



## Can POP Ads about organic ingredients lower the informational purchasing barrier and raise the purchase intention? : perspective of franchise and new product

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**Abstract.** This paper aimed to examine the effect of POP Ads on informational purchasing barrier and purchase intention and the moderating effect of franchise and new product. To test this study, this research designed a questionnaire where respondents would answer on the basis of 8 types. This research conducted the offline survey to 615 adult people residing in Gyeongbuk province. Excluding 16 copies of the questionnaire which were not answered faithfully, this research used 599 copies for analysis. T-test, ANOVA, Regression analysis were used to verify the hypothesis. The analysis of this research proved that POP advertisements about organic ingredients lower the informational purchasing barrier and raise trust on organic food, raising purchase intention of organic food. It also proved that such an effect is moderated by whether a product is franchised or not, and whether a product is perceived as new or not. That is, POP advertisements were more effective for non-franchised products and new products than for franchised and existing products. The analysis of this research also identified a complete mediating effect of informational purchasing barrier. Therefore, lowering informational purchasing barrier is the most effective way to raise purchase intention. If informational purchasing barrier is not lowered, POP advertisements cannot raise purchase intention. Thus, to increase purchase intention, it is necessary to find out what informational purchasing barrier is, and include the contents related with lowering informational purchasing barrier in POP advertisements. It is necessary to do researches on purchase intention by using POP advertisements on customized local brands of organic bread for millennial generations who are major consumers, and who put emphasis on health and environment.

**Keywords:** Organic food, POP (Point of Purchase) advertisements, NBF(Non-buyers with favorable intentions), Informational purchasing barrier, Purchase intention.

Received: 07.12.2020

Accepted: 11.01.2021

Published: 06.02.2021

### INTRODUCTION

Nowadays, development of scientific technologies and medical technologies have led to the growth of individual incomes and improvement of life styles and lengthening of average life span. However, stress and fast food threaten people's health. To improve such a situation, the concept of well-being emerged, and products related with it began to be released. Attentive to their health, people are also interested in organic food and organic food ingredients.

With the increase of consumers seeking healthy foods and products, organic food markets in the works are growing. While markets are growing, the number of consumers procuring organic foods is still not many.

While people have good images on organic foods, they do not buy such foods in many cases. They are called Non-buyers with favorable intentions (NBF). The reason why NBF do not buy organic foods is from barriers to purchase caused by insufficient information on such foods [1]. Those barriers are high prices of organic foods, insufficient trust and knowledge on such foods, assumption that they may not be delicious, and shortage of organic food retailers [2]. Organic food retailers make efforts to publicize organic foods through various ways to advertise them intended to lower information purchasing barriers and make consumers purchase them.

This research aimed to examine the effect of Point of Purchase (POP) advertisement on informational purchase barrier and purchase intention, the moderation effect of franchise or not in the effect of POP, and of the type of product (existing product or new product). In addition, it also aimed to know the effect

of informational purchase barrier on purchase intention and the mediating effect of informational purchase barrier in the relationship between POP advertisement and purchase intention. The purpose of POP advertisement is to lower informational purchase barrier and raise purchase intention of NBFIs on organic foods.

## **2. Materials and Methodology**

### *2.1. Theoretical Backgrounds and Hypotheses*

#### *2.1.1. Definition of organic food*

Organic food is agricultural food cultivated using only organic fertilizer without using chemical fertilizer or agricultural chemical, and what is processed with 100% organic food can be defined as organic processed food. Production of produce organic food needs more investment than ordinary food, and has limitation in supply. So, production cost of organic food is higher than ordinary food. The reason why organic food is more expensive than ordinary food is from the fact that it is necessary to use expensive organic fertilizer, compost or enzyme fertilizer instead of cheap chemical fertilizer or agricultural chemicals, and that such fertilizers are difficult to secure, and need more labor. So, the product is more expensive.

Nevertheless, the reasons consumers are willing to pay vary, with quality being the most important, consumer's health, and environmental concerns [3].

#### *2.1.2. NBFIs (Non-buyers with favorable intentions)*

Many of consumers know that organic food is healthful, and good to environment. Nevertheless, they purchase ordinary food rather than organic food, because there are barriers to organic food. Such consumers who favor organic food, but do not buy them are called non-buyers with favorable intentions (NBFIs).

#### *2.1.3. Informational Purchase Barriers*

In general, purchase barriers are factors hindering purchase in purchasing process. There are barriers like risk consumers feel, feeling of unknown, and anxiety [4].

They say that the barriers to information purchase of organic food are high prices, lack of consumer awareness, low availability of organic products, short shelf life, and low visibility in stores [5]. Even "regular" organic food buyers spend less than half of their budget on organic food on average [6].

#### *2.1.4. POP (Point Of Purchase) Advertisement*

POP advertisement is advertisement performed in front of or in the shop. POP advertisement is exposed at the point where purchase is made, promoting purchase decision, and leading consumers to buy on impulse.

Therefore, in order to promote the quantity of goods, POP advertising continuously enhances the formal beauty of the concept, effectively conveying information and encouraging consumers to purchase goods [7]. POP advertisement has the following functions: product explanation using displayed product in the shop, shop guide, selling promotion, forming of shop atmosphere, brand advertisement, and assistant role of public relations. If advertisements on mass media induce consumers to the shop, but POP advertisement provides them with information on the product, helping consumers to make a final decision to buy it. When a consumer reads information on POP advertisement, and accepts it as persuasive, he or she decides to buy it [8]. NBFIs do not buy the product because of purchase barriers caused by lack of information on organic food. Expecting that POP advertisement will lower purchase barriers, this study set hypothesis 1.

H1: POP advertisement will lower purchase barriers.

#### *2.1.5. Franchise*

Unlike conventional market transactions, franchise contracts are generally imposed on franchise retail quality standards, normal business hours, price transactions, non-linear settlement schedules, etc., and franchisees generally provide national advertising and education programs, monitor and inspect the

performance of franchisees, and retain the remaining amount [9]. Restaurant franchisor and franchisees share a common brand, providing consumers with consistency and trust. Accordingly, the franchisor does advertise marketing as a way to share and establish the same identity by providing the same menu, production process, and service.

Researches on the effect of information sources (advertisement models) on the acceptance by consumers of the advertisement messages have found out that the more credible, attractive, and authoritative of information sources are, the more receptive consumers get to the advertisement messages. Therefore, through TV commercials, the restaurant franchise company tries to take advantage of such information source effects to establish shared identity of the brand. And, cognitive theory of Brunswik (1952) views cognitive process as the abstraction process where one uses various uncertain clues. Using various clues, consumer has the general image of the environment, and, as clue plays mediating role, it is called lens model. In other words, consumers who are low in knowledge level about a product use clues like price, and reputation of the product, and assume that the brand which is more expensive and well-known than other brands must be higher in quality than other brands. As we can recognize by the lens model, consumers know more clues about a well-known brand than about other brands.

On the other hand, non-franchise business is what the owner runs independently with its own store name. Consumers do not have sufficient clues on such non-franchise product or service. For franchise products, consumers may pay less attention to POP advertisements because they already have many clues on the products. For non-franchise products, they will pay more attention to POP advertisements, because they do not have sufficient information on the products. Consumers are exposed to many POP advertisements. Consumers of franchise brands will not pay much attention to such POP advertisements, because they are already trustful of the product. But, they will pay more attention to such advertisement for a non-franchise product, because they do not have many clues on it. So, this study set hypothesis 2.

H2. The effect of POP advertisement on informational purchase barriers will be moderated by franchise.

#### *2.1.6. New Product*

While there are many definitions on new product, a narrow definition is an innovative product performing new functions which have not been performed. But, to business, even if a product was already launched to the market, but if the manufacturing method is new, it can be called product expansion. It has three kinds: product revision, product addition, and product repositioning. To consumers, a new product is product or service which is perceived as a new one.

Therefore, advertisement for a new product is different from that for an existing product. In the case of advertisement for an existing product on which consumers already know the characteristics of it, advertisement on it focuses on making consumers continue to remember it and buy it. But, advertisement for a new product on which consumers have no or little information focuses on delivering information about the product to consumers, rather than recognition on the brand.

consumers do not have much information on a new product, advertisement for a new product tends to focus on making consumers recognize the brand, or providing them with information on the product. So, consumers will pay more attention to POP advertisement to a new product, than to an existing product. Thus, the study expects that POP advertisement will lower purchase barriers more for the new product than for the existing product. So, it set hypothesis 3.

H3. The effect of POP advertisement on informational purchase barriers will be moderated by perception of newness of a product.

#### *2.1.7. Purchase Intention*

Purchase intention means prediction or plan on the future toward which consumers will behave, and the possibility that beliefs or attitudes of consumers will lead to purchase behavior. In addition, purchase intention is the concept combining consumer's attention to a product or service and possibility that he or she will buy it. By an external factor in environment, purchase intention can change. This indicates that Chinese consumers' willingness to buy organic food is greatly affected by factors such as income, confidence in organic food, acceptance of organic food prices, and consumers' concerns about their own health [10]. When the consumer thinks the price is proper, his purchase intention goes up. It is true to food as well. Knowledge based on reliable information was pointed out as an important factor for consumers to decide to purchase the product.

Consequently, knowledge based on information acquired from POP advertisement will lower information purchase barriers and boost purchase intention.

Reliable information on a food is an important factor for the consumer to make decision to buy it. Expecting that POP advertisement will deliver information on organic food, leading to lowering of informational purchase barriers, and increasing purchase intention, this study set hypothesis 4.

H4. The lower informational purchase barriers are the higher purchase intention gets.

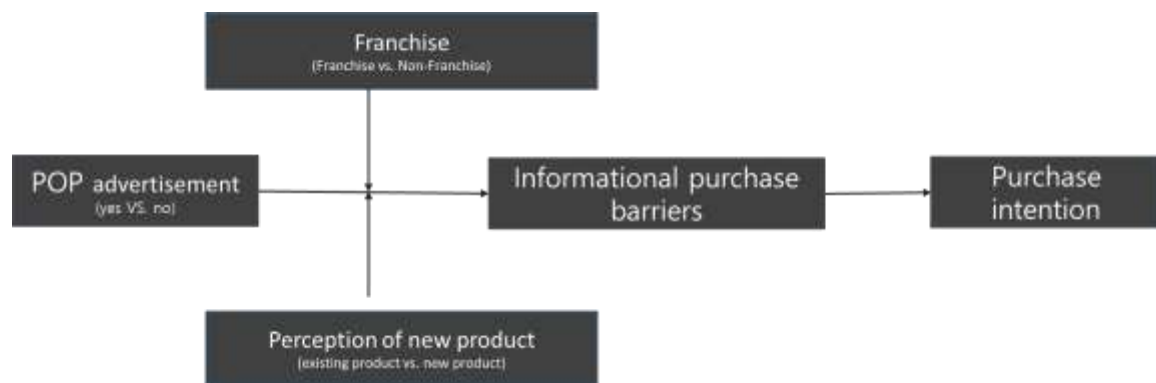
If a consumer is exposed to POP advertisement at the time point when he or she wants to buy a product, such information from the advertisement will lower informational purchase barriers (H1), and the lower informational purchase barriers are, the higher purchase intention gets (H4). Consequently, expecting that POP advertisement on a organic food will lower informational purchase barriers on such food, and raise purchase intention on it, this study set hypothesis 5.

H5. Informational purchase barriers will mediate the relationship between POP advertisement and purchase intention.

## 2.2. Research Model

### 2.2.1. Research Model

Based on the above discussions, this research constructed the relationship among variables into a research model. The independent variable in this model is POP advertisement or not, mediating variable is informational purchase barriers, and the dependent variable is purchase intention. Moderating variables are franchise or non-franchise, and being perceived as new product or not.



**Figure 1** Research model

### 2.2.2. Experimental design and analysis

The research model was designed as POP advertisement (yes, no)<sup>2\*</sup> franchise (or not)<sup>2\*</sup> being perceived as newness (existing product or new product).

This study analyzed various advertisements on organic breads used in bakeries on the streets. Those advertisements are on franchise, and non-franchise products, existing brands and new brands. POP advertisement on organic bread which was agreed upon as the most proper was expressed as organic processed food mark authorized by the Ministry of Agriculture, Food and Rural Affairs and the message, 'organic agriculture, Korean wheat, whole wheat powder, organic sugar, and no-antibiotic egg'. The questionnaire was randomly distributed regardless of the characteristics of respondents. Each respondent was asked to answer one of the 8 kinds of questionnaire.

### 2.2.3. Analytical method

Before testing hypotheses, this study did validity and reliability tests. The research model was under t-test, regression analysis, and ANOVA analysis to test hypotheses. The statistical program used for analysis was SPSS 22(Statistical Package for the Social Sciences 22).

## 2. Results and Discussion

H1: POP advertisement will lower purchase barriers.

To test H1, this study did t-test to compare means of two groups. When POP advertisement was not provided, the mean of informational purchase barriers was  $m=4.017$ , and, when it was provided, the mean was  $m=3.661$ . For these two means,  $t=4.356$ ,  $p<0.000$ , which means that the difference is statistically significant. So, H1 was adopted.

**Table 1** POP advertisement and informational purchase barriers

POP Ads	<i>n</i>	Informational purchase barriers(m)	S.D	<i>t</i>	<i>p</i>
No	300	4.017	1.001	4.356	.00
Yes	299	3.661	.999		

H2. The effect of POP advertisement on informational purchase barriers will be moderated by franchise.

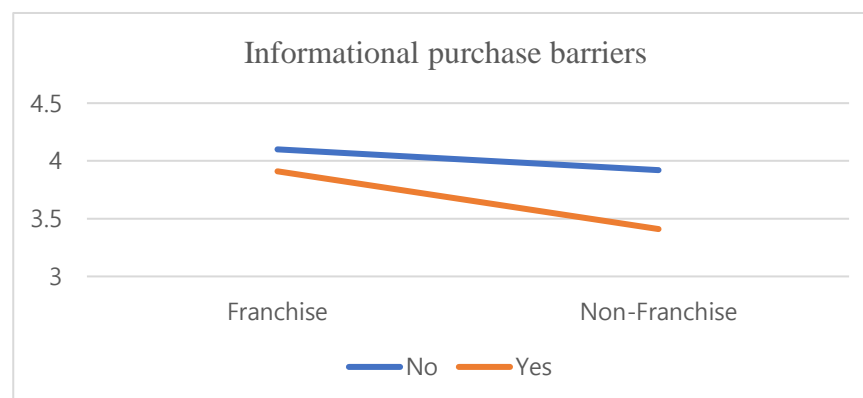
To test H2, this study did t-test to compare means of two groups, and to test moderating effect of franchise, performed ANOVA. The analysis showed the difference in means is significant at significance level 0.05. When the brand was franchise, and when POP advertisement was not given, mean of informational purchase barriers was 4.10, and when POP advertisement was given, mean of purchase barriers was 3.91. For the difference of two means,  $t=1.72$ ,  $p>.08$ . So, it was not significant. Meanwhile, when the brand was non-franchise, and when POP advertisement was not given, mean of purchase barriers was 3.92, but, when POP advertisement was given, mean of purchase barriers was 3.41, and  $t=4.37$ ,  $p = .00$ . Thus, H2 was adopted.

**Table 2** Moderating effect of franchise

	Sum of squares	df	Mean square	F	<i>p</i>
POP Ads	18.302	1	18.302	18.90	.00
Franchise	17.608	1	17.608	18.18	.00
POP Ads *Franchise	3.746	1	3.746	3.87	.05

**Table 3** Moderating effect of franchise on the relationship between POP advertisement and informational purchase barriers

	<i>n</i>	Purchase barriers(m)	S.D	<i>t</i>	<i>p</i>
Franchise	151	POP NO	4.10	1.72	.08
	146	POP Yes	3.91		
Non-Franchise	149	POP No	3.92	4.37	.00
	153	POP Yes	3.41		



**Figure 2** Moderating effect of franchise on the relationship between POP advertisement and informational purchase barriers

H3. The effect of POP advertisement on informational purchase barriers will be moderated by perception of newness of a product.

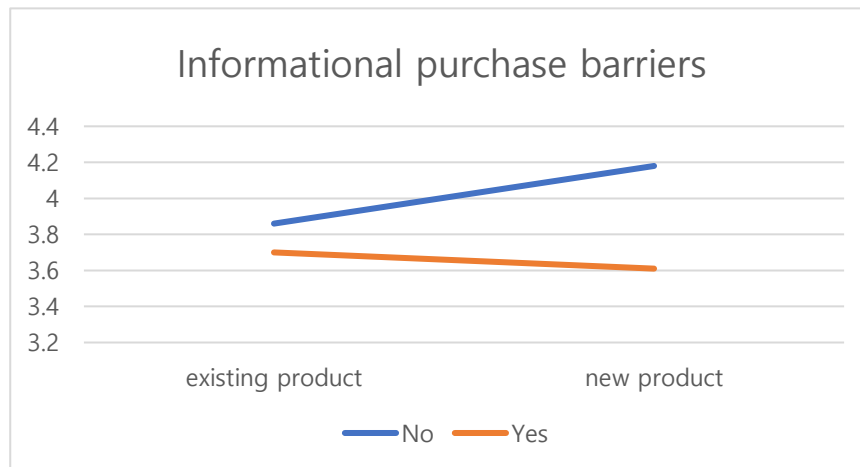
To test H3, this study compare means of two groups, and to test moderating effect of perception of newness of the product, performed ANOVA. For the existing product, when POP advertisement was not given, mean of informational purchase barriers was 3.86, and when POP advertisement was given, mean of purchase barriers was 4.18. For the difference of two means,  $t=1.58$ ,  $p= 0.11$ . So, it was not significant. Meanwhile, for the new product, and when POP advertisement was not given, mean of purchase barriers was 4.18, but, when POP advertisement was given, mean of purchase barriers was 3.61, and  $t=4.51$ ,  $p= 0.00$ . Thus, H3 was adopted.

**Table 4** Moderating effect of perception of newness of the product

Source	Sum of squares	df	Mean square	F	p
POP Ads	20.148	1	20.148	20.339	.000
new product	2.054	1	2.054	2.073	.150
POP Ads * new product	5.992	1	5.992	6.049	.014

**Table 5** Moderating effect of perception of newness of the product on the relationship between POP advertisement and informational purchase barriers

perception of newness of the product	n	Informational purchase barriers(m)	S.D	t	p
existing product	158	POP No	3.86	1.58	.11
	160	POP Yes	3.70		
new product	142	POP No	4.18	4.51	.00
	139	POP Yes	3.61		



**Figure 3** Moderating effect of perception of newness of the product

on the relationship between POP advertisement and informational purchase barriers

H4. The lower informational purchase barriers are the higher purchase intention gets.

To test H4, this study did regression analysis, and the finding was significant at significance level=0.000. So, H4 was adopted.

**Table 6** Relationship between informational purchase barriers and purchase intention

	nonstandard coefficient		standard coefficient	t	p
	B	S.E	B		
constant	6.458	.218	-.423	29.626	.000



informational purchase barriers	-.626	.055		-11.411	.000
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H5. Informational purchase barriers will mediate the relationship between POP advertisement and purchase intention.

To test H5, this study did mediating regression analysis, and it was found that, in the first step, POP advertisement significant effect on purchase intention ( $\beta=.16$ ,  $p=.00$ ); in the second step, POP advertisement significant effect on informational purchase barriers ( $\beta=-.18$ ,  $p=.00$ ); in the third step, the effect of POP advertisement on purchase intention was not significant ( $\beta=1.68$ ,  $p=.10$ ), and the effect of informational purchase barriers on purchase intention was significant ( $\beta=-.41$ ,  $p=.00$ ). Therefore, it was found that there is complete mediation.

**Table 7** Mediating effect of informational purchase barriers

Model		B	S.E.	$\beta$	$t$	$p$
POP Ads	Purchase intention	.41	.12	.16	3.34	.00
POP Ads	purchase barriers	-.36	.09	-.18	-4.36	.00
POP Ads	Purchase intention	.19	.11	.06	1.68	.10
informational purchase barriers		-.61	.06	-.41	-10.96	.00

### 3. Conclusion

This study is about the effect of POP advertisement on informational purchase barriers, and the effect of informational purchase barriers on purchase intention. It was found that hypothesis 1, 'POP advertisement will lower informational purchase barriers' was adopted, that hypothesis 2, 'the effect of POP advertisement on informational purchase barriers will be moderated by franchise', and hypothesis 3, 'the effect of POP advertisement on informational purchase barriers will be moderated by perception of newness of the product' were both adopted. In addition, hypothesis 4, 'the lower informational purchase barriers are, the higher purchase intention gets' was also adopted. And, hypothesis 5, 'informational purchase barriers will mediate the effect of POP advertisement on purchase intention' was adopted.

This study affirmed the argument of Phillip Frank & Christian Brock that POP advertisement will lower 'informational purchase barriers and raise the trust to organic food, leading to increase of purchase of organic food. And, this study affirmed that two variables, franchise or not and perception of newness of the product, plays moderating roles in the relationship between POP advertisement and informational purchase barriers, proving that lowering informational purchase barriers is the most important factor in the relationship between POP advertisement and purchase intention. As informational purchase barriers should be lowered to make POP advertisement raise purchase intention, it seems desirable to include some information to lower informational purchase barriers in POP advertisement.

As this study limited its analysis on organic bread, it is difficult to generalize the findings to all various food containing organic ingredients.

There are other informational purchase barriers except for what this study suggests – high price, trust, knowledge, and taste. Other studies have pointed out accessibility to the shop, friendliness and shop appearance, etc. In future studies, such factors need to be included.

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