

## An Output Driven Sync of Visual Merchandising and Impulse Buying Behavior – An Organized Retail Case from Bhubaneswar

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### ABSTRACT

Apparel industry in India is booming and there is fierce competition among various players in apparel segment in terms of lifestyle format. The present study is aimed at finding out the impact of various dimensions of visual merchandising vis-a-vis impulse buying behavior of the customers visiting “Shopping Malls”. Four dimensions of visual merchandising i.e. window display, in-store form/ mannequin display, floor merchandising and promotional signage are researched to find its impact on IBB. The results reveal that certain dimensions of visual merchandising do affect impulse purchase. Hence, visual merchandising is important for strategic marketing decisions to increase both the sales and the communication effect of the stores.

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## 1. INTRODUCTION

Retail has caught lot of attention in the past one decade. India as the ‘second most attractive retail destination’ globally among thirty emergent markets. The Indian retail industry has emerged as one of the most dynamic and first paced industries due to the entry of several new players. It accounts for over 10% of the country’s GDP and around 8% of the employment. India is the fifth largest destination in the retail space. Having total retail sales of \$925 billion and a 19% organized retail penetration retail market in India is all set to grow to \$1.3 trillion by 2020 along side a 8% GDP

growth for 3 years. E-Commerce is still a virgin market at \$3.8 billion with a 27% growth. Online market is just 0.5 percent of the total retail market. The Shopping Malls are going to play a major role in shaping the organized retail in the country. The Indian consumer market is likely to grow four times by 2025 . The retail sector is witnessing an influx of large domestic conglomerates such as Reliance Group, Future Group and AV Birla Group. In November 2011, Government of India announced reforms in retail sector for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovations and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well as single brand majors such as IKEA, Nike and Apple. In January 2012, Government approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership. This development in retail creates fierce competition in the industry. The competition in terms of innovations in organized consumer retail industry has always been avoided by India before 2011. India's organized retail had a 31% share in clothing and apparel in 2011 .In 2015 FDI is low as compared to 2014. In addition, the proposals on FDI in single brand retail trading approved by the Foreign Investment Promotion Board (FIPB) in retail have declined y-o-y. As of November 2015, the FIPB had approved proposals in single brand retail trading worth INR 870 Million, compared to proposals worth Rs.2.84 billion in 2014. In 2016 as per GRDI Index, India ranks second among developing countries in ease of doing business. In additions, the proposals of foreign retail chains entering India will aggravate the competition to different level. Hence, the retailers have to ensure that their stores appeal to the customers more effectively. In such case, the retailers need to differentiate themselves from others. The similarity of merchandise in the fashion or apparel forces the industry to utilize visual merchandising to improve the desirability of the product, differentiate their product and enhance the impulse buying behavior. Since the country is getting more competitive in terms of retail industry, visual merchandising is the only effective way of differentiating in apparel industry. The last thing a customer wants is similarity in merchandise. The innovation in store chain is very weak. Indian consumers are becoming more aware about the latest fashion and design and also in the innovation of the apparel store space. They also want state of the art products with good quality which are of global standards. Visual merchandising is the only technique to create euphoria in apparel industry by store presentation. Retailers by incorporating innovative usage of store space can match the consumers' expectations and give strong competition. Hence, it becomes important to study visual merchandising in the apparel industry and help the marketers to understand the way they can differentiate themselves from competitors.

## **2. Literature Review**

### **2.1. Visual Merchandising**

Visual merchandising is an effective presentation of products that impacts customer's purchase (3). It is

about providing right product to right customer at the right time. It is defined as “the presentation of a store/brand and its merchandise to the customer through the teamwork of the store’s advertising, display, special events, fashion coordination, and merchandising departments in order to sell the goods and services offered by store” (4). This means everything that customer sees, exterior or interior, creates a positive impact on the customer. Retailers are gradually realizing that only selling the product is not important, but customers’ satisfaction and convenience is also important for shopping. Stimulus in retailing includes space related; product related and people related aspects (5). These stimuli are mostly collected through eyes. Hence, it is inexpensive way of marketing (6).

Visual merchandising includes both store exterior and interior. The store exterior includes window display, façade and retail premises. Window display is a medium, which creates the first impression in customer’s mind towards the store. Physical attractiveness of the store plays an important role in the mind of the customers for store selection (7). In the same way store exterior attracts customers to enter the store (8). There are three types of interior display: Merchandising display, Point-of-sales display and Architectural display (9). In-store cues have always been high focus area for the practitioners and researchers (10, 11). Good store interior interests customers and hence, reduces psychological defense and help purchase (12, 3, 13, 9, 14, and 8). The store interior includes orienting factors (14); signage (13); Layout (15, 16), fixturing (15), merchandise (14), presentation techniques (17), props (18) and spatial factors and ambient conditions (14), which Kotler termed “atmospherics” which is a very important strategy. Consumer expectation regarding in-store design have increased (17) and there is also a heightened desire for shopping excitement, which can in part be delivered through innovative design of the physical environment (19,15). Visual merchandising is, therefore, concerned with both how the product/brand is visually communicated to the customer and also whether this message is aptly decoded. Visual merchandising includes various aspects of consumer such as sensory pleasure, affective pleasure and cognitive pleasure (20). Consumers under stress will make planned or nondiscretionary purchase and won’t spend as much time or money on unplanned/impulse purchases (21). Customers account both monetary and non-monetary costs of the merchandise (22). Recreational i.e. non-monetary are vital for shopping (23). The longer a shopper remains in store more he or she will buy. And the amount of time the shopper will spend in the store depends on how comfortable or enjoyable the experience is. So the visual stimulus and ambience must be soothing and effective so customer remains in store for longer time. Along with the merchandise, it triggered affective reaction among shoppers (24), which creates store patronage intentions (25). It is evident from the above research studies, that in-store environment is critical component of store choice as well as the sales behavior of customers.

## **2.2. Consumer Behavior**

Consumers are viewed as rational decision makers who are only concerned with self interest. There are many factors that influence consumers and prove a broad range of consumption activity beyond

purchasing. These activities include need recognition, information search, evaluation of alternatives, building purchase intention, act of purchasing, consumption and finally disposal. The evolution of this subject has been continuous; it is after 1950's that the field of consumer behavior has responded to the conception and growth of modern marketing to encompass the more holistic range of activities that impact upon the consumer decision. Consumers do not always buy what they want. There are certain unconscious needs. 21<sup>st</sup> century thought is consumers buy what they want. Hence, there is always customers will buy something that they do not necessarily need. This means that understanding consumer behavior and knowing them have and never will be simple. Marketers can apply various stimuli and observe the conduct of consumers. There are numerous models developed on the buying behavior of the consumers. But, for marketers the end result should be that a consumer makes purchase.

### **2.3. Impulse Buying Behavior**

Impulse buying behavior is the purchase that is made without much thinking for hedonic pleasure. It is done without involving much evaluation of different things like need, affordability, price, etc. The descriptors of impulse buying behavior are spontaneous, intense, exciting urge to buy. Customer likes the products and purchases it, this is known as impulse buying behavior. Individuals buying on impulse are less likely to consider the consequences of purchase or think before making purchase. Certain past research has defined impulse buying behavior as irrational behavior and lack of behavioral control. Pervasiveness of impulse buying behavior even on the relatively expensive products led researchers to study impulse buying behavior. Internal cues include customer's state of mind, positive and negative feeling. Environmental/sensory stimuli include atmospheric cues in retail settings; display cues, marketer-controlled cues and marketing mix stimuli. This shows how visual merchandising is related to consumer's impulse buying behavior.

## **3. Research Objectives and Design**

### **3.1. Research Objectives**

- To study the dimensions and impact of visual merchandising on consumer attitude and consumer response in terms of choosing apparels.
- To study the impact of visual merchandising on the impulse buying behavior of the consumers.

### **3.2. Research Design, Sample and Data**

The research design is divided into two parts, the first part is exploratory in nature and the second part is descriptive. In the exploratory study the visual merchandiser and marketing manager of the mall were interviewed to understand and find the dimensions of visual merchandising. The study was

Intended to focus on the impact of visual merchandising in terms of apparel segment as a product

category. The sample size of the research was 200 but thirty-two were outliers hence, the revised sample size was 168. The sampling technique was mall intercept method, customer who walk out of the store were surveyed with the help of structured questionnaire. Thus, sampling procedure is purposive sampling. The survey was conducted in Bhubaneswar Central Malls for fourteen days. With the help of SPSS reliability test, factor analysis, correlation and linear regression have been run on the data to get the findings.

From the literature review it is inferred that in terms of visual display, window display, in-store form/mannequin display, floor merchandising and promotional signage, are very important dimension to be studied in visual merchandising. If these dimensions of visual merchandising are properly and innovatively developed, the stores' sales may increase drastically. Window display will increase the walk-ins of the store. Customer once enters the store; the next encounter of the customer with the store happens only if the experience with the store is memorable. In that case in-store form/mannequin display, floor display and promotional signage will play a vital role in making the experience memorable to customer. Therefore, it is important to study the impact of these dimensions on impulse buying behavior of customer and to find out the effectiveness of visual merchandising.

### **3.3. Research Hypothesis**

**H1:** Customers who purchase on impulse are influenced by window displays.

**H2:** Customers who purchase on impulse are influenced by in-store form/mannequin display.

**H3:** Customers who purchase on impulse are influenced by floor merchandising.

**H4:** Customers who purchase on impulse are influenced by promotional signage.

The hypotheses are developed from the dimensions found in literature review of visual merchandising. Their relation in terms of visual merchandising is terms of impulse buying behavior are to be found.

The dependent variable of study is impulse buying (section 1 in table 1) and independent variables are window display, in-store/mannequin display, floor display, and promotional signage (section 2 to 5 in table 1). These variables have individual constructs which are tested on five point Likert scale which ranged from never = 1 to frequently = 5.

**Table.1. Factor Analysis**

<b>Impulse Buying (Section.1)</b>	References	Component	
		1	2
1. I go to shopping to change my mood	1,3,4 & 5,26,27,28,29	0.223	0.819
2. I feel a sense of excitement when I make an impulse purchase		0.827	0.267
3. After I make an impulse purchase I feel like regretting		0.782	. -234
4. I have difficulty in controlling my urge to buy when I see a good offer		. -0.23	0.858
5. When I see a good deal I tend to buy more than I intended to buy		0.761	0.284
Component Eigen Value		2.127	1.233
% Of Variance Explained		44%	26%

<b>Influence of Window Display (Section.2)</b>	References	Component
		1
6. I Feel compelled to enter the store when I see an Interesting Window Display.	6,7,30,31,32,33	0.823
7. I tend to enter the store when I am attracted by an eye catching window display.		0.831
Component Eigen Value		1.268
% Of Variance Explained		69%

Extraction Method: Principal Component Analysis with Varimax Extraction

Influence of In-store form/ mannequin display (Section.3)	References	Component	
		1	2
8. When I see clothing featuring a new style or design on display I tend to buy it.	8,9,27,10(34),11(35,36,18)	0.859	-0.23
9. I get idea about what to buy after looking through in-store or mannequin display.		0.831	0.146
10. I tend to rely on store displays when I make a decision to purchase clothing		-.137	. 883
11. When I see clothing that I like on in-store or mannequin display I tend to buy it.		. 342	0.768
Component Eigen Value		1.647	1.225
% Of Variance Explained		43%	31%

Influence of Floor Merchandising (Section.4)
12. I tend to try on clothing that catches my eye when I pass by
13. When I see clothing that catches my eye I tend to try it.
14. When I walk along the aisle I tend to look through clothing close to me.
Component Eigen Value
% Of Variance Explained

<b>Influence of Promotional Signage (Section.5)</b>	References	Component
	16(37), 15(26), 17(27,28), 18(18,26,29,33)	1
15. When I see special promotional sign, I go to look at that clothing		0.889
16. If I see an interesting promotional offer on in –store signs I tend to buy.		0.819
17. Sales sign entice me to look through the clothing		0.806
18. When I see clothing that I like on in-store or mannequin display I tend to buy it.		0.795
Component Eigen Value		2.644
% Of Variance Explained		68%

**Table 2.** Correlation with Impulse Buying

Hypotheses and conclusion with determining coefficients and p-values from regression analysis

<b>Variables</b>	<b>Pearson Coefficient</b>	<b>Significance (p)</b>
Window Display	0.424	0.000
Form/mannequin Display	0.212	0.051
Floor Merchandising	0.392	0.000
Promotional Signage	0.511	0.000

**Table 3.**

<b>Hypothesis</b>	<b>Intercept</b>	<b>Slope</b>	<b>R Square Co-efficient</b>	<b>p-value</b>	<b>Conclusion</b>
H1	2.601	0.371(4.246) #	0.179	0.000	Customer's impulse buying behavior and window display has direct relationship.
H2	2.914	0.280 (1.980)*	0.045	0.051	Customer's impulse buying behavior and in-store form/mannequin display are related but there is no direct relationship



H3	2.787	0.357 (3.889)#	0.156	0.000	Customer's impulse buying behavior and floor merchandising are related directly.
H4	2.221	0.471	0.262	0.000	Customer's impulse buying behavior and promotional signage are related directly

t- Values in parenthesis \*Insignificant #Significant

#### 4. Analysis and Findings

The analysis of the data is carried out in the following step. The preliminary tests run are frequency table, principal component analysis and reliability test. While for hypothesis testing regression analysis was carried out. First reliability test for all five variables was carried out. The Cronbach's Alpha of the reliability test was 0.69 for impulse purchase, 0.7 for window display, and 0.702 for in-store form/mannequin display, 0.699 for floor merchandising and 0.69 for promotional signage, which means the questionnaire is reliable.

For hypothesis testing, question 2 of section 1, as it has the highest value 0.827 in component 1 of principal component matrix with Eigen value 2.12 and percentage of variance explained 44%, in dependent variable checked over with various independent variables (Table: 1). For first hypothesis (H1) independent variable from section 2 is question 6 as the value in both the component is same hence, first component is taken for analysis with value 0.823 with Eigen value 1.268 and percentage of variance explained 69% (Table: 1). For second hypothesis (H2) independent variable from section 3 is question 8 as the value in first component is highest 0.859 with Eigen value 1.647 and percentage of variance explained 43% (Table: 1). For third hypothesis (H3) independent variable from section 4 is question 12 as the value of the same is 0.828 with Eigen value 1.367 and percentage of variance explained is 47% (Table:1). For fourth hypothesis (H4) independent variable from section 5 is question 15 as the value is highest 0.889 with Eigen value 2.644 and percentage of variance explained is 68% (Table: 1).

Pearson correlation tests were conducted to see the correlations between the dependent variable (impulse buying) and independent variables (Table 2). In addition linear regression analysis was conducted for the hypothesis testing

using impulse buying tendency as a dependent variable and each visual merchandising variable (Table 3).

**H 1:** The regression analysis found that window display has blink importance on customers' impulse buying behavior. This suggested that there was a directional relationship where window display significantly influenced customers' impulse buying behavior. Attracting window dressing will fetch

more walk-in to the store.

**H2:** The Pearson correlation test resulted that there is no significant correlation between impulse buying and mannequin display. Regression analysis found mannequin display also did not influence customers' impulse buying behavior. Hence, respondents are not able to empathize with the mannequin display, which is not generating impulse buying behavior from this particular dimension.

**H3:** The result of a Pearson correlation test found a significant correlation between impulse buying and floor merchandising. The regression analysis suggested that the floor merchandising has weak correlation on customers' impulse buying behavior. The data provides sufficient evidence that there was a significant directional relationship between customer's impulse buying behavior and floor merchandising suggesting that although customers' impulse buying behavior and floor merchandising are correlated.

**H4:** The Pearson correlation test found a significant correlation between impulse buying and promotional signage. The R square value also showed positive relation of promotional signage with impulse buying behavior. This result suggests that promotional signage significantly influenced customers' impulse buying behavior.

## **5. Conclusion**

From the results it is proved that there is a relationship between customers' impulse buying behavior and window display, floor merchandising and semiotics. Even though, mannequin display did not significantly lead to customers' impulse buying behavior, the results still hinted that this variable and consumers' impulse buying behavior are correlated. When consumers are exposed to these visual stimuli, they more likely make purchase decisions on impulse. This is a strong indication that visual merchandising practices, serving as stimuli that provoke a desire that ultimately motivates a consumer to make an unplanned purchase decision upon entering the store, importantly influence consumers' impulse buying behaviors. In-store browsing appears to be positively affected by consumers' impulse buying inquisitiveness, and in turn, has a positive impact on consumers' positive feelings and impulse buying urges. Marketers must use this findings efficaciously to increase sales of their store and innovate themselves in terms of display. Since, window display is the first touch point of store with the customers. Hence, it should be very attractive which should be able to generate impulse buying. Promotional signage and floor display will enhance the experience of the store. Hence, floor display and promotional signage should be very effective. The above study has displayed the usefulness and effectiveness of visual merchandising in understanding consumers' behavior of impulse buying.

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