



# Influence of the Space Management on the Competitiveness at the Point of Sale

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**Abstract:** *The influence of space management on competitiveness at the point of sale is characterized as a significant factor that should not be neglected. Space management is an important concept through the application of which sales are increased and customer requirements and wishes are satisfied. Information technologies have a great impact on reducing the time of good organization of space, and with the help of the aforementioned, it is possible to monitor the achievement of business plans and goals for certain product categories.*

*The purpose of this paper is to point out the importance of a well-organized and well-arranged point of sale on the competitiveness of the store itself in relation to other actors within the same industry. In the paper will be presented an example of companies. Data were collected through observation and experimentation, and with the applied analysis, synthesis and abstraction methods, it has been concluded on the quality of space management, which has implications for the competitiveness at the point of sale.*

## 1. INTRODUCTION

When considering any type of retail form, it can be concluded that points of sale are influenced by the competitive activities that are closely monitored and analysed, in order to maintain competitiveness and sustainability on the market for as long as possible.

Today, retail consumers are looking for complete service and satisfaction with the product they purchased. It is quite certain that retail meets more and more demanding consumers for whom the experiences, as well as the ambience of space in which they are situated, have become more and more important. The goal of the point of sale should be a profitable and long-term business that can be achieved with quality and good sales space management. Good space management creates an ever-increasing base of satisfied, and above all, loyal consumers, which is an important element for the achievement of greater competitiveness.

Consumer research and their attitudes represent a part of marketing research where it tries to find out why consumers make certain decisions when buying products, and attempts to seek out or understand what is happening in the “heads” of the consumers. By better understanding of it and defining the elements that influence the purchase decision, better and more efficiently the space management is accomplished.

What the consumer feels should not be ignored. Emotions that are manifested by the consumers affect the purchase, and in this sense, the very appearance and arrangement of the point of sale do affect the decision to buy and in general, affect the customers arrival, i.e., it indirectly affects the attraction of consumers to the specific point of sale.

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Consumer's behaviour is a process that combines several variables such as culture, society, family, motive, perception, attitudes and life values, and each of them has a role in shaping the desires and needs when buying (Kesić, 2009).

With the help of good space management, it is possible to increase consumers' satisfaction when shopping.

Retailing is a sector where consumers do interact and it can be influenced in various ways (Elg & Welinder, 2021), and sustainability has become an increasingly important concern for retailers (Ruiz-Real, Uribe-Toril, Gazquez-Abad, & Valenciano, 2018).

## 2. SPACE MANAGEMENT

Space management represents a significant element in the marketing mix that influences the general impression that the consumer acquires when entering and staying at the point of sale.

The rapid development of large new stores from the 1970s onwards drew attention to the need for considering the store selling environment as a whole, to ensure that the shopping experience is convenient and attractive (McGoldrick, 2002).

The appearance of a point of sale can make the purchase experience pleasant or uncomfortable, and can sometimes be frustrating, for example, for a consumer who "wanders" inside a point of sale looking for a product that he cannot find because it is not placed in a sufficiently visible place.

It can be noticed that the stores that are keeping general consumption goods commonly have a predictable appearance, with the usual advertising of promotional products. A pleasant atmosphere when shopping can increase sales and create loyal consumers who are happy to return to the same store. Stores often copy each other, which essentially represents the wrong approach for the creating of greater market competitiveness. It is necessary to create a competitive advantage when considering "space management" because there are different ways to arrange retail space creatively and innovatively. Each point of sale should be specific by itself and to stand out on the market with its well-designed spatial planning and accordingly to attract the attention of potential consumers.

According to McGoldrick (2002) many elements can be used to create an innovative and creative point of sale such as design, atmosphere, layout of the point of sale, allocation of space, impulse purchasing and others.

When discussing space management, there are many decisions pertained to the well-organized space in terms of the main departments (if it is a larger point of sale), secondary departments, also when looking at the assortment, decisions on implementing of different product categories, and consequently decisions between the products regarded as each separate product unit (Stock-Keeping Units or the SKU).

Accordingly speaking, it does matter how we arrange the products - both in space and on the shelf, and also to meet all the criteria necessary to create the pleasant suitability of purchase and visual identity.

When dealing with such decisions, information technology helps us a lot, which gives the possibility of a visual overview of the appearance of the store before actual physical arrangement has taken place.

According to Merrilees & Miller (2001), store layout design is one of the more important determinants of store loyalty.

### 3. DESIGN AND THE WORKING ENVIRONMENT ATMOSPHERE

During the last 20 years, large financial resources have been invested for the improvement of the appearance, design at the point of sale and the organization of the working space. Many retailers have fundamentally changed or rearranged their spaces to keep pace with the new trends in interior space arrangements. In this way, we've tried to meet the expectations of increasingly demanding consumers.

McGoldrick (2002) cited, "accordingly, a major industry has developed, as design companies have focused their attention on the design of retail selling environments", which implies an extremely important marketing element with the help of which competitiveness is creating.

Store image is an important factor that affects the consumer's behaviour (Erdem & Tunculp, 1999), and the design of the point of sale plays a key role when creating an atmosphere in the sales area. In Table 1 has been shown a summary of the "total visual merchandising process" as defined by Management Horizons (UK)<sup>2</sup>. By observing and analysing each element listed in the table, it helps management to shape the "appropriate" atmosphere and for the consumers to feel good when shopping.

**Table 1.** Total visual merchandising process.

Store environmental design	Merchandise presentations	In-store customer communications	Consumer senses appeal
<ul style="list-style-type: none"> <li>• Store facade</li> <li>• Decor</li> <li>• Walls</li> <li>• Floors</li> <li>• Ceilings</li> <li>• Lighting</li> <li>• Atmosphere</li> <li>• Design integrity</li> <li>• Fixtures</li> <li>• Communications</li> <li>• Heating and ventilation</li> <li>• Services</li> <li>• Interior</li> <li>• Partitioning</li> <li>• Modular systems</li> </ul>	<ul style="list-style-type: none"> <li>• Major trends</li> <li>• Store layout</li> <li>• Presentation methods</li> <li>• Assortment</li> <li>• Category co-ordination</li> <li>• Sample displays</li> <li>• Feature</li> <li>• Lighting</li> <li>• Colours</li> <li>• Window displays</li> </ul>	<ul style="list-style-type: none"> <li>• Signs</li> <li>• Tickets</li> <li>• Product's information</li> <li>• Graphics</li> <li>• Sound</li> <li>• Textures</li> <li>• Entertainment</li> <li>• Education</li> <li>• Active</li> <li>• Promotions</li> <li>• Personal</li> <li>• Services</li> <li>• Cash point</li> <li>• Interactive kiosks</li> </ul>	<ul style="list-style-type: none"> <li>• Sight</li> <li>• Hearing</li> <li>• Smell</li> <li>• Taste</li> <li>• Touch</li> <li>• Concept               <ul style="list-style-type: none"> <li>- ideas</li> <li>- images</li> </ul> </li> </ul>

Effective management of retail space has resulted in sales as the primary goal, and more broadly, the sale should not be "the end of the relationship with the consumer," but it is desirable to achieve after-sales customer satisfaction which, if positive, will create a base of loyal customers that will again return to the store.

<sup>2</sup> Management Horizons is the consisting division of the Price Waterhouse Retail Industry Practice.

In order to properly implement each of the above elements listed in Table 1, and also to decide on arranging the sale space, interior space designers hold a great role; they are extremely important when arranging, and they should be regarded as an indispensable link in the chain when it comes to arranging space.

In a large number of retails, it can be noticed that some elements of spatial planning are elaborated to the smallest detail, but on the other hand, some of them have not been fully developed and have not been implemented in the space at all.

A space design project made by a designer can significantly differ from the vision that managers have within retail. Such differences need to be overcome by mutual discussions and, therefore finding the best solution together. Sometimes an innovative solution is not technically the best result, and what is here needed is a combination of possibilities and desires.

The environmental atmosphere is also an important factor that builds the competitiveness of the point of sale.

The environmental atmosphere as a term was introduced by Kotler (1973), who mentions working environmental atmosphere as one of the marketing tools. With the atmosphere we can influence consumers who are willing to buy, that is, to increase the overall probability of buying. The environmental atmosphere is closely related to the senses: sight, sound, smell, touch and taste.

Stores have distinct environments, and marketers understand that the environment of a store is an important part of the shopping experience (Sharma & Stafford).

When viewing the impact of store environmental atmosphere on behavioural intentions, it is further noted that a favourable environment can motivate behavioural approaches, such as the desire to stay, look around and discover the environment, and also to communicate with others in the environment, while an unfavourable environment might lead to the adverse effects of behaviour such as the existing act of avoidance (Nur Aina Abdul, Fikrya, & Zainuddina, 2016).

#### **4. INVESTIGATION OF THE INFLUENCE OF SPACE MANAGEMENT ON COMPETITIVENESS AND RESEARCH RESULTS**

The aim of research presented in this paper is to determine whether space management affects competitiveness at the point of sale. Data were collected directly at the point of sale by asking consumers about the importance of the following elements: *store environment design, merchandise presentations and in-store customer communications and consumer senses appeal*. These elements raise the level of convenience of buying at the particular point of sale, as well as the return of the consumers, which implies greater competitiveness at the point of sale concerning the other market players.

The study involved 90 respondents, of whom 65% were female and 25% of the male gender. According to education, most respondents, 38 % of them hold a professional or university degree. When observing the status of employees, it's indicated that the highest number of them were employed, 58% and the lowest number, 12 % of them were unemployed (Table 2).

**Table 2.** Demographic data of respondents

		% of respondents
Gender	Men	25
	Women	65
	Less than 18	2
	18-30	34
Age	31-45	29
	46-60	18
	More than 60	7
	Without school	0
Qualifications	Elementary school	20
	High school	31
	Vocational school, university degree	38
Working status	Mr.Sc. /Phd	1
	Employed	58
	Unemployed	12
	The rest	20

**Source:** author's work, 2021.

For the elements of the importance when arranging the environment at the point of sale (see Table 3), 75% of respondents believe, i.e., agree and fully agree that the environment at the point of sale is important, while 10% of them stated that they do not agree at all.

**Table 3.** The importance of arranged environment at the point of sale.

		% of respondents
<b>Nicely arranged design of the environment at the point of sale</b>	I disagree at all	10
	Sometimes I agree	15
	I agree	25
	I fully agree	40

**Source:** author's work, 2021.

When it comes to the importance of how the goods (assortment) are exposed (Table 4), as many as 61% of respondents agree or completely agree, while 14% of respondents do not consider this element as extremely important.

**Table 4.** The importance of exposure of goods.

		% of respondents
<b>Merchandise presentations</b>	I disagree at all	14
	Sometimes I agree	15
	I agree	26
	I fully agree	35

**Source:** author's work, 2021.

Given the importance of communication with the consumers, all respondents, i.e., 90% of them (see Table 5), believe that this is an extremely important element when building good relationships with the consumers.

**Table 5.** The importance of communication with the consumer within the point of sale.

		% of respondents
<b>In-store customer communications</b>	I disagree at all	0
	Sometimes I agree	0
	I agree	15
	I fully agree	75

**Source:** author's work, 2021.

In total, 45% of respondents fully agree that the importance of appeal on the consumer's senses is extremely important for the convenience of buying, where also consequently 30% of them agree, 10% of them sometimes agree, while only 5% of respondents believe that this element is not important (Table 6).

**Table 6.** Importance of appeal on the consumer's senses.

		% of respondents
Appeal on the consumer's senses	I disagree at all	5
	Sometimes I agree	10
	I agree	30
	I fully agree	45

Source: author's work, 2021.

## 5. CONCLUSION

It is entirely certain that on the market exist an ever-increasing competition so that it is necessary to assign differentiations. The arrangement of retail similarities will not make significant differences amongst each other, which will lead to the greater importance of appearance, retail design, design of the retail environment, the presence of the environmental atmosphere when buying, communication with the sales staff, etc.

The goal of well-designed and attractive space management is to influence the consumers to make a purchase decision, which will result in greater competitiveness at the point of sale, because it offers something different and better.

From the conducted research it has been shown that space management is of key importance for attracting consumers in every sense of the word and that it's extremely important for them how the point of sale is being managed. Research has shown that a good way of arrangement and communicative staff attracts consumers.

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