



## IMPACT OF VISUAL MERCHANDISING ON CONSUMERS' PURCHASE DECISION IN APPAREL RETAIL

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### **ABSTRACT**

*Visual merchandising is considered as one of the most important tool for sales in apparel retail industry. Visual merchandising communicates a store's fashion value and quality image to the prospective customers. The entire store is designed in a way which highlights the features and benefits of the displayed items and its purpose is to attract, engage and motivate more customers towards it and finally making a purchase. It encourages the customers to step inside the store and make a purchase. It creates a great appeal to customers and has an immense capacity to convert them into frequent buyers. Several forms of visual merchandising in this context can be regarded in the form of window displays, promotional signage, mannequin displays and ambience of the store. This study was conducted to understand the impact of visual merchandising on consumers' purchase decision in apparel retail. This study determines what are the factors that have larger influence on consumers' purchase decision while they shop in multi brand outlets. Few literatures on the related topic were reviewed for better understanding of topic and to identify the gaps in previous researches. A primary research was conducted for this study through self-administered questionnaire. The respondents in and around several multi brand outlets were randomly approached for their responses. Further detailed statistical analysis was done for the obtained data with the application of various analytical tools. On the basis of the analysis interpretations were done to understand the significance of the factors in the form of independent variables (window displays, mannequins, posters, lighting etc.) affecting the dependent variable (purchase decision). The results and interpretations reveal that all the factors considered in this study have a significant impact on consumers' purchase decision and it was further suggested that retailers must allocate their resources judiciously towards these various tools of visual merchandising to create greater appeal to their prospective customers.*

**Key Words:** *Visual Merchandising, Consumer Purchase, Apparel Retail.*

### **INTRODUCTION**

#### **BACKGROUND OF THE STUDY**

Due to increasing competition and the similarity of merchandise, retailers utilize visual merchandising to differentiate their offerings from others' as well as to improve the desirability of products. Visual Merchandising is the art of presentation, which puts the merchandise in focus. It educates the customers, creates desire and finally augments the selling process. This is an area where the Indian textile and clothing industry, particularly, the SMEs lack adequate knowledge and expertise. Visual Merchandising, which involves shopper research, creates a distinct identity for the retailer. In this competitive apparel industry where the merchandise are more or less similar for most of the brands visual merchandising is greatly used as a tool to create the difference in terms of their product presentation so as to create the impulse in the mind of customers to purchase the items. This is one of the important reason why apparel retailers hugely focus on visual merchandising to create a difference from its competitors and obtain an edge over them. The retailers ensure that their stores look appealing to the prospective customers. Visual aspect of the store establishes a significant relationship between the choice of the store and customers' buying behavior. Visual merchandising is an area with concern of creativity and is difficult to be measured in terms of their effectiveness. However, past researches have revealed that Visual merchandising create an immediate urge for shoppers to enter inside the store and purchase the items which probably is not in their plan. Such behavior is highly influenced by factors such as floor merchandising, mannequin displays, window displays, product presentation, ambience of the store (music, lighting) etc. And this contributes in the substantial increase in the sales of stores. Retailers also help customers to buy right product through focused displays of

merchandise. Thus visual merchandising has become an important component for strategic marketing for retailers. The research will focus on the impact of several types of visual merchandising on consumers' impulsive purchase decision. It will also provide an insight for the retailers in terms of which form of visual merchandising has the highest impact on buying decision. This might serve as a component for strategic marketing plan and positive sales. India has emerged as one of the most favorable destination for international retailers and is a potential market with expected growth of 15-20 percent in the next five years. India's retail scenario is changing and highly driven by the increasing disposable income, changing lifestyle, favorable demographics, growth of the middle class segment and a high potential for penetration into rural and urban market. With such kind of advances in apparel industry visual merchandising possess a very significant role in driving the business of the retailers as this is how it creates a differentiation in the customer's minds in the more or less similar kind of brands.

### **NEED AND RATIONALE OF THE STUDY**

With increasing competition, retailers strive to ensure that their stores are appealing to their target markets. As retailers are finding it increasingly difficult to create a differential advantage on the basis of merchandise alone, the store itself plays an important role for market differentiation. The correlation between consumers' beliefs about the physical attractiveness of a store and patronage intentions suggests that the visual aspect of the store may be significant in relation to the consumers' choice of a store and buying behavior. Since many retailers use visual presentation of the store/company's offering in order to encourage customers' buying behaviors, this fact was expected to be found in various literature reviews. If first impressions and appearance are important indicators of store image, then store window displays must play an important role in a consumer's decision whether or not to enter the store. However, classifications of store image components in the literature are almost entirely related to the in-store merchandise placement. Buttle (1988) referred to visual merchandising as a neglected area in fashion marketing research. This neglect does not signify that this area is unworthy of academic research, but may indicate that since visual merchandising concerns perceptions of creativity, an area which is difficult to test; researchers may have difficulty in analyzing it meaningfully. Therefore, this study will provide information as to why visual merchandising should be considered an important component of a strategic marketing plan in support of sales increase and positive store/company image. This study will also provide insights to retailers about types of visual merchandising that can influence consumers' impulse buying behaviors. The way in which merchandise will eventually be displayed and promoted at the store level is an important consideration in the buying function as well as in the strategic marketing/merchandising plan. The need of this study is basically to understand the factors the influence the impulsive purchase decision of consumers in apparels. This study will also determine which factor has maximum and minimum influence in making the purchase decision. How effective are they in attracting the customers towards the apparel stores.

### **PURPOSE OF THE STUDY**

Consumer have gained significant importance from marketers as they have growing purchasing power with better disposable income and hence their money attitude also has been changing with relatively easy access to credit cards . Retailers try to find variables that influence shoppers' impulse buying urges and decisions and attempt to control these influencing variables through strategic marketing and merchandising activity. Based on the literature review, it is reasonable to expect that visual merchandising, a common external factor that encourages consumers' urge to buy, can affect consumers' impulse buying decisions. Based on the previous research findings, the purpose of this research is to examine the relationship between consumer's apparel impulse buying behaviors and common external factors that trigger impulse buying. External factors that the research will examine are attributes likely to be encountered in many retailing contexts, such as visual merchandising. The research, therefore, will focus on effects of different types of visual merchandising on impulse buying behavior. The types of visual merchandising used as predictors in this study are window display, mannequin display, promotional signage, posters, and ambience of the store (music, lighting, color).

### **REVIEW OF LITERATURE**

Rani (2012) in her research on impact of visual merchandising on consumer buying behavior explained the impact several factors like eye catching window displays, product presentation sales and clearance signs of the stores ,

special promotional signs. These factors were taken in the hypothesis of the research to understand their significance and it was observed that they have significant impact on the consumers purchase decision. It also explained that visual merchandising communicates cohesive brand image, helps in integrating promotional effort across the brands and also differentiates the offer from the competition. Thus visual merchandising serves the role of silent salespeople.

Law D, Wong. C & Yip J. (2012) said that apparel has been regarded as a personal issue and the ultimate purchase intention is based on the degree of wear ability in terms of the various functional considerations. In contemporary intimate apparel retailing, the fashion and trend element becomes another key reason for consumers to purchase new intimate apparel and in order to be distinctive in the market place intimate retailers have paid a close attention to intensify their retail identity by unique visual merchandising strategy to arouse purchase. Visual merchandising has a high influence on consumer's apparel purchase decision. The changing lifestyle of consumers influences the retailers to focus on visual merchandising. Selvaraj and Swaminathan (2011) in their research found that a high level of literacy, more awareness and fashion conscious customers are the elements behind retailer's to focus on visual merchandise. In store brightness and decoration increases the possibility of making purchase and increase consumer's preference towards any particular product. Size of the store, ambience (music and lighting), window displays were identified as major components of visual merchandise and provides customers with a better shopping experience.

Kim (2003) found that visual merchandising practices certainly influence college students to make impulsive purchase. The research proved that there is a significant relationship between impulsive buying behavior, window displays, mannequin displays and promotional signage. Thus it suggests these cues serve as stimuli and provoke the likeliness to make impulsive purchase on entering upon the store.

Kouчекian and Gharibpoor (2012) conducted research to study impact of visual merchandising in a hypermarket. The hypotheses were based on variables namely store layout, colour lighting, cleanliness, store design and height of shelves. The results show that it is important that hypermarket retailers provide a suitable, comfortable and time saving store layout and also clean atmosphere to their customers.

Kerfoot (2003) in their research on visual merchandising and the creation of discernible retail brands said that merchandise colour, packaging and product presentation techniques had an immediate impact on most respondents as these factors visually communicated to the customers and the message could be appropriately decoded by them. The manner of presentation and use of mannequin also raised many comments and order display showed a positive response. They suggested that retailers need a detailed understanding of their audience and therefore and places heavy emphasis on visual merchandising.

## **RESEARCH METHODOLOGY**

### **Research problem**

This research work is done in order to understand how the various ways of visual merchandising practiced by the several retail outlets for apparels affect the consumers' buying decision. It would also help to understand what factors that influence the consumers more towards such stores and finally purchase the items. Thus it would be an insight for the retailers to adopt their visual merchandising tools strategically so as to drive more traffic to their apparel store.

### **Objective of the study**

- To get an insight on the apparel industry of India.
- To find the impact of visual merchandising on consumers impulsive purchase decision.
- To identify the important factors that influences consumers purchase decision.
- To provide an insight to the retailers to use their visual merchandising cues on the basis of the results obtained.

## **Operational Definitions**

### **External cues**

In store and façade level display correlated with situational environment that influence customers' buying decisions.

### **Mannequin displays**

The presentation of merchandise over mannequin to create more interest and attract the customers.

### **Window displays**

A creative way of making the merchandise more presentable with the information about the product and latest trends to encourage the customers to make a purchase.

### **Promotional signage**

Wordings used along with the window displays to convey the information at first sight (e.g. Discount and sales offer) to trigger an impulse in customers' mind.

### **Impulse buying**

Impulse buying has been defined as a spontaneous, immediate purchase without pre shopping intentions either to buy a specific product or complete a buying task. Internal states like mood, need, hedonic pleasures, cognitive evaluation and external factors such as different forms of visual merchandising serves as cues to trigger such purchase intentions.

### **Visual merchandising**

These means to communicate a store's fashion value and quality image to the prospective customers. The entire store is designed in way which highlights the features and benefits of the displayed items and its purpose is to attract, engage and motivate more customers towards it and finally making a purchase. This is one of the most important tools for maximising the sales. It encourages the customers to step inside the store and make a purchase. It creates a great appeal to customers and has an immense capacity to convert them into frequent buyers. Several forms of visual merchandising in this context can be regarded in form of floor merchandising, window displays, promotional signs, mannequin displays.

### **Variables of the Study**

The sole purpose of this study is to understand the impact of visual merchandising in consumers' impulsive purchase decision in apparel retail.

### **Dependent variable**

The dependent variable would be the consumers' impulsive purchase decision of apparels.

### **Independent variable**

The independent variables would be the factors influencing the purchase decision.

1. Window displays
2. Mannequin displays
3. Posters and signage
4. Store appearance (light, color)
5. Ambience (fragrance, music)

### **Hypothesis formulation**

#### **Hypothesis**

H0: There is no significant impact of visual merchandising on consumers' purchase decision in apparel retail.

H1: There is a significant impact of visual merchandising on consumers' purchase decision in apparel retail.

### Data collection method

Data collection will be done through a self-administered questionnaire.

### Sample

**Sampling element:** questionnaire will be administered to the individuals both male and female (with minimum age 18 years and above) for their purchase of apparels in multi brand outlets.

**Sampling frame:** individuals purchasing apparels from various multi brand outlets.

**Sampling method:** Convenience sampling is used and samples will be taken at the discretion of the interviewer.

**Sample size:** 225 respondents

**Research instrument:** self-administered questionnaire

**Sampling administration:** survey questionnaire will be administered to the specific target population during the weekdays and the weekends.

### Statistical tools

Testing of various data collected in the research would be done using the following:

- **Cronbach's alpha:** in statistics, cronbach's  $\alpha$  (alpha) is a coefficient of internal consistency. It is commonly used as an estimate of the reliability of a psychometric test for a sample of examinees.
- **Anova:** a statistical analysis tool that separates the total variability found within a data set into two components: random and systematic factors. The random factors do not have any statistical influence on the given data set, while the systematic factors do. The anova test will help to determine the impact independent variables have on the dependent variable in a regression analysis.
- **Factor analysis:** a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors
- **Regression analysis:** in statistics, regression analysis is a statistical technique for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

### Pilot test and reliability of the instrument

A pilot survey on 30 respondents using the structured questionnaire was conducted in Koramangala and Forum Mall. No changes were required in the self administered questionnaire. The reliability test analysis is as follows:

**Table1: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.886	.884	33

To investigate whether the instrument is reliable, a reliability analysis was conducted. The reliability test showed that there is significance (Cronbach's Alpha = 0.886). Therefore we infer that there is evidence for reliability of the instrument.

### Purpose of the study

This study will help retailers try to identify the variables that influence shoppers' impulse buying urges and decisions to make a purchase. This study will give a better understanding of customer's perception and attitude towards visual merchandising. Thus it can enable retailer to make the effective use of visual merchandising cues and lay the strategies in a creative and cost effective way which can drive more number of customers and convert them into frequent buyers.

### Significance of the study

This study will mainly focus on the various factors of visual merchandising that has an impact on consumers purchase decision in apparels. This will also determine the most significant factors in this context, that drives the traffic towards the retail outlets and ultimately influence them to make an impulsive purchase. This study will

give an insight for the retailers to design their visual merchandising in a creative way to deliver the maximum values.

### Limitations of the study

1. The study is limited to multi brand outlets in shopping malls and standalone shops in Kormangala, Jayanagar, and Indiranagar area of Bangalore.
2. The study has only 225 respondents which is small due to the time frame allotted for it.
3. Many of the people approached responded to the questionnaires based on their mood and feelings at that moment of time.

## DATA ANALYSIS AND INTERPRETATION

### Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.743
Bartlett's Test of Sphericity	Approx. Chi-Square	951.958
	Df	45
	Sig.	.000

### Interpretation

Sample is adequate because as the sample adequacy measure  $0.743 > 0.7$  and significance level  $= 0.000 > 0.05$ , which means factor analysis is significant tool for the analysis.

	Component		
	1	2	3
Store Appearance	.576		
Window Display	.771		
Lighting	.811		
Colour	.655		
Product Displays	.713		
Mannequins			.731
Posters			.811
Signage			.703
Music		.878	
Fragrance		.807	
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 7 iterations.			

### Interpretation

On the basis of the rotated component matrix obtained from the above table3, are the following final variables namely component 1 – Store attributes, component 2 – Ambience and component 3 – Display attributes. The following three components include:

#### (1) Component 1 –

##### Store attributes

- Store appearance
- Window display
- Lighting
- Color
- Product display

- (2) **Component 2 –**  
Ambience  
Music  
Fragrance
- (3) **Component 3 –**  
Display Attributes  
Mannequins  
Poster  
Signage

**Regression analysis**

**Table4: Model Summary (b)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.91 <sup>a</sup>	.653	.613	.696	2.032
a. Predictors: (Constant), Store attributes, Ambience, Display Attributes					
b. Dependent Variable: How frequently do you shop at a Multi brand Outlet?					

**Interpretation**

$R^2 = 0.653$  means that the three independent factors explain 65.3% of the variance in the dependant variable i.e., Frequency of shopping at a multi brand outlet. Durbin- Watson is 2.032 indicating there is no serial correlation.

**Hypothesis**

H<sub>0</sub>: There is no significant impact of visual merchandising on consumers’ purchase decision in apparel retail  
H<sub>1</sub>: There is a significant impact of visual merchandising on consumers’ purchase decision in apparel retail

**Table 5: ANOVA (a)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.755	10	1.875	3.866	.000 <sup>b</sup>
	Residual	103.805	214	.485		
	Total	122.560	224			
a. Dependent Variable: How frequently do you shop at a Multi brand Outlet ?						
b. Predictors: (Constant), Store attributes, Ambience, Display Attributes						

**Interpretation**

Here, since the regression model is statistically significant as  $p=.000 < 0.05$ , hence we reject null hypothesis (H<sub>0</sub>)

**Table 6: Coefficients (a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.555	.266		13.344	.000	3.029	4.080
	Store attributes	.516	.068	.521	-.237	.013	.151	.518
	Ambience	.523	.075	.548	1.640	.002	.225	.572
	Display Attributes	.380	.086	.408	2.097	.037	.111	.420
a. Dependent Variable: How frequently do you shop at a Multi brand Outlet								

### Interpretation

A linear regression model established that the independent factors store attributes, ambience and display attributes are statistically significant because t test for significance for the three individual factors give p-values= .013, .02, .037 < 0.05 which means the factors significantly impact 'Frequency of shopping in multi brand outlet'.

### The Regression Equation is

Frequency of shopping in multi brand outlet = 3.555 + (0.516)\*Store attributes + (0.523)\*Ambience + (0.380)\* Display attributes

### Hypothesis

H<sub>0</sub>: There is no significant impact of visual merchandising on consumers' purchase decision in apparel retail

H<sub>1</sub>: There is a significant impact of visual merchandising on consumers' purchase decision in apparel retail

From the above tables we find that there is a significant impact of visual merchandising on consumers' purchase decision in apparel retail. Hence Null hypothesis H<sub>0</sub> is rejected.

## FINDINGS, CONCLUSION AND SUGGESTIONS

### FINDINGS

1. Store attributes like appearance, lighting, colour, window display and product display were identified as the most important factors of visual merchandising. However factors like mannequins, posters and ambience of the store are also considered as important cues of visual merchandising.
2. Customers' impulse purchase decision was found to be significantly related with the attention they pay to the window and mannequin displays and also the interesting contents of the store that grabs their attention.
3. Store appearance in form of lighting and colour plays a major role in attracting the customers towards the store and can be considered as very important store attribute for driving the purchase decision of customers.

### CONCLUSION

Hence it can be concluded from this study that visual merchandising is an integral part of retailing and has a large impact on consumers purchase decision. It is a source of integrated marketing communication for the retailers and serves the task of silent sales people for retailers. It provokes the desire in the minds of shoppers to make an unplanned purchase and has a significant influence the impulsive purchase decision. Moreover these appealing images of the store create a favorable attitude of the customers towards the store. Hence they are the potential customers for the retailers. In order to make such shoppers not only attract towards the store but also to convert them in frequent buyers retailers need to make effective use of several visual merchandising cues in most appropriate manner. This might also tend customers to switch their brands and can become a brand loyal customer for a particular outlet on the basis of visual merchandising.

### SUGGESTIONS

On the basis of findings in this research it can be said that visual merchandising can drive desirability of the products and create a positive and favorable attitude of customers towards the retail outlet. Creative presentation of products and proper assortment by retail marketing managers can influence customer's choice. Thus improving the visual merchandising aspects in a strategic manner can increase awareness, drive traffic and increase sales of apparel retail outlets.

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