



Retailing marketing strategy development: The case of HP printer in Ho Chi Minh City

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Abstract

Based on the final sample of 122 respondents interviewed, who already bought HP Printer less than twelve months ago, the quantitative model is employed to test how five factors, e.g. point of sales materials, visual merchandising, promotion, activation, sale person, relate with the end user purchasing decision. Although the sample is not large, it is sufficient for the quantitative method, e.g. EFA, then the regression function is used. The finding confirms that there are a huge changes in the purchasing decision of end users by point of sales materials, visual merchandising, promotion, activation, and sale person, in which the visual merchandising is positively evaluated as the best influence to the purchasing decision, next as point of sales, sales person, activation, and promotion.

Keywords: visual merchandising, point of sales, retailing strategy

1. Introduction: Research background

In Asia, retailing has been still one of the most attractive industries over the past few years. Vietnam, an emerging country with a dynamic economy and a potential entry market with more than 93 million people, will be a prosperous land to invest. According to the Global Retail Development Index 2017 of American consulting company AT Kearney, Vietnam was ranked as the 6th (up five positions) in 10 countries having the most attractive retailing industry worldwide. Vietnam's moment seems to have finally arrived. The economy is growing (estimated 6.6 percent growth in 2017) and is shifting toward more privately owned businesses and higher value export. With favorable government policies, urbanization, a growing middle class, and a relatively young population, foreign retailers have reasons to be positive about the country. Despite many approaches applied by different types of retailers, it's necessary to have a consistent model for retailers for HP to drive sales, create customer decision and increase benefit for both owners and HP. The model distribution of HP at retails have to focus on building a proper marketing communication mix, sustaining and developing store physical facilities as well as improving store services.

HP Printers is the dominate leader of printing market in Asian Pacific market and always the first choice when the customers need the solution printing management. But HP Printers' image in Ho Chi Minh retailing isn't strong in retail segment, so that's why need to improve the HP's Printer image in this segment.

According to GFK report in Aug 2017, Ho Chi Minh and

Hanoi are two key cities where took over 63% of Vietnam IT market. Hence, Ho Chi Minh market also is the leading market with 36.5% share by unit vs nationwide and 38.2% by value share. But seems dropped 1.1% vs July 2017, but HP also understand this situation why this dropped. Vietnam people don't want to buy anything in July of ghost and they will buy next month.

The paper is going to explore determinants that impact on the end user's buying and support to develop the retailing marketing strategy.

2. Literature review

According to (Keaveney and Hunt 1992) ^[4], store image measurement almost always involves the identification of a number of attributes which are assumed to make up a store's image. Despite numerous attempts to define and measure store image constructs, there is no consensus definition and there are still inconsistencies in conceptualization and operationalization. The following section will review and consolidate different definitions of some key store images dimensions including: store convenience, physical facilities, perceived price, employee service, advertising and promotions, after-sales service, store atmosphere and merchandising.

Promotion: Store promotion is indicated to have direct influences on store preference. In other words, the more favourable the consumer perception of the promotions at the store is, the higher the consumer preference will be. According to Alkharabsheh *et al.* (2011) ^[1], a good promotion

is characterized by accuracy, in which detailed information, the ingredients of product should be enclosed to relieve doubts of customers. Promotion is one of tools to create customers' demand toward the purchasing decision, it also reduces the uncertainty the customer's respect. Based on arguments just mentioned, the hypothesis is concerned as the following.

- **Hypothesis H1:** There is a significantly positive correlation between promotions at in-store and the purchase decision of end users.

Visual Merchandising: A strong visual merchandise gives end users a wider choice of products and services and increase the ability of a store to fulfill end users need and want (Hason, 1980). In fact, the visual stimulation has been concerned important aspects of retailing by stores. As argued by Kerfoot *et al.* (2003) ^[5], visual merchandising is considered with both the product or/and brand is visually communicated to the customers and also create positive psychological or behavioral outcome, ultimately leading to buy. Thang and Tan (2003) ^[7] use three criteria to measure merchandising quality of a store: merchandise mix quality, value-for-money merchandise and availability of merchandise. As argued, the hypothesis is claimed as the following

- **Hypothesis H2:** visual merchandising of store positively impacts on end user purchasing decision.

Activation: Store activation describes the environment that is brought by events of manufactures or retails owners. Kunkel and Berry (1968) ^[6] found that a well-planned store activation must fulfill various criteria from activities to events contents. According to Altekhar and Keskar (2014) ^[2], relatively greater left frontal activation during the pre-decision period predicted the purchasing decision. Based on arguments of the previous study, the hypothesis is concerned as below

- **Hypothesis H3:** There is positive relationship between store activation and the end user's purchasing decision.

Sales person: Sales person is an individual who represent a company to customer through the performance of prospecting, communicating, selling and servicing, information gathering and relationship building. To attract good salesperson and motivate salesperson, a company must have compensation plan such as large commission component, positive incentive, and bonus to encourage high safe performance. Naylor and Frank (2000) ^[8] found impacts of sales person responsiveness on consumers' perceptions. This means that the purchasing decision of consumers are significantly lower when either there was no contact with salespeople. As a result, the hypothesis of this case is concerned as the following

- **Hypothesis H4:** There is a positive relationship between the sales person and the end user's purchasing decision

Points of sales material (POS): The best point of sales material display should integrate with other marketing messages, clearly communicate the product's attribute and other promotion information and pricing should be included. Point of purchase is one of the most important components of store marketing and remains highly effective tool for increasing sales. Some examples of POS are window displays, exhibits pallets dedicated to a specific product, brochure, poster, cards placed on shelves. As argued by Rajagopal (2008) ^[9], POS is one of tools to acquire new customer and retain existing customers, in which its contribution to enrich data is taken into account. However, the POS is still questioned for stores in this paper, so the hypothesis is concerned as follow

- **Hypothesis H5:** Point of sales material positively impacts on the end user's purchasing decision.

Based on arguments of previous scholars to develop hypotheses, the model proposed is depicted in figure 1. The model is a presentation of claims of five factors related to the end user the purchasing decision.

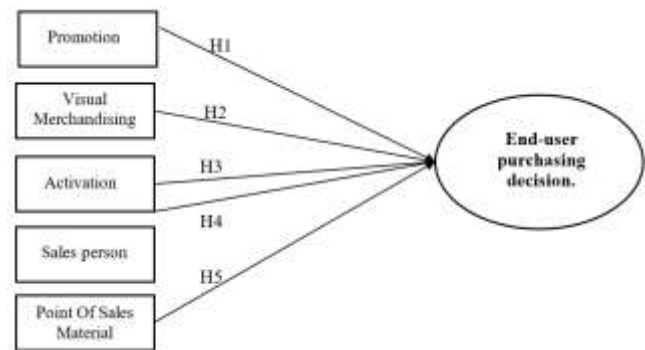


Fig 1: Hypothesis proposal model

3. Empirical analysis

The study is conducted on respondents who already bought HP Printer less than twelve months. The questionnaire is structured into two parts, one is designed to ask profile of respondents, the rest is designed to investigate the end user's attitudes measured in the Liker scale of five points, which the respondents are asked to rate from 1 to 5, where 1 = Not important at all, 2 = Not much Important, 3 = Normal, 4 = Important, 5 = Much important.

As resulted in table 1, the final sample is 122 respondents after qualifying and of which some of them are removed because they are not sufficient. Respondents who are end users of HP printer product with their income of range of 7.5

million VND - < 45 million VND per month accounting for 61%. Of which their education are popularly graduated from university/college. As a result, we can see the sample of respondents are rightly selected, because the price of HP

Printer is evaluated as the high price product. Their buying is for the personal demand, due to their occupation being officer and business owner accounting for 85%.

Table 1: Descriptive analysis

| Demographic information | Frequency | Percent |
|-----------------------------------|-----------|---------|
| <i>Gender</i> | | |
| Male | 56 | 45.9% |
| Female | 66 | 54.1% |
| Total | 122 | 100% |
| <i>Monthly income</i> | | |
| 3.000.000 – 4.999.999 VND | 6 | 4.9% |
| 4.500.000 – 7.499.999 VND | 14 | 11.5% |
| 7.500.000 – 14.999.999 VND | 22 | 18.0% |
| 15.000.000 – 29.999.999 VND | 30 | 24.6% |
| 30.000.000 – 44.999.999 VND | 24 | 19.7% |
| 45.000.000 – 74.999.999 VND | 14 | 11.5% |
| 75.000.000 – 149.999.999 VND | 9 | 7.4% |
| Above 150.000.000 VND | 3 | 2.5% |
| Total | 122 | 100% |
| <i>Occupation</i> | | |
| Officer | 78 | 63.9% |
| Business owners | 26 | 21.3% |
| Freelance | 16 | 13.1% |
| Student | 2 | 1.6% |
| Total | 122 | 100% |
| <i>Education</i> | | |
| Graduated from high school | 9 | 7.4% |
| Graduated from University/College | 83 | 68% |
| Postgraduate (Masters / PhD) | 30 | 24.6% |
| Total | 122 | 100% |
| <i>Ages</i> | | |
| 18 - 30 | 42 | 34.4% |
| 31 – 40 | 54 | 44.3% |
| 41 – 50 | 23 | 18.9% |
| Above 50 | 3 | 2.5% |
| Total | 122 | 100% |

Source: Own survey

Note: 1USD = 23.000VND

With questions to know what brands of printer that the customer already used before buying a HP Printer, the result in table 2 presents that the previous purchase (before buying HP Printer) of the brand of HP (44.3%) and Canon (36.1%) are leading in the share of customer's mind. The third is Fuji Xerox with 14.8%. Purpose of using HP Printer bought is to support for family usage accounting 47.5% (table 3), for office usage accounting for 36.1%, for private business/service accounting for 16.45. As a result, we can realize the HP Printer can be highly evaluated by individual demand, due to its quality, although its price is a little bit higher others

competitors.

Table 2: Brand used before buying

| Brand of leading printers | Frequency | Percent |
|---------------------------|-----------|---------|
| Canon | 44 | 36.1% |
| HP | 54 | 44.3% |
| Fuji Xerox | 18 | 14.8% |
| Brother | 5 | 4.1% |
| Other | 1 | 0.8% |
| Total | 122 | 100% |

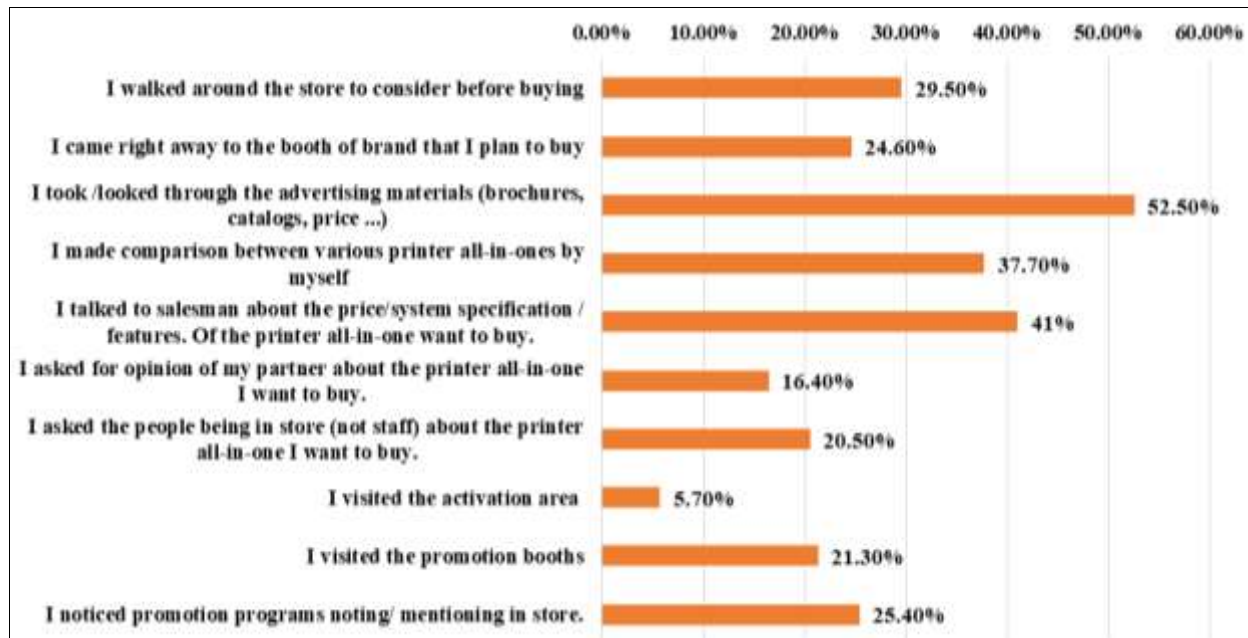
Source: Own survey

Table 3: Purpose of using HP printer

| Purpose of using HP printer bought | Frequency | Percent |
|------------------------------------|-----------|---------|
| Family | 58 | 47.5% |
| Office | 44 | 36.1% |
| Business/Service provider | 20 | 16.4% |
| Total | 122 | 100% |

Source: Own survey

To get bought a HP Printer, the customer must have different actions. As depicted in figure 2, the customer had researched through the advertising materials (brochure, catalogs, price, etc.) accounting for 52.5%, next as getting information from salesman with 41%, and taking a comparison among various printer with 37.7%.



Source: Own survey

Fig 2: Actions of end users before making buying decision

Testing hypothesis

Testing five hypotheses are based on the regression model, in which five independent variables are presented as five hypotheses. To do this, steps will be processed. As resulted in table 4, five factors (as dependent variables) initially have 29 observed variables /items, but 4 items are deleted, due to lack

of reliability, in which 3 items belong to the factor of promotion and one item belong to activation are removed, while items belong to the dependent variable of the end user’s purchase decision are all reliability. All of Cronbach’s Alpha are significant and accepted to employ in the next method of factor analysis.

Table 4: Result of testing Cronbach’s Alpha

| No | Factors | Initial items | Items after Cronbach’s Alpha | Value of Cronbach's Alpha | No. items Deleted |
|-----------------------|---------------------------------------|---------------|------------------------------|---------------------------|-------------------|
| Independent variables | | | | | |
| 1 | Points of Sales Material (POSM) | 4 | 4 | 0.797 | |
| 2 | Visual Merchandising | 8 | 8 | 0.866 | |
| 3 | Promotion | 7 | 4 | 0.817 | 3 |
| 4 | Activation | 4 | 3 | 0.819 | 1 |
| 5 | Promotion girl or promotion boy (PGs) | 6 | 6 | 0.925 | |
| Dependent variable | | | | | |
| 6 | Purchasing decision | 5 | 5 | 0.881 | |

With an application of Exploratory Factor Analysis (EFA) for items belong to five factors (independent variables). Five factors are clustered are clustered. Similarly, EFA is also applied to items belong to the dependent variable. Continuously, the model of regression is employed after EFA done, the model function is presented as below
 $Y = b_0 + b_1*POS + b_2*VM + b_3*PRO + b_4*ACT + b_5*SP$
 Where, Y = the end user’s purchasing decision
 POS = Points of sales materials

VS = Visual Merchandising
 PRO = Promotion
 ACT = Action
 SP = Sales person

The result depicted in table 5 is goodness of fit, due to the model is significant at any level. Because the R Square is 0.785, this means 78.5% changes in the end user’s purchasing decision is explained by the customer’s evaluation on points

of sales materials, visual merchandising, promotion, activation and sales person.

Table 5: Result of regression model

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | -.310 | .189 | | -1.642 | .103 | | |
| POS | .253 | .056 | .259 | 4.518 | .000 | .564 | 1.772 |
| VMC | .492 | .067 | .444 | 7.388 | .000 | .512 | 1.954 |
| PRO | .104 | .044 | .118 | 2.333 | .021 | .721 | 1.387 |
| ACT | .123 | .049 | .139 | 2.508 | .014 | .600 | 1.666 |
| SP | .139 | .046 | .159 | 3.054 | .003 | .683 | 1.465 |

Accordingly, all of coefficients of five factors are significant and positive, this means we have strong evidence to confirm the five hypotheses are supported, in which the role of ‘visual merchandising’ is the best impact on the end user’s purchasing decision, next as POS, SP, ACT, and PRO, respectively.

Substitute values to the general regression function, we have the estimated function as below, which it is also drawn in figure 3.

$$Y = - 0.310 + 0.253*POS + 0.492* VMC + 0.104*PRO + 0.123*ACT + 0.139*SP$$

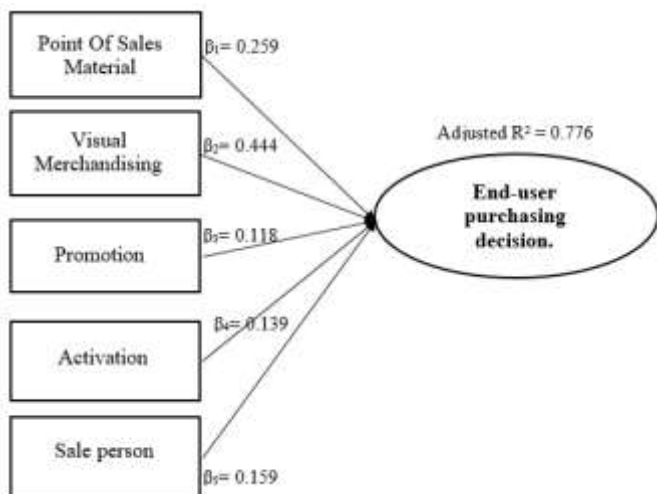


Fig 3: The final result of model tested

4. Discussion and Conclusion

Based on descriptive analysis, we can see a positive picture of HP Printer business compared to its competitors. In addition, we also found who are the main customers of HP Printers, in which can get great information of how the end user will do to research information before making decision and know what purposes of using HP Printer of the end user are.

Based on the sample of 122 respondents, who already bought HP Printer less than twelve months ago, the quantitative model is employed to test how five factors, e.g. point of sales

materials, visual merchandising, promotion, activation, sale person, relate with the end user purchasing decision. Although the sample is not large, it is sufficient for EFA, then the regression function is used. The finding brings important messages that the end user’s purchasing decision are significantly impacted by point of sales materials, visual merchandising, promotion, activation, and sale person, in which the visual merchandising is evaluated as the best influence to the purchasing decision, next as point of sales, sales person, activation, and promotion.

This finding is important information for HP Printer stores, who need to know how to increase the priority of doing visual merchandising during their business. Once this is concerned, it not only stimulate the purchasing decision of end users, but also make many constraints to competitors during market places.

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