

**CONSUMER RESPONSE (APPROACH/ AVOIDANCE) BEHAVIOR TOWARDS
ATTRACTIVENESS OF ONLINE VISUAL MERCHANDISING WITH
MEDIATING EFFECT OF AROUSAL STATE: WITH SPECIAL
REFERENCE TO ONLINE RETAILING CONSUMERS IN THE WESTERN
PROVINCE OF SRI LANKA**

K.Y.M.I.D. Bandara^{1,*} and D.M.D. Chathurika²

*^{1,2}Department of Marketing Management, Faculty of Management Studies, Rajarata
University of Sri Lanka, Mihintale, Sri Lanka*

**Corresponding author (email: dinesh.dv277@gmail.com)*

INTRODUCTION

Visual merchandising is a critical component of the retail industry, as it enhances products, promotes brands, and increases sales by strategically placing and lighting focal points in retail environments. Physical retail engages all five senses to attract customers, but online, it relies solely on the screen and its imagery to draw customers. Online visual merchandising is particularly important because online retailers have limited influence over other sensory cues. This is evidenced by studies highlighting the impact of emotions on consumer behavior in response to visual cues displayed on the online interface (Choudhary, 2016; Eroglu et al., 2003).

The global trend of e-commerce growth is undeniable, with internet usage and retail e-commerce sales increasing worldwide (Statista, 2022). Sri Lanka has also experienced significant growth in e-commerce, particularly in the Western province, which has a considerable market share for online orders (ft.lk, 2022). However, despite this growth, there needs to be more existing literature on the impact of the attractiveness of online visual merchandising on consumer response (Approach/ Avoidance) behavior in Sri Lanka's online retail environment. This research gap has motivated the researcher to investigate the effect of the attractiveness of online visual merchandising on customer response (approach/ avoidance) behavior in Sri Lanka's online retail industry.

While numerous studies have explored the impact of online visual merchandising elements and customer response behavior globally, the specific context of Sri Lanka's online retail industry has been overlooked (Thomas & Mathew, 2018; Choudhary & Sharma, 2018; Prashar et al., 2017; Halim et al., 2020). Additionally, there needs to be more practical in understanding the diverse responses of consumers to online visual merchandising and identifying the elements that have the most significant impact on consumer behavior. Addressing these gaps will contribute to the existing literature and have valuable practical implications for online retailers, managers, website designers, investors, and business organizations.

The study's objectives are clearly defined, with the primary goal being to measure the impact of the attractiveness of online visual merchandising on customer response (approach/ avoidance) behavior in Sri Lanka's online retail industry. Additionally, the study aims to assess the impact of the attractiveness of online visual merchandising on consumer arousal state and determine if consumer arousal state acts as a mediator between the attractiveness of online visual merchandising and customer response (approach/ avoidance) behavior.

The study's significance is twofold, offering both theoretical and practical contributions. Theoretically, the research will fill a substantial gap in the existing literature on online visual merchandising in the context of Sri Lanka's online retail industry.

While there is an abundance of global studies on the topic, the scarcity of research specific to Sri Lanka highlights the importance of this study's findings. The practical significance of the study is equally compelling. The research outcomes will provide valuable insights for online retailers, managers, website designers, investors, and business organizations.

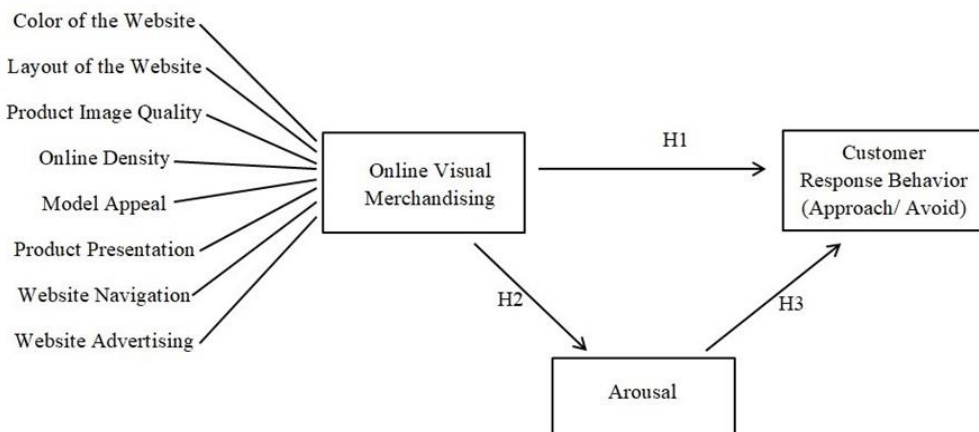
However, the study also has certain limitations that need to be acknowledged. Firstly, the focus on consumers from the Western province of Sri Lanka may limit the generalizability of the findings to other regions or contexts. Secondly, the sample size of 384 may limit the statistical power of the study and its ability to make broader inferences. Additionally, the use of convenience sampling may introduce bias, potentially affecting the representativeness of the sample. Despite these limitations, the study's well-defined objectives, research questions, and theoretical and practical significance make it valuable to understanding online visual merchandising and customer behavior in Sri Lanka's online retail industry.

METHODOLOGY

The conceptual framework serves as the foundation for the research, encompassing essential elements such as the dependent variable, independent variable, and mediating variable, represented in the following figure.

Figure 01

Conceptual Framework



Source: Choudhary, 2016

H₁: Attractiveness of online visual merchandising has a positive impact on customer response (approach/ avoidance) behavior in the Sri Lankan online retail industry.

H₂: Attractiveness of online visual merchandising positively impacts consumer arousal state in the Sri Lankan online retail industry.

H₃: Consumer arousal state mediates the impact of attractiveness online visual merchandising on customer response (approach/ avoidance) behavior in the Sri Lankan online retail industry.

The research in question adopts a positivist research philosophy, which focuses on observable reality within society and emphasizes using pure data and facts without human interpretation or bias. The quantitative research approach employs formal hypotheses and deductive reasoning to establish causation and use statistical analysis. An explanatory research design is

employed. The time horizon used is cross-sectional, collecting data from various individuals at a single point in time.

For data collection, both primary and secondary data were used. Secondary data were gathered from different sources such as models, previous research, articles, journals, statistical reports, and online data sources. Primary data were collected through a standardized questionnaire.

The target population for the study is consumers who purchase products from online retail interfaces in the Western province of Sri Lanka. A convenient sampling method, under non-probability sampling, was used to select the sample due to the unknown population size. The sample size of 384 respondents was calculated using the Morgan table to ensure accuracy in estimating proportions with a 95% confidence level.

The unit of analysis is the consumer who purchases products from online retail interfaces in the Western province of Sri Lanka. Data analysis was conducted using both descriptive and inferential statistical methods. Descriptive statistics and inferential statistics were employed for analysis. Additionally, Sobel tests were used to identify any mediating effects. SPSS version 21 was utilized to examine the gathered data.

Table 01

Operationalization table

Variable	Dimensions	Indicators	Source
Attractiveness of Online Visual Merchandising	Color of the Online Interface	The color theme and text of the online interface are visually pleasing	(Choudhary & Sharma, 2018)
		The color theme and text of the online interface are trendy.	
		The color theme and text of the online interface are attractive.	
	Layout of the Online Interface	The layout of the online interface is well-structured	(Choudhary & Sharma, 2018)
		The layout of the online interface has good displays.	
		The layout of the online interface is consistent with the overall style.	
	Product Image Quality	The online interface looks nice because of the product image quality	(Choudhary & Sharma, 2018)
		The product image quality is good.	
		The product image quality is visually comforting.	
	Online Density	The product density (number of pictures on a page) is appropriate	(Choudhary & Sharma, 2018)
		The product density is visually attractive.	
		The product density is systematized.	

	Model Appeal	The model presents the products properly	(Choudhary & Sharma, 2018)
		The models in the pictures are good-looking.	
		The models of the online interface are visually calming.	
	Product Presentation	The interactivity of product presentation is appropriate	(Choudhary & Sharma, 2018)
		The interactivity of the product presentation is lively.	
		The interactivity of product presentation is engaging.	
		The interactivity of product presentation is stimulating.	
	Online Interface Navigation	The online interface has a good presentation of the products.	(Choudhary & Sharma, 2018)
		The online interface is easy to use.	
		The navigation of the online interface is easy.	
		The online interface is flexible to use.	
	Online Interface Advertising	The banner ads and promotional text have clear messages	(Choudhary & Sharma, 2018)
The banner ads and promotional text are knowledgeable.			
The banner ads and promotional text are engaging.			
Arousal State	-	After viewing this online interface, I felt Excited	(Martinez & Mcandrews, 2021) (Choudhary & Sharma, 2018)
		After viewing this online interface, I felt aroused.	
		After viewing this online interface, I felt wide awake.	
		After viewing this online interface, I felt frenzied.	
		After viewing this online interface, I felt jittery.	
		After viewing this online interface, I felt controlled.	
Customer Response Behavior (Approach/Avoidance Behavior)	-	I enjoyed visiting the online interface.	(Choudhary & Sharma, 2018)
		I was frustrated while looking at the online interface.	
		I was satisfied with my shopping experience at the online interface.	

		I don't like the environment of the online interface.	
		I would avoid looking around or exploring the environment of the online interface.	
		Given a choice, I would probably not return to the online interface.	
		I like the environment of the online interface.	
		I might end up spending more money than I originally set out to spend	
		I recommend this online interface to other people.	

RESULTS AND DISCUSSION

Table 02

Correlations

	Online Visual Merchandising	Arousal State	Consumer Response Behavior
Online Visual Merchandising	1		
Arousal State	0.915**	1	
Consumer Response Behavior	0.957**	0.942**	1

** p<0.01

The results of the correlation analysis indicate that there is a strong positive relationship between OVM, AS, and CRB. The correlation between OVM and CRB is the strongest (r = .957), followed by the correlation between CRB and AS (r = 0.942) and the correlation between OVM and AS (r = .915). These results suggest a high degree of correlation between these variables.

Table 03

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	235.850	2	117.925	3117.969	0.000 ^b
Residual	14.410	381	0.038		
Total	250.260	383			

R Square: 0.942, R: 0.971a

The model summary table provides an overview of the goodness-of-fit of the model. The R-value of 0.971 indicates a strong positive correlation between the predictors (OVM and AS) and the dependent variable (Customer Response Behavior or CRB). The R square value of 0.942 means that OVM and AS can explain 94.2% of the variation in CRB. The Adjusted R Square value of 0.942 means that the model can explain 94.2% of the variation in CRB, adjusting for the number of predictors. The standard error (Std. error) of the estimated value of 0.194 indicates the average difference between the predicted value of CRB and the actual value of CRB.

The ANOVA table provides an analysis of variance for the model. The regression sum of squares (235.850) represents the variation in CRB that can be explained by the predictors (OVM and AS). The residual sum of squares (14.410) represents the variation in CRB that the predictors cannot explain. The total sum of squares (250.260) represents the total variation in CRB. The F value of 3117.969 and the associated p-value of 0.000 indicate that the model as a whole is statistically significant in predicting CRB.

Table 05
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	β		
(Constant)	-0.106	0.026		-4.078	0.000
AS	0.393	0.029	0.408	13.387	0.000
OVM	0.673	0.035	0.583	19.134	0.000

The coefficients table displays unstandardized and standardized coefficients for predictors. Unstandardized coefficients (B) show the change in CRB with a one-unit increase in the predictor, holding other predictors constant. Standardized coefficients (Beta) show the change in CRB with a one-standard-deviation increase in the predictor, holding other predictors constant. The Std. error is the average difference between the coefficient estimate and the actual value. The t-value is the coefficient estimate's ratio to the Std. error, and the P-value tests if the actual coefficient is zero. In this case, both OVM and AS have significant positive coefficients, indicating that higher OVM and AS relate to higher CRB levels.

Table 06
Sobel test

		Test statistic	Std. Error	p-value
a (OVM)	1.096	4.171	0.103	0.000
b (AS)	0.393			
s _a	0.250			
s _b	0.029			

The study reveals that online visual merchandising (a) positively impacts consumer response behavior, as indicated by a coefficient of 1.096. Arousal state (b) similarly positively influences consumer response behavior and mediates online visual merchandising and consumer response behavior, with a coefficient of 0.393. Utilizing these coefficients, the Sobel test was conducted, yielding a test statistic of 4.171, a Std. error of 0.103, and a significant P-value of 0.000 (<0.05), underscoring the significant mediation effect of arousal state in explaining the relationship between online visual merchandising and consumer response behavior. In summary, the study underscores the pivotal role of the arousal state as a mediator in the relationship between online visual merchandising and consumer response behavior within the context of online retail consumers in the Western province of Sri Lanka.

CONCLUSION AND IMPLICATIONS

This study investigates the impact of the attractiveness of online visual merchandising on customer response (approach/ avoidance) behavior and consumer arousal state in the Sri Lankan online retail industry. The findings show that the attractiveness of online visual

merchandising positively influences both customer response (approach/ avoidance) behavior and consumer arousal state. The study also reveals that consumer arousal state acts as a mediator between the attractiveness of online visual merchandising and customer response behavior.

The positive relationship between the attractiveness of online visual merchandising and customer response (approach/ avoidance) behavior suggests the importance of creating visually appealing online platforms for enhanced customer engagement. The study recommends that online retailers focus on various aspects of visual merchandising, including color, layout, image quality, density, model appeal, product presentation, navigation, and advertising. For future research, the study suggests conducting similar research in different regions or contexts for broader applicability. Using a larger sample size could increase statistical power and reliability. Employing more representative sampling methods would enhance validity.

Keywords: Arousal state, customer response behavior, online visual merchandising

REFERENCES

- Choudhary, F. S. (2016). Online visual merchandising affects customers' response behaviour, a conceptual model, *International Journal of Science Technology and Management*, 5(2), 87–105.
- Choudhary, & Sharma. (2018). Mediating role of analysis of affective state for generating consumer response towards visual merchandising in online context. *Researcher*, 2(2).
- Choi, J., Kim, Y., & Lee, J. (2019). Personalized visual merchandising and its impact on online shoppers' emotion, attitude, and purchase intention. *Journal of Retailing and Consumer Services*, 49, 270-277.
- Kim, J., & Lennon, S. J. (2014). Visual merchandising in online retailing: a review and implications for future
- Kim, J. H., Fiore, A. M., & Lee, H. H. (2007). Effects of image interactivity technology on consumer responses toward the online retailer. *Journal of Interactive Marketing*, 21(3), 38-53.
- Park, J., Lee, H. J., & Han, I. (2007). The effect of online consumer reviews on consumer purchasing intention: The moderating role of involvement. *International Journal of Electronic Commerce*, 11(4), 125-148.
- Kim, Y., & Park, J. (2013). The effect of web interface features on consumer online purchase intention, *International Journal of Electronic Commerce*, 17(3), 49-69.
- Hsu, Y. C., & Yeh, Y. C. (2018). The effect of online product display on consumers' approach behavior: The role of arousal and perceived risk. *Journal of Business Research*, 91, 55-64.
- Effects of Online Shopping Values and Website Cues on Purchase Behaviour: A Study Using S–O–R Framework—Sanjeev Prashar, T. Sai Vijay, Chandan Parsad, 2017. (n.d.). Retrieved March 19, 2023
- Eroglu, S. A., Machleit, K. A., & Davis, L. M. (2001). Atmospheric qualities of online retailing, *Journal of Business Research*, 54(2), 177–184.