THE INFLUENCE OF VISUAL MERCHANDISING AND DISCOUNT PRICE ON IMPULSIVE BUYING AT H&M STORE (H&M STORE PVJ BANDUNG CASE STUDY)

Lambok Suryaatmadja[1]
Sekolah Tinggi Ilmu Ekonomi Harapan Bangsa, Bandung, Indonesia
lambokmanik8@gmail.com

Mentiana Sibarani[2]
Sekolah Tinggi Ilmu Ekonomi Harapan Bangsa, Bandung, Indonesia
mentiana@ithb.ac.id

Abstract

This research aims to determine the influence of visual merchandising and discount prices on impulsive buying at the H&M store Paris Van Java. This type of research is causal explanatory research. In this research, data is obtained through primary data and secondary data techniques. Primary data collection was carried out by distributing questionnaires, while secondary data collection was carried out in this research by literature study and data collection by looking at historical data from the past. This research used a minimum of 30 respondents calculated using the Marlina method by taking respondents as consumers of the H&M store Paris Van Java, respondents who had made unexpected purchases (impulsive buying), respondents with an age range of 18 – 68, and from all social classes. The data used is quantitative. The data collection technique uses a questionnaire. The research consists of two independent variables, namely visual merchandising (X1) and discount price (X2) and consists of one dependent variable (Y), namely impulsive buying, as well as, Next, analysis of the Structural Equation Model (SEM) is carried out using Smart -PLS 3.0. The results of this research show that the variables visual merchandising (X1) and discount price (X2) have a significant effect on impulsive buying (Y). They have a significant effect on purchasing decisions by 67% and the rest is influenced by other variables.

Keywords: Visual Merchandising, Discount Prices, Impulsive Buying

INTRODUCTION

The increasing demand for fashion among the millennial generation and Gen-Z who are very interested in following the latest fashion trends, the latest fashion trends, is driven by the expansion of the retail industry in Indonesia which is growing every year, and this growth is directly proportional to the country's economic growth. Indonesia's retail growth data is recorded, namely that retail sales performance is predicted to remain strong in October 2022. This is reflected in the Real Sales Index (IPR) forecast for October 2022 of 204.3 or positive growth of 4.51% year on year (yoy). The strong retail performance continued, mainly supported by sales growth in the Food, Beverage, and Tobacco group and in the Information and Communication Equipment group.

Every month, retail sales are estimated to increase by 3.1% month to month (mtm) (Haryono, 2022). Driven by improvements in all groups, with the highest increase in the Clothing Sub-group in line with discount programs implemented by several retailers. This is also supported by an increase in population, resulting in high people's purchasing power for non-food needs. This can also be proven from data from the Central Statistics Agency which shows the percentage of average expenditure. The average per capita based on goods groups as of March 2021, namely the amount of non-food consumption reached 50.75%. Meanwhile, only 49.25% for food consumption is quoted from the Central Statistics Agency (BPS, 2022). Apart from that, based on data from CNBC Indonesia, the rapid creative economy in Indonesia is greatly influenced by the development of the fashion industry which can contribute 18.01% or worth 116 trillion (CNBC, 2019).

From this data, it can be seen that consumers' current shopping attitudes do not only look at food needs but also the desire for certain products to keep up with the times. Therefore, the retail industry with a lifestyle concept is widely used by investors because it shows relatively significant development in Indonesia, one of which is H&M. Apart from that, H&M is one of the 10 biggest brands in the world based on brand value which can be seen in the picture below, this can create a feeling of pride when wearing this brand. From the pre-survey results, 94.4% of H&M consumers have made spontaneous purchases where

a sudden desire to buy emerged. This also includes H&M's strategy in displaying its products, so that consumers are interested in making unexpected purchases.

Apart from that, H&M consumers don't feel regret if they make an unexpected purchase. As many as 72.2% of H&M PVJ consumers don't feel regret, this is because they don't feel regret for making an impulsive purchase, this can be caused by a product that is hyped or attractive, besides also having affordable prices, because consumers feel that H&M products are worth buying, this is in line with research conducted by (Sudarsono, 2017) that visual merchandising has an effect on positive emotions, which means that when the quality of the consumer's vision is satisfied by the display design, however, it is 27.8% experienced regret after making an impulsive purchase because they felt that without thinking about it, the item they purchased was not that important. Some respondents said that they felt they had wasted money in vain even though they didn't need it. This can be an evaluation material for H&M in releasing products that can reduce consumers' feelings of regret in making impulse purchases.

H&M displays products according to groups and displays them in places called island displays, usually these products are products at discount prices so that consumers are interested in the products that have been displayed by H&M. The results of the pre-survey show that the amount of discount offered by H&M, although the amount of the discount is quite influential, H&M offers an attractive discount, where 83.3% of H&M PVJ consumers feel the discount is attractive, although the amount of the discount is not too big, it is still worth it to buy because H&M products have comfortable texture when worn. This is in line with research by (Saputro, 2019) where price cuts have a positive and significant effect on impulse buying.

RESEARCH METHOD

According to (Sugiyono, 2017) the research object is a scientific target to obtain data with a certain purpose and use something objective, valid, and reliable about something (certain variables). The sampling technique used is non-probability sampling, namely a sampling technique that does not provide equal opportunities for each element or

member of the population. In completing this research, we used quantitative research with a causal explanatory research approach. (Sugiyono, 2019) suggests that a causal relationship is a relationship that is cause and effect. To explain the influence of Influencer Marketing and tourist attractions on impulsive buying. The population in this study, the respondents used were consumers who had made impulsive purchases at the H&M store Paris Van Java. The number of observation data sampled in this study is at least in the range of 100 to 150 people using 150 observations (Hair et al., 2019) Purposive Sampling Technique.

The data collection technique used in this research is:

1. Questionnaire: is a data collection technique where respondents will be asked to express their opinions with a series of questions or written statements to be answered (Sugiono, 2017). This questionnaire uses a Likert interval rating scale research questionnaire. According to (Sugiyono, 2017) the Likert interval scale is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena. The Likert assessment has five levels of answer preferences, each of which has a score of 1 to 5.

Table 1.

Likert Scale

Answer Choices	Score
Strongly Agree (SS)	5
Agree (S)	4
Neutral (N)	3
Disagree (S)	2
Strongly Disagree (STS)	1

Source: (Budiaji, 2013)

2. Literature study: data collection method by searching for data and information through documents, both written documents, electronic form, photos, and images that support this research.

RESULTS AND DISCUSSION

Outer Model Analysis

Outer model (Measurement model) This model specifically explains the causality or correlation between latent variables, both endogenous and exogenous, with indicators or measurements of existing variables. Testing on the outer model provides value in reliability and validity analysis.

Validity Test

a. Convergent Validity

Convergent Validity, convergent validity with the AVE value criteria should be equal to 0.5 or more. An AVE value of 0.5 or more means that the construct can explain 50% or more of the item variance (Wong KK, 2013).

Table 2.

Construct Reliability and Validity

	Average Variance Extracted (AVE)
Impulsive Buying	**0.6517**
Price Discount	**0.8546**
Visual Merchandising	**0.7900**

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, shows that all variables have good validity estimates because the AVE value is more than 0.5. This table shows that all the variables used in this research have adequate convergent validity.

b. Discriminant Validity

The HTMT value with the criterion should be less than 0.9 to ensure discriminant validity between the two reflective constructs (Henseler et al., 2015).

Table 3.

Discriminant Validity – HTMT

	Impulsive Buying	Price Discount	Visual Merchandising
Impulsive Buying			
Price Discount	**0.8053**		
Visual Merchandising	**0.7929**	**0.6456**	

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, shows that the Heterotrait-Monotrait (HTMT) value is still less than 0.9 and is declared discriminately valid. This shows that this variable is considered to have good convergent consistency and can be differentiated from other variables (Budiaji, 2013).

So, it can be concluded that the dependent variable and independent variable declared convergently and discriminately valid.

Reliability Test

a. Reliability of indicators

Indicator reliability, with the criteria of a loading value above 0.7, indicates that the construct can explain more than 50% of the variance of the indicator (Wong KK, 2013). Generally, indicators with outer loadings between 0.40 and 0.70 should be considered for removal from the scale only when removing the indicator leads to an increase in the composite reliability (or average variance extracted see next section) above the recommended threshold value (Hair et al. al., 2014).

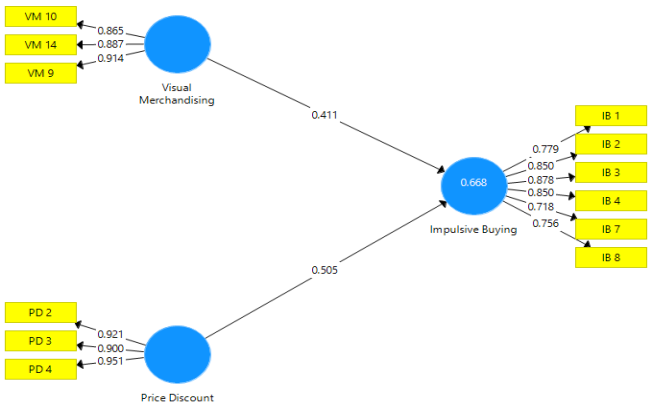

Figure 1.
Outer Loading
Source: SmartPLS 3.0 Processed 2023

The picture above shows that all indicators are > 0.7 so all indicators are declared valid even though there is an indicator value < 0.7 which is considered by the researcher because the indicator value is almost close to 0.7 and does not change the AVE value so the next test it will still be valid then the value is still declared convergently valid.

b. Internal Consistency Reliability

Internal Consistency Reliability, and criteria. A composite reliability value of 0.6 – 0.7 is considered to have good reliability (Sarstedt et al., 2017), and the expected Cronbach's alpha value is above 0.7 Ghozali and Latan, 2015).

Table 4.

Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Impulsive Buying	**0.8920**	**0.9004**	**0.9178**	**0.6517**
Price Discount	**0.9150**	**0.9232**	**0.9463**	**0.8546**
Visual Merchandising	**0.8680**	**0.8860**	**0.9186**	**0.7900**

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, it shows that all variables have good reliability estimates because all reliability measures exceed 0.7.

So, it can be concluded that the dependent variable and independent variable are declared reliable.

Inner Model Analysis

a. Analysis of the Coefficient of Determination

The criteria for the coefficient of determination (R2) value are expected to be between 0 and 1. R2 values of 0.75, 0.50, and 0.25 indicate that the model is strong, moderate, and weak (Sarstedt et al., 2021).

Table 5.

R-Square

	R Square	R Square Adjusted
Impulsive Buying	0.6675	0.6620

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, it shows that the R square value is above 0.50, which shows that the results of the value or model are declared moderate.

b. Cross-validated Redundancy Analysis

The Q Square value is categorized as small, namely 0.02, categorized as a medium, namely 0.15, and categorized as large, namely 0.35 (Musyaffi, AM, Khairunnisa, H., & Respati, D. K, 2022). The Cross-validated Redundancy (Q2) value was obtained using the pls predict procedure.

Table 6.

Q-Square

	Q^2_predict
Impulsive Buying	0.6398

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, it shows that the Q square value is above 0.35, which shows that the model has very accurate predictive relevance for certain constructs.

c. Size Analysis (F Square)

The f square value for the small category is 0.02, the medium category is 0.15, and the large category is 0.35 (Musyaffi, AM, Khairunnisa, H., & Respati, D. K, 2022).

Table 7.

F-Square

	Impulsive Buying	**Price Discount**	**Visual Merchandising**
Impulsive Buying			
Price Discount	**0.4995**		
Visual Merchandising	**0.3305**		

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, it shows that the F square value for the price discount variable is in the large category, while the visual merchandising variable is in the medium category. It can be concluded that the price discount variable category contributes more to impulsive buying than the visual merchandising variable.

d. Multicollinearity Analysis (VIF)

The VIF value criterion must be less than 5, because more than 5 indicates collinearity between constructs (Sarstedt et al., 2021).

Table 8.
Collinearity Statistics (VIF)

	VIF
IB 1	**2.3033**
IB 2	3.1796
IB 3	3.4993
IB 4	**2.8787**
IB 7	**2.1122**
IB 8	**2.2182**
WW2	3.1130
PD 3	3.0171
PD 4	4.5542
VM 10	**2.1953**
VM 14	**2.2192**
VM 9	**2.4345**

Source: SmartPLS 3.0 Processed 2023

Based on the results of the table above, it shows that the VIF value is still less than 5, which indicates that all independent variables used in this research are not correlated between one independent variable and other independent variables.

Hypothesis Test Results

The criteria for the t-statistic value must be greater than >1.96 and the p-value must be less than < 0.05, so it can be said that the influence of the variable is significant (Ghozali and Latan, 2015).

Table 9.
Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Price Discount -> Impulsive Buying	0.5046	0.5031	0.0765	6.5992	**0.0000**
Visual Merchandising -> Impulsive Buying	0.4105	0.4209	0.0778	5.2797	**0.0000**

It can be seen that the results of the data processing above influence each other between prices. It can be seen that the results of the data processing above influence each other between price discount and the impulsive buying variable and the visual merchandising variable influences the impulsive buying variable, it can be concluded that the dependent variable and the independent variable influence each other.

CONCLUSION

This research aims to determine the influence of visual merchandising and discount prices on impulsive buying. It was created to answer the problem formulation and research objectives, which are supported by the background as research limitations. Respondents in this study were those who had made an unexpected purchase (impulsive buying) at the H&M store Paris Van Java Bandung. Based on research into the problem using the Smart PLS analysis method that has been carried out, the researchers obtained the following conclusions:

1. The results of the research show that the variables visual merchandising (X1) and discount price (X2) have a significant effect on impulsive buying (Y) have a significant effect on impulsive buying by 67% and the rest are influenced by other variables.
2. Impulsive Buying obtained a significant positive influence by the influence of visual merchandising. In this way, consumers are influenced by the shop having an interesting theme, apart from that they also have a positive shopping experience and it will be better if the shop theme always changes every season.
3. Impulsive Buying obtained a significant positive influence by the influence of the discount price. In this way, consumers are influenced by the shop having a discount price sign as a media trigger and this will increase if the discount price is carried out regularly.

REFERENCES

Anggraini, I. D., & Sulistyowati, R. (2020). Pengaruh Visual Merchandising Dan Store Atmosphere Terhadap Perilaku Impulse Buying (Studi Kasus Pada Konsumen Miniso Di Surabaya). *Jurnal Pendidikan Tata Niaga (JPTN)*, 660-666.

Artana, I. P., Wisesa, I. G., Setiawan, I. K., Utami, N. L., Yasa, N. N., & Jatra, M. (2019). Pengaruh Store Atmosphere, Display Product, Dan Price Discountterhadap Impulse Buying (Studi kasus pada Indomaret di kota Denpasar). *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*, 369-394.

Audia, I. (2022, Juni 28). *VISUAL MERCHANDISING PADA RETAIL*. From binus.ac.id: https://binus.ac.id/malang/interior/2022/06/28/visual-merchandising-pada-retail/

BPS. (2022). *Persentase Pengeluaran per Kapita Sebulan Makanan dan Bukan Makanan di Daerah Perkotaan dan Perdesaan Menurut Provinsi, 2021*. From bps.go.id: https://www.bps.go.id/indikator/indikator/view_data_pub/0000/api_pub/bHMrcVZYRTVMTG1YL1owMXp6Uy9Wdz09/da_13/1

C., N., & Shirahatti., M. D. (2021). *Impulse buying: concepts, frameworks and consumer Insights.* Shanlax Publications.

Cahyani, B. I., & Purwanto, S. (2022). Pengaruh Visual Merchandising Dan Positive Emotion Terhadap Impulse Buying Pada Pelanggan Indomaret Di Surabaya. *JMBI UNSRAT*, 1233-1244.

CNBC. (2019, July 14). *cnbcindonesia.com*. From CNBC Indonesia TV: https://www.cnbcindonesia.com/lifestyle/20190712155341-35-84555/gairah-industri-fashion-indonesia

Fimela. (2014, September 22). *Fimela*. From fimela.com: https://www.fimela.com/lifestyle/read/3740655/pertama-di-bandung-toko-hampm-terletak-di-paris-van-java-mall

Fimela. (2021, April 02). *Fimela*. From fimela.com: https://www.fimela.com/fashion/read/4519259/jadi-andalan-fashionista-8-tahun-lamanya-hampm-kini-punya-50-gerai-resmi-di-seluruh-indonesia

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). United Kingdom: Cengage.

Haryono, E. (2022, November 9). *Siaran Pers*. From bi.go.id: https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp_2430422.aspx

Hidayah, M. N., & Sari, D. K. (2021). Influence Of Price Discount, In-Store Display, And Shopping Lifestyle On Impulse Buying At Umama Gallery Sidoarjo. *JBMP: Jurnal Bisnis, Manajemen dan, 7*(1), 154-179.

Jamjuri, Ramdansyah, A. D., & Nupus, H. (2022). Pengaruh Merchandising dan Price Discount Terhadap Impulse Buying Melalui Emosi Positif Sebagai Intervening. *INTECH*, 171-181.

Joseph F. Hair, J., Hult, G. T., Ringle, C. M., & Sarstedt, M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (2nd ed.). Los Angeles: SAGE.

Kotler, P., Keller, K. L., & Chernev, A. (2022). *Marketing Management.* Harlow, United Kingdom: Pearson.

Manuere, F., & Martha, K. (2023). The Effect of Visual Merchandising on Impulse Buying Behaviour of Consumers in the Clothing Industry: The Case Study of Chinhoyi Town. *International Journal of Academic Research in Public Policy and Governace*, 21-28.

Morgan, T. (2016). *Visual Merchandising* (Vol. 3). London: Laurence King.

Muhson, A. (2022). *Analisis Statistik dengan SmartPLS.* Yogyakarta: Universitas Negeri Yogyakarta .

Musyaffi, A. M., Khairunnisa, H., & Respati, D. K. (2022). *Konsep Dasar Structural Equation Modelpartial Least Square (SEM-PLS) Menggunakan SMARTPLS.* Tanggerang Selatan: Pascal Books.

Prayoga, R. (2021, Januari 2021). *bbs.binus.ac.id*. From H&M, Apa Yang Membuat Brand Itu Sukses?: https://bbs.binus.ac.id/gbm/2021/01/21/hm-apa-yang-membuat-brand-itu-sukses/

Ranto, D. W., Hariningsih, E., Prasetyanto, W. E., & Oktafiani, D. M. (2021). Price Discounts and Fashion Involvement to Increase Online Impulsive Buying: Study Among Teenagers at Yogyakarta. *International Journal of Business, Management and Economics*, 239-250.

Rook, D. W., & Gardner, M. P. (1993). In The Mood: Impulsive Buying's Affective Antecedents. *Research In Consumer Behaviour, 6*, 1-28.

Saputro, I. B. (2019). Pengaruh Price Discount Dan Store Atmosphere Terhadap Impulse Buying Dengan Positive Emotion Sebagai Variabel Mediasi Pada Konsumen Ritel Minimarket Kota Yogyakarta. *Jurnal Ilmu Manajemen, 16*, 35-47.

Sihaloho, S. F., & Safrin, F. A. (2022). The Effect of Flashsale and Price Discounts on Impulsive Buying (Study on Lazada Application User Students at the University of North Sumatra). *Journal Boas: Business, Economics, Accounting And Management*, 1-5.

Sudarsono, J. G. (2017). Pengaruh Visual Merchandising Terhadap Impulse Buying Melalui Positive Emotion Pada Zara Surabaya. *Jurnal Manajemen Pemasaran*, 15-23.