

CHAPTER 1

INTRODUCTION

1.1 Background

Competitions among retailers force them to create a better competitive advantage. In this century, customers seek for comfortable environment, nice atmosphere, and creative design of the store (Han, Li, Yen, and Fei, 2011). Based on the Pudjianto said (Ketua Umum APRINDO, 2012) that the growth of Indonesia retailer is 10% minimum per year. By that level of growth means that competition are become tighter among retailers. This growth also can be the opportunity for customer because they are pleased by the retailers with the best service and environment. This makes Indonesia retailers should compete to gain more customers and increase their sales (Avisena, 2016).

Ever since the beginning sellers use display methods to shows their goods that would be sold. For helping customer easier to get their needs, display should be applied in every store. By having display retailers want to encourage their customer to make planned, unplanned and spontaneous purchases and ultimately provide them with an enjoyable shopping experience (Levy, Weitz, & Grewal, 2014: 488).

In this era retailer's are competing against others by serve a nice store atmosphere, service quality to their customer. Loyalty is the main key that retailer seeks for many years because the cost of getting new customer is way more expensive and the customer that leave previous store meaning a great potential for the competitors. Retailer should satisfy the customer to enter and buy their merchandise more.

There are certain variables that is in the store atmosphere, external variables, general interior variables, layout and design

variables, point of purchase and decorations variables, last human variables (Turley and Milliman, 2000). Each individual or groups will response differently one to others to an atmosphere in the store.

The variables of the atmosphere have their own purpose and the variables are grouped as the characteristics as follows: The external variables are consists of store front, marquee, entrances, and display windows. Those external variables are needs to manage well, because customer first set that been seen by customers. These variables must pleasing and induce approach behaviors for a retail store or service to be successful. General interior variables are consists of flooring, lightning, scents and sounds. Retailers use this variable to satisfied and grab their customer attention. For example music can influence behavior even when customers are not consciously aware of it (Milliman, 1982).Interior display is giving more detail attributes that can make the customer satisfied and gave the customer more detail information. Interior display is consists of product displays, racks, posters, signs. The amount of space that allocated to a product could increase the sales if they using a prominent display.

This study will be focusing on the display and it's about placing and displaying the merchandise that may encourage customers to enter the store and buy the merchandise. Examples of product display are using a triangle composition, symmetrically display and display the hot items such as new arrival or discount. This placing strategy was made to focusing the customers to a certain merchandise that retailer is most interested in selling. Displaying the product to drive the customers to buy is the main goal (Levy et al., 2014: 494).

In addition window displays is part of interior display to help customers gain further information about the merchandise that

displayed in the windows, even they will purchase the item at that time or later. Also consumer enter the store could be attracted by the sale that they saw in store displays. The interest of the consumer also helps by signage of the store, as it mentions before the sign of discount or a new arrival could attract consumer to entering the store. The sign should be unique, noticeable and readable and mostly it can be read from 200 feet so consumer could notice it well. Consumers enter the store because of inferred information, more likely image that in the store, that is why the store should give very detail information for consumer aims to satisfy them.

Visualizing the merchandise could create stimuli to customer perception, “the practice where a person observes, selects, organizes and reacts to environment stimuli in a significant way” (du Plessis and Rosseau, 2003). Store display also as advertising and sales promotion (Klokis, 1986). Usually stores will promote their new item and sales. Advertise the product by using mannequin would be a good display to shows while attract customer attention.

Another variable that have impact to positive emotion towards customer purchase intentions is the lighting. This variable has an important role in the store atmosphere by creating a conducive environment to shop in the store. Lighting is used to highlight products, it create excitement and have positive impact on consumer purchasing behavior. By having a good lighting, consumer can easily look to their merchandise and consumer can see it in detail which may not be visible. Also brighter lighting can make the customer know the exact color of the merchandise and that can create excitement for the customers (Levy et al., 2014: 507).

Levy et al., (2014: 507) suggested that good lighting could illuminate space and different store have different approach to the customers, as they say like Ambercrombie & Fitch keep their store purposely dark, discouraging many parents from entering. There are three main objective by using lighting, such as highlighting merchandise, mood creation, energy-efficient lighting. Retailer must consider also about the efficiency of using lighting, because lighting cost could be high if they are using lot of lighting and not using an ecology goods or lamp.

When customers feels enjoy, interested, contentment, and love it means the customers have a positive emotions. Positive emotion is how a person engages with their environments and in activities that adaptive to individual, some species, or both. The affect to an activity and how a person engage with an object or what they are interest with is not often-documented positively offset, or the tendency for individuals to experience mild positive affect frequently, even in neutral contexts (Fredrickson, 1998). People will unmotivated without such an offset to engage with their environment. Sensory pleasure for instance motivate people to approach and continue consuming whatever stimulus that biologically useful for them.

Automatically positive emotion affecting the customers purchase intentions more or less because according to Khan, Ghauri, and Majeed (2012) says that customer's purchase intentions are the desire to buy a product that customer choose based on their evaluation and experience. The word experience means that customers already feel the environment before or at that time, if the store giving their best in a positive way by having a good store atmosphere and all the variables

then the customers should have a positive emotion that can lead them to their purchase intentions.

Purchase intention may be changed under the influence of price or perceived quality and value; in addition, consumers are affected by internal or external motivations during the buying process (Richardson, Dick, and Jain, 1996). In this study will highly emphasized the external motivation that comes from the store atmosphere also slightly discuss about the service that come from the employee. Hence this study is important and interesting to be studied, because this study will examine how store atmosphere that consist of variables that can create a positive emotions that can affecting customers purchase intentions.

1.3 Research Question

Based on the background below, there are several interesting research question, which are:

1. Does store display affecting positive emotion in Zara stores Surabaya?
2. Does lighting affecting positive emotion in Zara stores Surabaya?
3. Does positive emotion affecting customer purchase intentions?
4. Does positive emotion as mediation variable between store display and purchase intentions?
5. Does positive emotion as mediation variable between lighting and purchase intentions?

1.3 Research Objective

Based on the background and the subject of this study, below are the objectives of this study:

1. To analyze the effect of store display to customer purchase intentions in Zara stores Surabaya.
2. To analyze the effect of lighting to customer purchase intentions in Zara stores Surabaya.
3. To analyze the effect of positive emotion to customer purchase intentions.
4. To analyze the effect of positive emotion that creates from store display towards customer purchase intentions in Zara stores Surabaya.
5. To analyze the effect of positive emotion that creates from lighting towards customer purchase intentions in Zara stores Surabaya.

1.4 Advantage of Study

1. Academic Advantage

This study can be used as reference to whom that do the similar study research especially for Analyze the Effect of Store Display and Store Lighting to Customer Purchase Intention through Positive Emotion in Zara Store Surabaya.

2. Practice Advantage

The result of this study could give information for the company who wants to make their store display and store lighting strategy to be more effective to increase their customer purchase intentions.

1.5 Writing Systematic

The systematic of this research are mention bellow:

Chapter 1. Introduction

This chapter discuss about background, research questions, research objectives, significant of study and systematic of study. This chapter were aims to introduce what is the gap or problem and variables that would be use to studied further.

Chapter 2. Theoretical Background

This chapter presented the previous study, relevant journal, theoretical background and hypothesis. The theoretical background will explain about store display, store lighting, positive emotion, customer purchase intention and also relationship between variables.

Chapter 3. Research Methods

This chapter describing the process of analyzing the data including research design, identification of variable, operational definition, type of source data, variable measurement, data collection method, population, sample and sampling technique, data analysis technique, validity and reliability, fitness model task, and hypothesis testing.

Chapter 4. Data Analysis and Discussion

This chapter consists of research data description, data analysis, and discussion, also discussing about respondent description, research variable statistic descriptions, hypothesis testing.

Chapter 5. Conclusion

This chapter is the closing of this study that consists of conclusion and suggestion for the research object and for the consumer or researcher to do a further research.