Visual Merchandizing: Soul of Retailing

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Abstract

In India, one of the biggest hands in revenue generation, employment generation, increased turnover and many other factors is that of Retail trade. Across globe, India is the 2nd fastest growing economy. Visual Merchandising is the presentation of merchandise as well as a store in order to attract customers. It is an attractive way and an eye-catching technique to tell customers what the store stands for and offers to its potential customers (Jain, Sharma, &Narwal, 2012). The main objective of this research study is to understand Consumer's perception towards visual merchandising. A total of 300 responses will be collected who visit and shop at retail apparel stores and are above 20 yrs. These stores are the organized retail stores. Convenience sampling method (non-probability sampling technique) is used to select the sample selected as it is done according to the convenient accessibility and proximity of researcher. The data collected using a questionnaire will be examined with tools Factor Analysis and Binary Logistic Regression to obtain the results. This study was conducted to test how the visual merchandising and outlook factors impact store image and customer buying behaviour. This study is limited to a certain size of study sample. In order to stand out in the increasing competition, it is important that retailers design their store and present it in a creative and eye-catching manner. Greater concern should be given to the product displayed in windows and on mannequins as they are they drivers for the footfalls in the store.

Keywords:

Visual Merchandising, Consumer Perception, Consumer Purchase Intention, Retail

Introduction

In India, one of the biggest hands in revenue generation, employment generation, increased turnover and many other factors is that of Retail trade. Across globe, India is the 2nd fastest growing economy. In terms of GDP it is the 3rd largest economy and in terms of PPP (Purchasing Power Parity) it is the fourth largest economy in the world. With recurrence of growth in Indian economy, consumer buying is considered to be a key opportunity in the retail sector. To use the

resources optimally, the multinational players and the domestic players are emphasizing to refocus their strategic perspective in the retail marketing. This would help them to gain competitive advantage and create the core competencies (Akhter & Equbal, 2012).

Anything that results in attention, interest, desire and action and creates a positive image, both interior and exterior in the mind of customers can be defined as Visual merchandising (Bastow-Shoop et al., 1991). Every space, visually stimulating factor and environment is covered under the Visual Merchandising Design. This also includes the color, in-store promotions, window display, lighting, layout as well as the architectural appearance. The advantage is that it adds visual excitement to the store's overall image and personality and increases the sales and traffic of a particular store.

Previous literature reviews state the various variables that help a retailer attract customers to his store like store design, mannequin display, promotional signage etc. The challenge occurs where the females are more attracted towards such visual tools as compared to those of males. This gender difference is dealt with in this study (Hefer&Cant, 2012). This paper aims at studying all important visual merchandising factors that helps the retailer to establish a store image in the consumer's mind. The objective of the study undertaken is to observe the factors that affect a store's image in consumer's mind and how it drives the consumer's purchase intention.

The attitudinal shift of the Indian consumer has led to the emergence of organized retail formats has transformed the face of the Indian Retail Industry which is the tenth largest retail industry in the world (Akhter & Equbal, 20012). In respect to the Indian growth rate the sector has been projected as a key opportunity area. Retailing has been a primitive business and transactions were restricted as compared to the formalized system spread across geographical locations today.

Review of Literature

Visual Merchandising is the presentation of merchandise as well as a store in order to attract customers. It is an attractive way and an eye-catching technique to tell customers what the store stands for and offers to its potential customers (Jain, Sharma, &Narwal, 2012). In an effort to intensely appeal to consumers, visually interesting factors are being established and applied as a strategy. Multiple ideas like merchandise experience are carried out by applying V.M.D. (Kim, 2013).

Bell and Ternus (2002) further state that the factors of visual merchandising, such as window and interior display, store layouts &interior design, promotional signing, fixture layouts, displaying merchandise on walls and fixtures.

Window displays plays the most vital visual communication tool which helps to build a store image as stated by Lea-Greenwood (1998). Edwards and Shackley (1992) reported that sales increase when window displays are used, especially for new products, and well- known brands. Similar to the previous research, Omar (1999) stressed that the cautious selection of merchandise for the display– items

that are unique, stylish, timely, or particularly good value—adds to the successful sale of the items.

Previously conducted researches portray that visual merchandising is comprised of several factors namely, store layout, color, lighting, cleanliness, store design, window displays, mannequin display, floor merchandising & promotional signage (Ahir&Mali, 2013). Majority of the studies were done on women as they are fond of shopping and an impulse buyer too. Numerous studies state that visual communication and merchandising is a major predictor of consumer's impulse buying behavior and purchase pattern (Hefer& Cant, 2012).

Out of the major variables that were studied as factors of visual merchandising, window displays and in-store promotional signage have a great positive impact on consumer's impulse buying behavior (Ahir&Mali, 2013).

Visual merchandising is a broad and important area of study when concerned with retail stores that involve high impulse purchases. From the retailer's viewpoint, infrastructure and economic growth are the most influencing factors (Jhamb&Kiran)

Research Objectives

The main objective of this research study

1) To identify the major factors that may influence the store image and purchase intention

2) To study the relationship between the identified factors and the store image

3) To study the relationship between visual merchandising and purchase intention

Research Hypothesis

Following are the hypotheses:

H_{01}: Window Display does not affect a store image

H_{02}: There is no relationship between store design and the store image

H_{03}: Lighting plays no role in influencing the store image

H_{04}: In-store display does not influence a store image

H_{05}: Floor merchandising has no relationship with store image

H_{06}: Promotional signage does not drive consumers to a store and enhances store image

H_{07}: There is no relationship between visual merchandising and consumer's purchase intention

H_{08}: Effect of visual merchandising on store image does not vary across store image

Research Methodology

The sample will be chosen from a large population residing in Bangalore. A total of 300 responses will be collected who visit and shop at retail apparel stores and are above 20 yrs. These stores are the organized retail stores. Convenience sampling method (non-probability sampling technique) is used to select the sample selected as it is done according to the convenient accessibility and proximity of researcher.This research is a descriptive cross-sectional research. Six independent variables relating to visual merchandising will be studied to find out their relationship with store image and consumer purchase intention. The data collected using a questionnaire will be examined with tools Factor Analysis and Binary Logistic Regression to obtain the results.

Analysis and Discussions

• Demographic Profile of Respondents

Responses of 255 completed questionnaires out of sample of 300 were taken for further study. The survey was done in and out different apparel retail outlets in Bangalore. Descriptive Statistics using Frequency Analysis was done to determine the profile of the respondents whose responses were taken for the study. The following are the results obtained from the analysis.

The table 1 below shows that the maximum numbers of respondent were from the age group of 20-30 with frequency 199 and percent 78. The gender distribution of the respondents is stated in the table below. The table 1 shows that the sample consisted of 133 females and 122 males. 2.2% of the total respondents were females while males accounted for 47.8%. The respondents profile show that maximum responses were captured from those who are student and frequently visit apparel retail stores followed by working professional. 67.5% of the total sample comprises students. The descriptive show that 80.4% of the total respondents were married (205) while 19.6% (50) were unmarried.

Table 1 (Demographic Profile of Respondents)

Age (in years)	Frequency	Percent
20-30	199	78
30-40	51	20
Above 40	5	2
Total	255	100
Gender	Frequency	Percent
Female	133	52.2
Male	122	47.8
Total	255	100
Occupation	Frequency	Percent
Student	172	67.5
Self-Employed	23	9
Working Professional	43	16.9
Home-maker	17	6.7
Total	255	100
Marital Status	Frequency	Percent
Unmarried	205	80.4
Married	50	19.6
Total	255	100

Influence of Visual Merchandising factors on Store Image

Exploratory Factor Analysis (EFA) was performed on all the

38 items in the study. KMO measure of sampling adequacy was reported as 0.785.

Table 2KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.785
Bartlett's Test of Sphericity	Approx. Chi-Square	5505.538
	df	703
	Sig.	0

38 items were undertaken to perform a principal component exploratory factor analysis with Varimax rotation. All the items reported communality values more than 0.50 indicating that all the items are working well with the factor analysis. 70.997% of the total variance has been explained by six-factor structure obtained by conducting EFA. All these factors reported Eigen value greater than 1.

Table 3Factor analysis Components and variables

S.N.	Component	Variace Explained in %	Variable	Loading
1	Window Display	22.147	I tend to walk-in to a store which has attractive display	0.806
			Frequent changes in the window display arouse my interest towards products of that store.	0.791
			I feel compelled to enter the store when I see an interesting window display	0.791
			According to me, window displays affect the store image	0.658
			I prefer to visit stores that change their window displays frequently	0.636
			I always look at the window display before going into a store	0.798
			Attractive widow displays make me a regular customer of a store	0.718
			I have affinity towards the stores that have eye-catching window displays	0.656
			Window displays help me to choose a store for shopping	0.601
			Window displays always increase your interest towards those product items being displayed.	0.68
			Frequent changes in the window display help me to learn about the new merchandises in the store	0.628
			A store window display helps me to know the latest fashion trends	0.588
2.	Product Presentation	8.189	I tend to buy unintended products while I'm browsing the aisles of a store.	0.849
			I tend to stop and browse products displayed on shelves.	0.788
			Product presentation is important for me while choosing a store to shop	0.707
			I tend to buy products displayed on shelves onsite.	0.512
3	Promotional Signage	8.102	Stores with attractive promotional signage are my preference	0.579
			I prefer to visit stores who provide in-store signage on promotions	0.866
			I tend to purchase products from special offers communicated by in-store advertising and promotion signage	0.803
			Promotional signage entices me to browse products.	0.724
			Price reductions, discounts, special offers are likely to influence my purchases.	0.591
4	Store Design	12.182	Shelf space should be appropriately occupied and organized	0.81
			I prefer stores where the routes to the merchandise are well-structured	0.787
			Presentation of merchandise should be creative and unique	0.748
			Merchandise displayed should be simple and not jumbled	0.657
			Store design should be the same whenever I go for shopping	0.814
			Size of the shop would affect your preference towards the products	0.619
4	In-store Display	14.116	While browsing the store I tend to walk towards and buy products displayed in visually attractive displays.	0.811
			While browsing the store I tend to purchase products displayed in eye-catching displays.	0.775
			I tend to buy products displayed at or near the checkout desks.	0.721
			I tend to be attracted to in-store displays when shopping through the store.	0.562
			I get an idea of what I want to buy after looking through in-store form/mannequin displays.	0.533
			When I see clothing that I like on in-store form/mannequin display, I tend to buy it.	0.758
			When I see clothing featuring a new style or design on display, I tend to buy it.	0.741
			I tend to rely on store displays when I make a decision to purchase clothing.	0.628
5.	Lighting		I always pay attention to things covered with strong lighting.	0.883
			My interest of shopping depends on the lighting used by the store	0.872
			The use of lights in different brightness to decorate the store would stimulate my preference towards the store	0.603

Source: Primary Data

Testing Of Hypotheses

Hypothesis (H_{01} to H_{06})

Binary logistic regression has been used to test the validity of hypothesis designed to test the relationship between various visual merchandising factors and store image. Binary logistic regression analysis is performed by taking store image as dependent variable and window display, store design, lighting, in-store display, promotional signage and product presentation as predictor (independent) variables.

Results of the logistic regression analysis reported the fitted regression model as:

Store Image = -0.349 + 1.243 (Window display) -0.483 (Store design) + 0.286 (Lighting) -1.206 (In-store display) +

1.797 (Promotional signage) -.607 (Product presentation) + ε,

Therefore, estimated probability of store image being affected is:

$P = e^{-0.349}$ + 1.243 (Window display) -0.483 (Store design) + 0.286 (Lighting) -1.206 (In-store display) + 1.797 (Promotional signage) -.607 (Product presentation) + ε,/ (1 + e-0.349 + 1.243 (Window display) -0.483 (Store design) + 0.286 (Lighting) -1.206 (In-store display) + 1.797 (Promotional signage) -.607 (Product presentation) + ε,

Classification table 4 reported overall correct percentage of classification as 96.1. This means that the fitted model can correctly classify 96.1% of the dependency.

Table 4 Classification Table[a]

Observed		Predicted		
		Does_VM_affect_storeimage		Percentage Correct
		No	Yes	
Does_VM_affect_storeimage	No	0	10	.0
	Yes	0	245	100.0
Overall Percentage				96.1

Source: Primary Data

The results of Chi-square test for significance and the coefficients of all the variables have been indicated in Table 5. All the variables have some impact on the dependent variable that is Store Image. The results of Chi-square test for significance of logit coefficient indicate that window display, store design, lighting, In-store display, plays and product presentation play no role in influencing the store image, hence null hypothesis being accepted (p> 0.05).

The results of Chi-square test for significance of logit coefficient indicate that promotional signage drives consumers to a store and enhances store image, null hypothesis being rejected (p< 0.05). The significant value for each variable shows that the major predictor variables out of all the study factors is promotionalsignage having a great influence on store image positively.

Table 5 Results of Logistic Regression Analysis

	B	S.E.	Wald	df	Sig.	Exp(B)
Window display	1.243	0.675	3.394	1	0.065	3.467
Store design	-0.483	0.673	0.516	1	0.472	0.617
Lighting	0.286	0.463	0.382	1	0.536	1.331
In-store display	-1.206	0.767	2.473	1	0.116	0.299
Promotional signage	1.797	0.74	5.899	1	0.015	6.032
Product presentation	-0.607	0.724	0.704	1	0.402	0.545
Constant	-0.349	2.927	0.014	1	0.905	0.705

Source: Primary Data

Hypothesis (H$_{07}$):

Binary logistic regression was run again to test the validity of relationship between visual merchandising factors and

consumer purchase intention. Classification table 6 reported overall correct percentage of classification as 91. This means that the fitted model can correctly classify 91% of the dependency.

Table6 Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Window display	0.559	0.5	1.461	1	0.227	1.749
Store design	0.253	0.5	0.264	1	0.608	1.288
Lighting	-0.52	0.4	2.186	1	0.139	0.594
In-store display	1.384	0.5	6.834	1	0.009	3.992
Promotional signage	0.068	0.4	0.027	1	0.869	1.07
Product presentation	0.517	0.4	1.354	1	0.245	1.677
Constant	-5.536	2.5	5.083	1	0.024	0.004

Source: Primary Data

The above table 6 shows that all the factors except lighting (B<1) significantly affect consumer's purchase decision. With the increase of each of these variables, the probability to purchase also increases. Out of all the factors that affect purchase intention of a consumer, in-store display is the most significant predictor with OR= 3.992

Hypothesis (H$_{08}$):

Table 7 reports descriptive statistics of effect of visual merchandising on store image across gender group. Female respondents' view reported mean M = 0.9590 (SD = .19907) and the male reported a mean of M = 0.9624 (SD = .19093). Independent samples t test is used to test the study hypothesis. This test assumes equality of variances in effect of visual merchandising on store image.Levene's test for equality of variances is used to test this assumption. Result of the Levene's test reports that there is no significant difference in variances (F = 0.077, p =.782). Result of the independent samples t test reports that the null hypothesis cannot be rejected at 0.05 level of significance. Therefore it is concluded that there is no significant difference in effect of visual merchandising on store image across gender.

Table 7Group Statistics

	Gender	N	Mean	Std. Deviation
Does_VM_affect_store image	Male	122	.9590	.19907
	Female	133	.9624	.19093

Source: Primary Data

Frequency Analysis

Table 8 demonstrates the responses on the most influencing factor associated with visual merchandising that is important to build store image and drive a customer to purchase from a retail store. The results show that maximum

consumers feel that promotional signage in a store drives them to purchase from a particular store. 27.5% of the respondents have chosen promotional signage over other factors followed by product presentation and in-store display (20.4%).

Table 8 Most_influencing_factor

	Frequency	Percent
Store Design	20	7.8
Window/Mannequin Display	37	14.5
Color& Lighting	24	9.4
In-store displays	52	20.4
Product presentations	52	20.4
Promotional Signage	70	27.5
Total	255	100

Conclusion

This study was conducted to test how the visual merchandising and outlook factors impact store image and customer buying behavior.The main objective of this research was to identify the visual merchandising factors that impact store image and further examining the relationship of the identified independent variables of store layout and design, lighting, window display, promotional signage, product presentation and in-store displays with the dependent variable that is store image and purchase intention.

The results show that promotional signage play an important role in establishing a store image. The in-store signage and product information displayed over the aisles and shelves help the retailers to attract customers and increase sales. Visual merchandising plays an important role in building the store image. Firms focus on displays in order to showcase the latest trends and the new arrivals.Majority of consumers respond to the in-store signagemore positively. They specially mentioned that signage help them to select precise products, reduce the time utilizedand feel comfortable during the shopping process.It is detected that most people are attracted into a store to buya product after looking at the shop's visual and mannequin displays.In case of apparels, mannequin plays a great role giving customers an idea of what are the latest trends and the visual appearance of the merchandise. Store window displayis a great way to lure people into the store, as it gives them a look at stuffsthat they can assume to be present inside the store. They are also a great way to highlight certain types of merchandise.Signage is cost-effective gear for conveying a message or informing the customer about the merchandise available in the retailstore.In-store displays are the major drivers to purchase as they compel customers to view products creatively presented and displayed inside the outlet.

Limitations

This study is limited to a certain size of study sample. The findings may not be appropriate to generalise to the population. The study is also subjected to common limitations such as non-response error, incomplete sampling frame, and many other factors. Also, the study was limited to the apparel segment while visual merchandising plays an important role in very type of retail outlet.

Further scope of research

The following research question can be focused on to conduct further research in future:

- Which types of shoppers are most influenced by the visual merchandising factors?

- What kind of store layout and design is most appealing to male/female shoppers?

- Does music played in a store affect consumer's buying habit?

- Does the influence of visual merchandising factors vary across different age groups?

Suggestions and Recommendations

In order to stand out in the increasing competition, it is

important that retailers design their store and present it in a creative and eye-catching manner. Greater concern should be given to the product displayed in windows and on mannequins as they are they drivers for the footfalls in the store. Retail planogram should be well designed and planned as they: Satisfy customers giving them a better visual display and appeal, Better inventory control and reduction of out-of-stocks, Easy product replenishment, Better related product positioning. Visual Merchandising is a tool that maximum retailers can strategize upon to increase the customer walk-ins and drive sales. Several Marketing and Promotional efforts can be adopted to make the visual merchandising more effective and responsive: Shelf-edge displays, End-cap Marketing, Digital Signage, Point-of-Sale Promotion, Customer Engagement, Social Networking sites, Digital assistance, Dig ital Engagement,Theme Displays, Mascot, Welcome boards, Creative names, Celebrity Endorsement. Merchandise display and space allocation should be in accordance with customer demographics. Cleanliness and well structuring of the displays should be kept in mind. Displays should not be overcrowded. A display mustpoint-out a single item of interest. There should be an interaction or linkage between every article displayed in a particular space. Complementary products should be combined together in the displays. Background colors and lights of the display should be well selected and attractive. Visual displays should be at the eye level of the target whether it be kid or adult or male or female.

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