

The Effect of Visual Merchandising and Store Atmosphere on Purchase Decision at KKV Delipark Medan

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ABSTRACT

This study aims to determine the effect of visual merchandising and store atmosphere partially or simultaneously on purchase decision at KKV Delipark Medan. Quantitative method is used as the design of this study with accidental sampling as the sampling method. The total sample of this study is 365 respondents. Likert scale used for data collection, the items are as follows: purchase decision scale, visual merchandising scale, and store atmosphere scale. Multiple linear regression analysis technique is used to test the hypothesis. The results of this study are as follows: (1) Visual merchandising has a positive effect towards purchase decision at KKV Delipark Medan ($t = 2.668$; $p = 0.000$); (2) store atmosphere has a positive effect on purchase decision at KKV Delipark Medan ($t = 16.006$; $p = 0.000$); (3) visual merchandising and store atmosphere has a simultaneous effect on purchase decision at KKV Delipark Medan ($F = 250.991$; $p = 0.000$). (4) The regression equation of this study is $Y = 21.685 + 0.202 X_1 + 0.417 X_2$.

Keywords: *Visual Merchandising, Store Atmosphere, Purchase Decision, KKV Delipark Medan.*

INTRODUCTION

In the wake of the era of globalization, the global economy has undergone significant developments that have reverberated throughout the business landscape worldwide. This evolution has given rise to numerous new businesses, one of which is

the retail industry. Retail business encompasses all activities involved in the direct sale of goods or services to end consumers for personal use, as opposed to business use (Utami, 2013). According to data from Kearney's Global Retail Development Index (2021), Indonesia's retail sales reached US\$407 billion, positioning the nation fourth among 200 other developing countries. Moreover, as per the Central Statistics Agency (Badan Pusat Statistik) of Indonesia in 2022, the country ranks fourth globally in terms of population, with a staggering 275.77 million people, making it an enticing prospect for both domestic and foreign retail entrepreneurs.

The burgeoning retail industry in Indonesia has intensified the competition among retail businesses. To succeed in this increasingly competitive environment, retail companies must strive to achieve the goal of creating and retaining loyal customers. In this pursuit, every retail company must focus on producing and delivering products and services that meet consumer desires while comprehending how consumers select stores and merchandise (Aprilia, 2020). The consumer shopping decision process involves several stages, including recognizing needs, seeking information, evaluating alternatives, making choices, shopping, and post-shopping evaluation. The decision to shop at a particular store holds significant importance for retailers, as it portrays consumers engaging in a series of

specific processes when making a purchase (Utami, 2017).

In the process of deciding to purchase products or services, consumers evaluate and select from various options, ultimately reaching a decision. In other words, the purchasing decision comprises a series of selection processes among two or more alternatives, determining the product or service to be purchased (Firmansyah, 2018). Before making a purchase decision, consumers are confronted with various factors. Hence, companies must comprehend the consumer behavior perspective concerning purchase decisions, considering the myriad of influencing factors (Mailensun and Bangun, 2019). According to Muslim (2018), one of the factors influencing purchasing decisions is visual merchandising. Consumer behavior is shaped by stimuli from the retail environment, with the intention of attracting consumers. Physical facilities such as exterior and interior store design, encompassing the technique known as visual merchandising, designed by retail stores, can be a pivotal strategy for retailers to convince consumers to enter their establishments.

Apart from visual merchandising, another factor that influences purchasing decisions is store atmosphere (Wati, 2019). Store atmosphere encompasses the communication occurring within a retail store environment, encompassing elements such as visualization, lighting, colors, music, and aromas. These elements are employed to shape the emotional state of consumers and influence them towards purchasing products (Levy & Weitz, 2011). Visual merchandising and store atmosphere are not merely sales techniques; they also serve as means of modern retail communication regarding the identity of the store, ultimately building familiarity with consumers and shaping their perceptions of the retail establishment. Modern retailers employ these sales techniques with a clear purpose: to increase product sales and company profits (Khoirotun, 2020).

Foreign retailers are actively investing, particularly on a large scale, in the Indonesian market. Retail giants like Miniso, Uniqlo, Daiso, and more recently, KKV, have made their foray into Indonesia. KKV, originating from China, offers a diverse range of merchandise targeting young adults and teenagers, representing a consumer segment with significant purchasing power. Established in May 2019, KKV's products are prominently displayed with modern elements and high aesthetic value. As of October 31, 2022, each KKV store generally carries over 20,000 SKUs spanning 14 categories, encompassing a wide range of products (KKV, 2022).

According to data from hkexnews.hk (2022), KKV's overall revenue amounted to RMB 2,001,266, equivalent to IDR 4,459,464,344,000 as of October 31, 2022. What makes the concept of KKV intriguing is the absence of flagship products. All products are sold using an end gondola scheme, signifying that in the *Fast-Moving Consumer Goods* (FMCG) retail sector, all items are anticipated to sell rapidly due to their universal appeal (Kusumaningtyas, 2023). KKV's product range is diverse, encompassing local and imported items, including skincare products, makeup, toys, stationery, clothing, food, and various other products. KKV distinguishes itself slightly from typical retail stores like Usupso and Miniso by providing a unique shopping experience that captivates visitors, thanks to its visually appealing store layout (Rohma, 2022).

KKV's interior design adopts an aesthetic concept, featuring a yellow and pastel color scheme. These colors evoke feelings of brightness, beauty, friendliness, creativity, making it highly appealing to consumers of all demographics. KKV excels in using color play for its displays, arranging products neatly on shelves in uniform colors followed by contrasting hues. KKV successfully introduces a creative lifestyle theme by offering a plethora of contemporary, locally-sourced and imported product collections not commonly found in conventional retail

stores. The collaboration between product variety and store aesthetics is a hallmark of KKV's approach (Rohma, 2022).

According to data from hkexnews.hk (2022), as of October 31, 2022, KKV operated 366 KKV stores, with 354 of them located across 135 cities in 31 provinces in China, and 12 stores in Indonesia. KKV branches in Indonesia are situated in major cities, including one in Medan. KKV Delipark Medan stands as the first KKV branch in Sumatra. KKV offers a distinct shopping experience achieved through innovation, featuring unique themes and concepts at each branch. For instance, at the KKV Delipark Medan branch, various OOTD (Outfit of the Day) spots are offered, including walls adorned with dolls, masks, toys, and museum-themed displays, among others (Asworo, 2022). One of the most iconic visual merchandising tricks within KKV's stores is the "Instant Noodle Wall" – a towering display filled with instant noodles from various countries that has captured the attention of the younger generation, drawing them in for photo opportunities (Rohma, 2022).

In addition, the instant noodle wall is also present at KKV Delipark Medan. Based on direct market analysis observations, KKV Delipark Medan experiences a high influx of visitors, with the age group of 13-20 spending the most time in the store, purchasing snacks, facial and hair masks, and stationery. The second most frequent visitors are young mothers aged 25-35, often accompanied by toddlers, purchasing toys, skincare products, and home decorations. The third category comprises women aged 50 and above, who spend considerable time shopping for home decor and kitchen equipment. According to consumer reviews on maps.google.com (2022), KKV Delipark Medan boasts a rating of 4.8 out of 5 from 412 reviews, with several comments highlighting its spacious layout, neat organization, excellent shopping environment, beautiful interior, and comfort.

METHODS

This study employs a quantitative research method. Quantitative research is an approach that emphasizes the analysis of numerical data, which is subsequently processed using statistical procedures. The type of quantitative research utilized to elucidate the phenomena of the studied variables is explanatory research. The explanatory design in this study is employed to ascertain the influence of visual merchandising and store atmosphere on purchase decisions. A total of 365 respondents were involved in this study. The respondents were required to meet the predefined criteria set by the researcher, which included having visited and made purchases at KKV Delipark Medan.

The research procedures are outlined as follows:

1. The researcher modified the scale from Taruna (2022), Erawan (2012), and Maharani (2022).
2. The researcher will create the measuring instruments and scrutinize the items. Subsequently, the items will undergo evaluation by the supervisor, who will assess their appropriateness through professional judgment. As this research includes a pilot test, the researcher will share the questionnaire scale with the subjects in the subsequent stage using Google Form, adhering to the specified sample criteria.
3. Upon data distribution, data processing will be conducted utilizing the SPSS version 25 for Windows software.

The modified measuring tool was subjected to an assessment of its validity and reliability, and a scale that maintains an index value close to 1.00 is regarded as dependable and suitable for utilization (Azwar, 2020).

RESULT

The primary objective of this study was to investigate the effect between the three variables. Based on the results of the F-test, it is observed that the significance value in the ANOVA table (0.000) is less than 0.05. Additionally, the other condition is that the calculated F-value must exceed the F-table.

The test results reveal that the calculated F-value (250.911) is greater than the F-table (3.00), indicating that the third alternative hypothesis in this study, namely the simultaneous influence of visual merchandising and store atmosphere on

purchase decisions at KKV Delipark Medan, is supported. This suggests that KKV Delipark Medan has successfully implemented effective visual merchandising and store atmosphere strategies, which are associated with purchase decisions.

Visual Merchandising and Store Atmosphere Coefficients Regression

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error				Beta	Zero-order	Partial
1 (Constant)	21.685	2.756		7.867	.000			
TOTAL SA	.417	.026	.687	16.006	.000	.757	.644	.545
TOTAL VM	.202	.076	.115	2.668	.008	.533	.139	.091

a. Dependent Variable: TOTAL KP

DISCUSSION

When making purchase decisions, several factors can influence consumers, and one of them is visual merchandising and store atmosphere. Presenting products in sales locations using visual merchandising strategies, methods, techniques, and principles can enhance consumer purchases. In addition to visual merchandising, store atmosphere also influences purchase decisions. According to Utami (2013), store atmosphere involves designing the environment through visual communication, lighting, colors, music, and scents to elicit emotional responses and customer perceptions, thereby influencing customers in their buying decisions. Emotional responses and customer perceptions can boost store sales and profits, making it easier and more comfortable for customers to make purchases. The various forms of stimulation provided by the store atmosphere that trigger emotional responses from customers can affect the amount of time and money that customers spend in the store.

In Indonesia, consumers generally prioritize recreational aspects when shopping, such as emphasizing pleasure, enjoyment, and entertainment (Ma'ruf, 2014). Therefore, it is essential to engage in sensory marketing, which stimulates an individual's senses to attract them to make purchases. Given that consumer behavior in Indonesia is more recreation-oriented, visual merchandising

and store atmosphere become crucial in creating a positive mood when someone visits a modern retail store, potentially leading to purchase decisions by visitors. Modern retailers employ these sales techniques for a reason: to increase product sales and company profits. This aligns with research conducted by Khoirotun (2020), which found that visual merchandising and store atmosphere have a direct and significant impact on purchase decisions.

Based on the conducted tests, it can be determined that the coefficient of determination (R Square) is 0.81. This indicates that the combined influence contributed by the variables of visual merchandising and store atmosphere on purchase decisions is 58.1%. The remaining 41.9% is influenced by other factors not examined in this study. Additionally, the purpose of the F-test in this research is to ascertain whether visual merchandising and store atmosphere have a simultaneous impact on purchase decisions at KKV Delipark Medan. Based on the F-test results, it is evident that the significance value in the ANOVA table (0.000) is less than 0.05. Furthermore, the other requirement is that the computed F-value is greater than the tabulated F-value. The test results reveal that the computed F-value (250.911) exceeds the tabulated F-value (3.00). This signifies the validation of the third alternative hypothesis in this study, which suggests a simultaneous

influence of visual merchandising and store atmosphere on purchase decisions at KKV Delipark Medan.

This indicates that KKV Delipark Medan has successfully implemented effective visual merchandising and store atmosphere practices, which are associated with purchase decisions. Upon analyzing the effective contributions of each variable, it is revealed that the effective contribution of the store atmosphere variable to purchase decisions is 57.4%, with a standardized coefficient of 0.687. Based on this data, it can be deduced that the store atmosphere variable has a larger standardized coefficient beta and a more significant effective contribution compared to the visual merchandising variable. Consequently, it can be concluded that store atmosphere has a more dominant influence on purchase decisions at KKV Delipark Medan in comparison to visual merchandising.

CONCLUSION

Based on the results of the conducted tests, it can be determined that the coefficient of determination (R Square) is 0.81. This indicates that the combined influence contributed by the variables of visual merchandising and store atmosphere on purchase decisions is 58.1%. Meanwhile, the remaining 41.9% is influenced by other unexamined factors in this study.

Declaration by Authors

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