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SALES PROMOTION AS A FUNCTION IN MERCHANDISING

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Abstract: *Behavior of consumers consists of a series of psychological and physical activities in individual process of selecting, purchasing and consuming the products. The purpose and scope of this paper is to investigate the essence of aspects and functions by which merchandising affects the improvement of business in retail environments. The aim of this paper is to determine to what extent the proper product positioning has a direct impact on the improvement of sales results, as well as how to draw attention to a particular product in addition to large number of competing products. On the basis of the aforementioned subject of research, this research presents the possibility of organizing merchandising activities as a kind of cooperation between producers and traders. The research was carried out in such a way that the following hypothesis can be examined on the selected sample: H0- that consumers make the purchasing decision within a moment, which means in front of the shelves where the products are exposed, as well as the auxiliary hypothesis H1- the introduction of a mercantile system into the modern retail business facilities influences the increase in the company's business results. After the completion of the survey research, the empirical data were processed by the statistical program package for social sciences SPSS 22 and StatPlus 2009.*

Keywords: *merchandising, retail, customer, company, produc.*

JEL code: *M3*

INTRODUCTION

The pace of retail evolution has increased dramatically, with the spread of the Internet and as consumers have become more empowered by mobile phones and smart devices. (Grewal, Motyka, & Levy, The Evolution and Future of Retailing and Retailing Education, 2018).

Study retailing principles is a challenge because although real-world wholesale and retail decision-making very heavily depend on dynamic conditions, class-

room exercises are limited to abstract discussions and role-playing. (Drake-Bridges, Strelzoff, & Sulbaran, 2011).

A retailing course provides a perspective on consumer behavior that is from the point of view of retailers who are seeking to influence buyers' "decision-making through all the means available to them". (Ahmed, 2009).

Retail technology capabilities have never been greater; retailers are faced with an increasing array of potential technologies that is expanding in its complexity and cost. (Marianne Wilson, 2014)

The emergence of a new market is typically uncertain. To optimally position their products or decide on store locations, retailers may rely on market research to explore the new market. (Xiaodong, Gangshu (George), Ying-Ju, & Shu-Jung Sunny, 2017)

Consumer behavior is a series of psychological and physical activity undertaken by an individual or household in the selection, purchase and consumption of products and / or services. (Previšić & Bratko, 2001)

One of the important components as the ratio between the large number of players in the market is merchandising. Merchandising appears as a relation between the manufacturer or the dealer, whose ultimate aim is to draw the attention to a particular product or service. We are aware that changes in the fields of production and the taste of customers are constantly changing. Fast lifestyle has influenced the fact that numerous decisions are made within the retail store. Thus, the retail store is an important point in the process of product selection. Purchase which is exposed to a number of products as a starting point, which begins the process of communication between the product and the customer, looks like element or model of cooperation between manufacturer and dealer in the sales area as an attractive promotional offer.

Get your position at the most effective, cheaper, and different way than others. We are aware that we are in a period when a modern educated consumer has the ability and availability of information via the Internet, billboards, posters and the like. Merchandising is a form of psychological activity that includes the mental and physical activities of consumers with a view to buying before and after purchase.

PREVIOUS LITERATURE REVIEW

Merchandising is a picture of a sales area, based on which one can see the seller's seriousness and his way of dealing with the product offered to the end user. This manner of behavior could be reworded in sales promotion, as well as all activities related to the goods, such as promotion, product display, the appearance of the retail facility, trained staff, etc.

The task of merchandising is the continuous monitoring of all activities taking place in the market, the actions of competitors, availability, delivery, marketing activities, product presentation. Small retail stores, as well as the large ones should provide a clear and targeted communication message. The goal is to get the product closer to a potential buyer, which on the basis of its quality deserves the best sales position that will enable it to sell better.

As far as the way in which a product's positioning in a store is done is unusual, it can be said that whether the sale will begin depends on this step.

First of all, the positioning refers to the positioning in relation to the customer, which will be established by mutual communication.

Positioning is an important step that begins before the sale process, as one of the deliberate strategies which influence the psychology of the consumer.

Tools underlying merchandising aims to contribute to the needs of consumers, encourage them, and make them very interested in the purchase due to its creativity, without forgetting the quality products and affordable prices. These tools provide a new way of promotion and sales image of the object. Merchandising through its tools makes it possible to create a situation in which successful sales will be implemented, which results in a satisfied buyer and seller. In order to achieve all the above mentioned instruments or tools will interact through communication with the consumer to contribute to the aim of business. (Jugović, 2015)

In terms of marketing trade. it is pointed out that retailers design marketing activities to achieve the satisfaction of final consumers and make it profitable to retain these consumers on the basis of a program of continuous quality improvement – all this thanks to the retail marketing. (Bužanin, 2016)

The retail industry manifests the attitude of consumers towards products manufacturers and their possible dissatisfaction which can be seen in the complaints,

returns, or the like. Therefore, retailers, based on appropriate arrangements with manufacturers, should protect the interests of consumers. Such position (and stay) close to customers enables them to operate in programming the production according to the needs and demands of consumers.

“Consumer is an invaluable source of information, indispensable for the producers during preparation of marketing strategies connected with designing and introduction of new products to the market”. (Barska, 2014)

In this way, trading companies receive feedback that can detect “what is it that customers want” and thus trading companies are directed towards the changes that should be made in the future. Customers prefer to communicate in this way. (Vidović, 2015)

Improvements and innovations are less complex changes, which are relatively quickly and easily defined, designed and implemented, and therefore, do not require higher investments. (Đurić, 2009)

“Shoppers make most consumption decisions, yet newer technologies newer business models and big data/predictive analytics suggest that the shopping process is on the verge of a quantum leap into an unknown shopping realm”. (Grewal , Roggeveen, & Nordfalt, 2017)

The success of every business organization is directly dependent on successful sales. Technology sales management is one of the most complex mechanisms. It is essential to understand many aspects of management: from the correct set of organizational structures, through a quality reward system to continuous improvement of sales skills and a greater number of employees.

Certain elements of the layout of the premises where the sale takes place have a great impact on the success of the sales facility. What is most important is that sales personnel are regulated in a way that customers choose to buy goods at a particular place. (Govind & Ranjan , 2013)

Merchandising is the systematic process of effective display of goods at the point of sale, which looks at sales from the perspective of the consumer. Selling arrangement contributes to sales space allocated to particular embodiments as a direction for the consumer. The aim of the communication by reacting the customer and the product is to awaken the senses to the customer found a good

offer. The arrangement of products on the shelves, as well as the places provided by the dealer or sales facility should bear the following characteristics:

- It provides easy movement of customers through a retail store;
- It provides enough space for every consumer;
- Products are effectively exposed;
- Safety of consumers is met;
- Good utilization of sales space and the like.

Depending on the layout of the sales facility, most of them have an established direction - by entering the consumer starts buying the products. When positioning the product, it is most important to use the space since there is 40% of the waste space on shelves, pallets and other advertising shelves, while 60% is in the area of the intended movement of the consumer - the sheer size of the area determines the speed of circulation of potential customers. Any exposure of the product to achieve better communication with customers should allow for the easy retrieval. The space for the customer as well as its size is relatively reasonable, because a larger space gives the possibility of free movement of goods as well as sightseeing.

Good position within the store is not easy to achieve, so it is necessary to optimize the product grouping by categories and also create relief in communicating the product to the buyer.

Another important principle is confirmed in practice - the fact is that the products are placed as early as possible in the direction of movement are sold better than those that are set at the end of direction. As an important segment of movement and display of goods, there is a decision on the width of the range and the depth within each category, since the best-selling products can be exported in addition to basic food products and national brands or store brands. (Roberts, 2004).

“In the future, we expect the percentage of shopping done online will grow exponentially. That is not to say that physical stores will go away, but even when purchases are ultimately made in a physical store, the shopping process frequently will start online”. (Kahn, 2017)

METHODOLOGY AND WORKING HYPOTHESES

Based on the analyzed literature, we created the model questionnaires (surveys) on the basis of which was conducted empirical research. This paper analyzes and explores merchandising aimed at improving the business of the Metalex

shopping center and its impact on consumers as a specific category. The research included respondents from the city of Prnjavor in Bosnia and Herzegovina, chronologically by the age from 18 to 70 years old, male and female gender, education level, monthly income, as well as self-assessment of living standards.

It was a representative sample, where they were divided into “male” subjects and “female” subjects, in order to determine which of these two populations pay more attention to the activities of merchandising and proper positioning when shopping.

The anonymity of the survey was ensured by the fact that the questionnaires were not signed. The questionnaire included five questions, open and closed. Questions were multiple-choice type. After completing the survey, the editing of questionnaires was conducted and we found that 12 of the questionnaires were not filled with all the data, and were rejected due to this.

The questionnaire was filled out by 112 consumers of the Metalex shopping center — (KCM) over a period of 120 days, with responses presented statistically and graphically below.

We examined the following hypotheses: H0 - that consumers make the purchasing decision more and more at within a moment, which means in front of the shelves where the products are exposed, as well as the auxiliary hypothesis H1- Introducing the introduction of a mercantile system into the modern retail business objects facilities influences the increase in the company’s business results.

The basic research questions which we dealt with in the paper are to the following:

1. Where do you usually buy groceries and why?
2. What decisions depend on loyalty to the store?
3. Impacts on making purchasing decisions?
4. Crucial parameter when buying products?
5. How often do you buy products on sale?

RESEARCH RESULTS AND DISCUSSION

The results of the survey is presented in tables using the histogram for easier reading of the results. During the research , descriptive statistics was used which deals with describing the phenomenon by means of reprocessed data. In addition, we conducted the descriptive operation of arranging, classifying and presenting the data. In addition to the descriptive statistics, comparative statistics was also used, characterized

by independent samples. It is necessary to have at least two groups of samples which are just in the study and research, which means a group, in the further paper referred to as “male” and “female” group, as well as test frequency since these are the data that can be categorized as a descriptive analysis, analysis of variance and X2-test.

Variable	Category	%
Gender	Male	42
	Female	58
Age structure	18-30	41
	31-50	51
	51-70	8
Monthly Income	500 BAM	8
	501-1000 BAM	24
	1001-1500 BAM	35
	1551- 2000 BAM and more	33
Standard of living	Below average	8
	Average	59
	Above average	33
Education	High school education	59
	Higher or high qualification	34
	Master, doctorate	7

Figure 1. The structure of the samples

Q1: Where usually buy groceries and why?



Figure 2. Structure of respondents' answers (Q1)

Certainly, the answer would be that these are the places where a wide range of products is offered, which attracts a larger mass of people. The slogan “Everything for Home” allows you not to waste your time and search from one place to another.

Q2: What decisions depend on loyalty to the store?

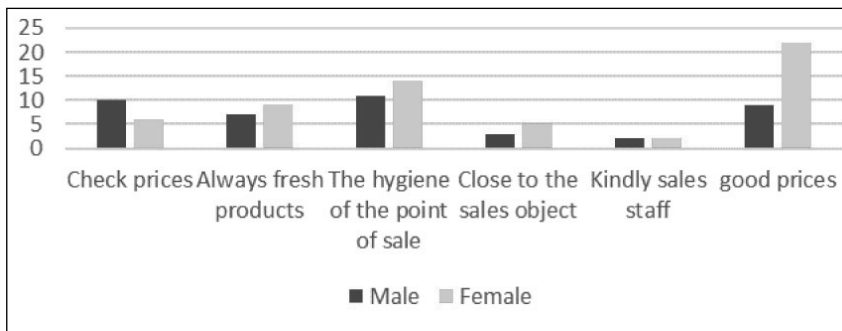


Figure 3. Structure of respondents' answers (Q2)

How and why a customer chooses to remain loyal to the store is seen from the chart shown above. Decisions are primarily related to favorable prices - this indicator is the real picture of our reality today, while 25% related to hygiene of the sales facility as one of the most important postulates.

Table value for the risk of error $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom:

$$r = (m - 1) * (k - 1) = (2 - 1) * (6 - 1) = 1 * 5 = 5, X^2_{(a;r)} = X^2_{(0,05;5)} = 11,07$$

Since the je $\chi^2 = 0,399863 < 11,07$, the null hypothesis H_0 is accepted.

Analysis of Variance (One-Way)

Table 1. Statistical overview of received answers

Summary						
Groups	Sample size	Sum	Mean	Variance		
Variable #1	6	42,	7,	14,		
Variable #2	6	58,	9,6667	53,0667		
ANOVA						
Source of Variation	SS	df	MS	F	p-level	F crit
Between Groups	21,3333	1	21,3333	0,6362	0,4436	21,0396
Within Groups	335,3333	10	33,5333			
Chi- test						
Total	356,6667	11				

Q3: Impacts on making purchasing decisions?

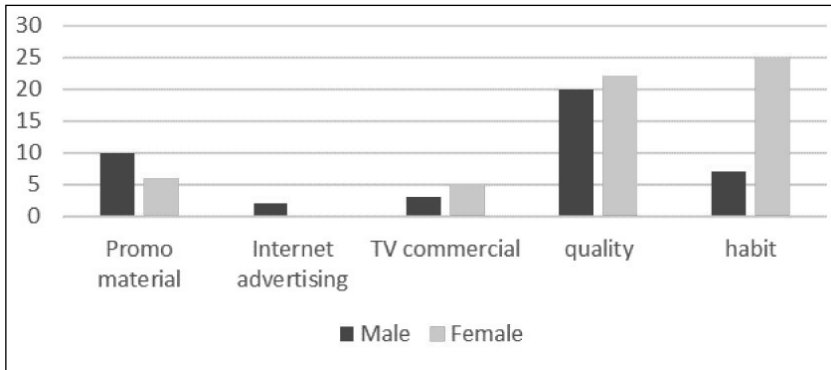


Figure 4. Structure of respondents' answers (Q3)

42 respondents answered that the quality of the leading point for a decision on the purchase was expected. There are more and more products and copies of some brands that the customer has come across where it was difficult to distinguish the original compared to the copy. Habits comprise the 32% of the response, which complies with the earlier mentioned thesis that said that an acquired habit is difficult to change, especially if these habits were acquired in childhood. Promotional material was in the third place with 16% of responses.

Q4: Crucial parameter when buying products?

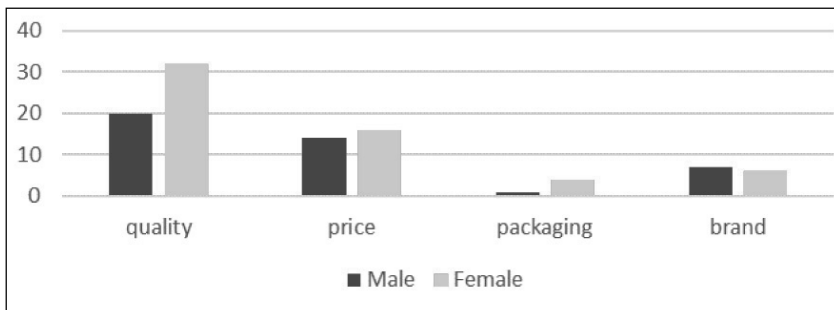


Figure 5. Structure of respondents' answers (Q4)

As per one of the previous graphs, product quality is a crucial component, based on which a decision to buy is made. Awareness that the market is overwhelmed by hyper products goes to show that the customer is ready to pay more money to get quality and healthy product. The price is the second component in this case, which certainly matters to about 40% of cases.

Analysis of Variance (One-Way)

Table 2. Statistical overview of received answers

Summary						
Groups	Sample size	Sum	Mean	Variance		
Variable #1	4	42,	10,5	68,3333		
Variable #2	4	58,	14,5	163,6667		
ANOVA						
Source of Variation	SS	df	MS	F	p-level	F crit
Between Groups	32,	1	32,	0,2759	0,6183	35,5075
Within Groups	696,	6	116,			
Chi- test						
	0,38015					
Total	728,	7				

Table value for the risk of error $\alpha = 5\%$ (because the probability is 95%) and the number of degrees of freedom:

$$r = (m - 1) * (k - 1) = (2 - 1) * (4 - 1) = 1 * 3 = 3, X^2_{(4;7)} = X^2_{(0,05;3)} = 7,82$$

As the calculation $X^2 = 0.3801$ is less than the critical X^2 at the level of 5%, there is no reason to reject the H_1 — hypothesis and we may conclude that there is no difference of opinion on the question.

Q5: How often do you buy products on sale?

Discount products are bought in 70% of cases, which is an appropriate parameter that influences the psychology of the buyer in the series of marketing mechanisms.

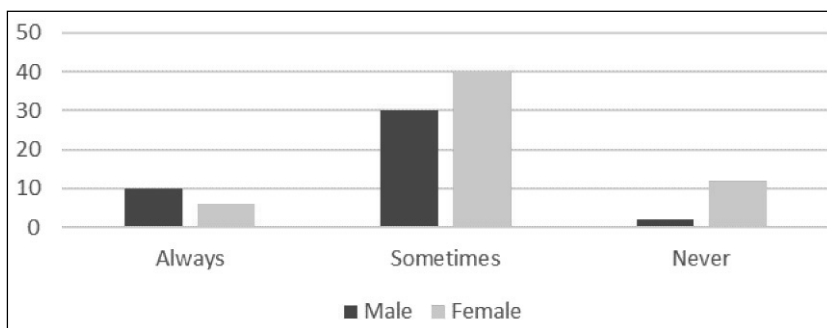


Figure 6. Structure of respondents' answers (Q5)

CONCLUSION

For the successful operation of any profession to deal with, it is necessary and essential to know the mission and vision we strive to create for our business, so that the final outcome is the achievement of profit. Selling something, especially in a time in which the whole psychology is involved, must be designed to the smallest detail to be adequately brought to the attention of the buyer. Thanks to merchandising and well-organized system of exposure on the shelf, everyone gets enough space in the shelves and is adequately divided by the edge segment respecting standards. Entering insight across a retail store, as seen through the prism of merchandise, what significantly influences the sale is creativity in merchandising, especially if it involves goods intended for the youngest customers.

When talking about the “special offer” the word seemed to have some kind of magical meaning for the customer, whether the goods are actually reduced in price or not, if you are a permanent buyer, you will certainly be observant to this. Everything that is put on sale attracts twice as much attention by the customer. What is also sure to make a contribution in all this are the so-called pallet displays.

Therefore, in this paper, the thesis: H0- that consumers make the purchasing decision within a moment, which means in front of the shelves where the products are exposed, as well as the auxiliary hypothesis H1- the introduction of a mercantile system into the modern retail business facilities influences the increase in the company's business results can be confirmed only if used with the right postulates and all the necessary knowledge. Looking at the buyer during the purchase process as a single way of dealing with the seller, the research conducted in the shopping centers shows that 36% of the competence and adequacy of staff leads to the conclusion of the sale. Something that might be especially highlighted by the research is that the buyers of the aforementioned shopping center responded that the most important thing when buying a product is a good price 36% and hygiene of the retail store comprises 25%. This certainly confirms one of our basic theses, that merchandising space and tidiness of the shelf space containing products are important factors in sale.

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