supported by Vence (2007) where he generally stated technology today allows retailers and marketing firms to accurately and efficiently deliver the content of advertising towards a specified demographic. The trend in POP display is certainly moving towards digital content delivered over a network. In the future as well, Ben Joy explains that networks may become more and more interactive (Joy, 2010). Rather than just displaying the information and visuals, consumers might get involved in the display as well. Vence (2007), predicted in more years ahead,