

SYNOPSIS

Title: IMPACT OF VISUAL MERCHANDISING ON CONSUMER IMPULSE BUYING BEHAVIOR

INTRODUCTION

BACKGROUND

A successful retailing business requires that a distinct and consistent image be created in the customers' mind that permeates all product and service offerings. A retail outlet is an investment made to generate maximum sales and henceforth profits to the organization. It is usually "THE" focus point which attracts customers. The interior design within store can maintain customer interest, encourage customers to lower their psychological defences and assist in easy purchasing. Therefore, marketers have recognized that visual merchandising in retailing makes significant effect on customers' buying decisions.

Most points of sale in the market of fashion today offer free access to their merchandise, which means that a customer does not need to ask the sales personnel for assistance and can independently approach the offered merchandise. The consequence of this is that consumers are not influenced anymore by a sales person but are influenced by the way the merchandise is exposed. Visual merchandising can help create that positive customer image that leads to successful sales. It not only communicates the store's image, but also reinforces the stores advertising efforts and encourages impulse buying by the customers.

VISUALMERCHANDISING

"Eighty percent of our impressions are created by sight; that is why one picture is worth a thousand words"...

Visual merchandising can be defined as everything the customer sees, both exterior and interior, that creates a positive image of a business and results in attention, interest, desire and action on the part of the customer. A story can be told that communicates to the prospective customer what

the store is all about. It includes the dramatic presentation of merchandise as well as other important, subtle features that create the store's overall atmosphere.

In tangible terms, it includes not only the products on sale but also the decor, the shop floor and ceiling, restrooms and trial rooms, staff uniforms, lipstick color of female personnel and tie knots of male personnel. It is also inclusive of the attitude of your personnel who interact with customers. Hence, everything that makes an impact on the perspective customer is part of visual merchandising.

Visual merchandising has become a natural component of every modern point of sale and is characterized by the direct contact between merchandise and clients; it helps clients to easily approach goods visually, physically, mentally and intellectually without the help of a sales person (Ravazzi, 2000). It is seen as an additional service, and therefore it is relevant for every modern shop, no matter what kind of store it is or what dimension the store has. The importance of visual merchandising as an essential instrument of communication for the retailer and manufacturer is derived basically from the demand of the customers.

Visual merchandising is therefore believed to provide a fundamental contribution to a point of sale: it is a tool to valorize a product, a product family, a section, or the point of sale as a whole. It is a combination of methods that give the product the ability to be active; thanks to the way it is presented. Its ultimate goal is to increase profitability (Pisani, 2004).

Visual merchandising is a possibility for a shop to make their merchandise move towards the customer.

If handled well, visual merchandising improves the commercial functionality of the point of sale, develops the commercial productivity of the point of sale (improves the selling per personnel, per square meter etc) and increases its economic efficiency (accelerate rotation, increase selling) (Ravazzi, 2000)

NEED OF THE STUDY

Visual Merchandising has long been considered as important strategic business decision for a

number of reasons. First, customer store choice decisions are influenced greatly by merchandising (Arrangement of merchandise) which denotes the relationship between customer perception and buying behaviour. Second, retailers may be able to develop a sustainable competitive advantage through merchandising. Merchandising plays an important role in maintaining a balance between rack stock and the buffer stock.

A proper visual merchandising helps the retailer to increase the customer walk-ins and in turn increase the sales of the product. Also, the mall culture sets a limitation on the retailers for manually displaying each and every article in front of the customers. Thus, the retailers are facing a keen competitive market place and as a consequence of that they find many difficulties to differentiate their stores on the basis of product, place, people, price and promotion. Retail store elements such as color, lighting and visual merchandising have always been considered as having immediate effects on the buying decision making process. Hence, the present study has been undertaken to determine the important factors of visual merchandising which influence consumer's buying behaviour and in-store promotion activities.

OBJECTIVES

The present study was conducted with the following objectives:

1. To find out the intensity of influence of visual merchandising on buying behaviour of customers.
2. To determine the important factors of visual merchandising influencing customers' buying behaviour and in-store promotion activities.
3. To propose a model for increasing conversion rate in the store with reference to visual merchandising.

RESEARCH METHODOLOGY

To fulfill the objectives of the study following methodology was used for the study and report preparation.

Research Design

The research design was both exploratory as well as descriptive. Exploratory kind of research was used for exploring the influence of visual merchandising on buying behaviour of customers. It also helped to know the impact of visual merchandising on the sales performance of the apparels. Descriptive research was designed to know the different dimensions of visual merchandising which are necessary to influence the customers' final buying decisions. This research design helped in providing significant insight of the use of art of visual merchandising in present scenario.

Information Required

Both primary and secondary information were required for the study.

Secondary information on the present scenario and role of visual merchandising were required.

Primary information on the influence and important factors of visual merchandising affecting the buying behavior of customers were required.

Data Source

Both secondary data and primary data were used for the information generation. The inferences were drawn mainly from primary source. The information was collected for knowing the impact of visual merchandising on customers' buying behavior.

Secondary Data

Secondary data was gathered from books, research papers, articles, internet and web portals of different retail organizations. It helped to understand the basic concept of visual merchandising and what role it can play in increasing the customer footfall in the stores.

Primary Data

Primary data was the first hand information for fulfilling the objectives of the study. Primary data was collected from personal interview of customers visiting the stores. The data was collected by survey method using pre-tested structured questionnaires having both open and close ended

questions. The data collected addressed to issue regarding customer's profile, general perception regarding various attributes of visual merchandising and how it influences customers' buying behavior. Apart from this store staff was also approached for in depth knowledge regarding the topic.

Area of Study

The study was concentrated in the Hyderabad, capital city of Telangana. This area was suitable for the necessary information generation as it had three Inorbit mall stores operating in one locations..

Sampling Plan

Sampling Frame

The sampling frame comprised of all the customers visiting and purchasing from the stores of Inorbit mall (Hyderabad).

Sampling Unit

Sampling unit included customers visiting the Inorbit mall store for buying apparels. Since our study is mainly concentrated on applying visual merchandising to apparels therefore our sampling unit is only those customers who visited the apparel section of these stores.

Sampling Size

The sample size was as follows:

100

A sample size of 30 is a large sample and is considered appropriate for reproducing results so, it was decided to select a minimum sample size of 30 for meeting the objectives of the study. But, since store is the largest and most visited store of Hyderabad therefore it was decided to select 40 samples from this store. In all 100 customers were selected from the apparel section and studied from all three stores.

Sampling Technique

Purposive sampling technique was used for the sample selection. It has helped in identifying customers and finding out the important factors affecting visual merchandising. The respondents were selected subjectively and intuitively. The Non-probabilistic, Purposive sampling has helped in meeting the objective of the research. The adopted sampling technique had also overcome the Time and Cost constraints.

Research Instrument

Pre-tested Structured questionnaire with both open and close ended questions has been used as a research tool for conducting the interviews of customers visiting apparel section of Inorbit mall stores. The questionnaire was designed so as to go into the depth of respondents' psychology.

Data Analysis

Following statistical tools was used for data analysis:

Frequency Distribution- –For analyzing demographic variables, buying behavior and other factors like techniques preferred by customers about visual merchandising.

Data collected from respondent was classified, tabulated and analyzed. Inferences were made on the basis of averages, simple tabulation and ranking method. Bar graph, Pie chart and columns were used for pictorial representation of the result.

Scope of Study:-

ü The main scope of the study is restricted to one selected mall at inornit mall

ü This study has been made to find the Impulsive Buying Behavior Customers in Hyderabad city.

Limitations of the Study

- 1.** The biggest obstacle for the realization of the research for this project was the difficulty to determine which elements in and of a point of sale are preferable to visual merchandising and, in particular, how those and their impact on buying behavior of customer and on the sales performance can be measured. The specific literature does not provide significant coverage of the subject under observation; therefore the visual merchandising attributes chosen may not reflect the entire range of attributes that compose visual merchandising.
- 2.** The result cannot be generalized for all stores of Inorbit mall because only three stores have been covered in the survey.
- 3.** The study was confined mainly to the apparel section of the stores and hence we cannot generalize it for all the sections.
- 4.** Time constraint also existed as the respondents gave little time to interact.

LITERATURE REVIEW :-

Keeping the importance of the topic an attempt was made to review studies related to visual merchandising and how it affects buying behavior of consumers.

Kotler (1973) indicated that one of the most significant features of the total product is the place from where it is bought. In some cases, the place, more specifically the atmosphere of the place, is more influential than the product itself in the purchase decision. In some cases, the atmosphere is the primary product. The paper also emphasized that visual merchandising is not practiced “as consciously and skillfully as retailers now use price, advertising, personal selling, public relations and other tools of marketing.

Wolters and White (1987) stated that the interest in the visual has – at one level within the retail context – coalesced to form the practices of “visual merchandising”. This is defined as the activity, which coordinates effective merchandising selection with effective merchandising display. Visual merchandising is therefore concerned with both how the product and/ or brand are visually communicated to the customer and also whether this message is decoded “appropriately”.

Holly, Zetocha and Passewitz (1991) explained that basic objective for visual merchandising is a desire to attract customers to a place of business in order to sell the merchandise. Visual merchandising is offered to the customer through exterior and interior presentation. Each should be coordinated with the other using the store’s overall theme. Creating and maintaining a store’s visual merchandising plan, however, is not a simple task. It is necessary to continually determine what the customer sees. This evaluation from the customer’s perspective should start on the exterior and work completely through the interior of the store.

Mills, Paul and Moorman (1995) defined visual merchandising 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 the store/company”.

Smith (1997) stated that it is worth remembering that products, service and store design all contribute towards the overall store image, but if a customer has no prior experience of a particular store nor any word-of-mouth reference from peers, then the decision to enter or not to enter may be made solely from the store's visual image. The store's exterior offers an opportunity to communicate with the customer, for example to invite them into the store.

Frings (1999) said that the purpose of visual merchandising is to educate the customer, to enhance the store/company's image, and to encourage multiple sales by showing apparel together with accessories.

Fiore, Yah and Yoh (2000) in their study indicated that apart from retail identity building, visual merchandising is regarded as a powerful tool in shaping consumers' final decision inside a store. Visual merchandising focuses on various aspects of consumers, which include sensory pleasure, effective pleasure and cognitive pleasure.

Castaldo (2001) observed that display windows are probably the most important visual communication instrument that a retailer has at his disposal to attract the attention of the potential clients and to make the clients enter the store.

McGoldrick (2002) stated that visual simulation and communication have long been considered important aspect of retailing by practitioners and academic alike. The emphasis has moved away from in-store product displays, towards elements that excite the senses of shoppers such as flat screen videos or graphics, music, smells, lighting and flooring that tend to capture the brand image or personality and help to create a unique environment and shopping experience.

Ravazzi (2004) in her book said that visual merchandising is the totality of all exposition techniques that allow to settle the presentation of the merchandise in the display window and in the interior of the point of sale effectively. It is the totality of all marketing activities that can be realized in the point of sale in order to valorize the product and to increase the sell-out.

Derry and Yip (2007) suggested that store environment can intensify consumers' response (either positive or negative) to a brand of the product being sold in the store and to achieve a

positive store atmosphere, visual merchandising has been widely employed by retailers. The study also focuses on the influence of visual merchandising on the store atmosphere and its corresponding impact on consumer decision making process for intimate apparel. The study concluded that paying a close attention to the interaction of cultural or societal differences together with visual merchandising elements causes a great impact on final purchase decision.

Wanninayake and Randiwela (2007) indicated a significant correlation between visual merchandising and store choice decisions of customers. The research findings of this paper recommend Visual merchandising as the most important variable in in-store environment among the tested variables. It can significantly influence on consumer's store choice decisions. Emphasis is laid on the application of more attractive visual merchandising materials in their promotions to obtain better results. The lighting, Design layout and cleanliness are the key elements of visual merchandising programs other than product display.

Karolia and Dua (2008) emphasized on the role of visual merchandising in today's retail and fashion industry. The paper explains that how visual merchandising actually works and what tools of visual merchandising are used. It indicates that the right kind of Visual Merchandising boosts the sales graph rise upwards. This is achieved by creating an environment not only to attract a customer but also to retain his/her interest, create desire and finally augment the selling process.

Bhalla and Anurag (2009) defined Visual merchandising as the presentation of any merchandise at its best (1) color coordinated (synchronised colours); (2) accessorised (related products/ props); and (3) self-explanatory (descriptive/illustrative). It is one of the final stages in the process of setting up of a retail store which customers would then find attractive and appealing.

CHAPTERISATION

Detailed/final Project Report will include the following chapters

CHAPTER –I

- Introduction
- Significance of the study
- Need of the study
- Objective and scope of study
- Methodology
- Limitations
- Scope

(Details of methodology used in studying and collecting the data and issue will be described)

CHAPTER –II

- Literature review
- Theoretical study

CHAPTER –III

- Industry & company profile

CHAPTER –IV

Analysis of the topic & Interpretation

(Descriptive work on the topic, this chapter will include analysis and interpretation of data tabulation and categorization)

CHAPTER –V

- Recommendation
- Bibliography
- Appendix

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