

VISUAL MERCHANDISING COMPONENTS AND ITS IMPACT ON CUSTOMER PURCHASE INTENTION

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Abstract

Retailing scenario has evolved over time. With the changing needs of the consumers, retailers have seen the evolution of various retail formats. The survival of a retailer is solely dependent on the footfall of the customers. In order to increase footfalls, retailers need to attract more customers to their stores. Retailers are trying to attract more customers by using promotional measures and changing the style of operations. One such measure to increase the purchase is visual merchandising. The art of displaying merchandise such that it appeals to the eyes of the customer is called visual merchandising. The purpose of visual merchandising is to attract the customers, engage them and motivate them towards making a purchase. The researcher in the paper wants to see that whether visual merchandising has any impact on the purchase intention of the customer. Elements of visual merchandising viz. storefront, store interior, store layout and interior display are considered for the study.

Methodology: A primary research was conducted to collect data from the customers. A five-point Likert's scale was used to measure the responses of the customers. The data analysis showed that interior display, store layout and store interior lighting had an impact on the customer purchase intention.

Keywords: visual merchandising, store front, store interior, interior display, store layout.

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Introduction

The evolution of retail has been very fast in India. In India we have seen several retail formats in a span of less than 20 years whereas it took almost 80 years for the western countries to evolve from one format to the other. The fast transformation of the formats are a challenge for the retailers for survival. Even unorganized retailers are transforming in order to cope up with the competition from the big organized formats. Retailers in the future will not only have to check their appropriate merchandise made available to the customers but also try to attract more customers by the aesthetics and appealing store environment. In fact they have to also focus on “the physicality of the store” in order to attract more footfalls. The “physicality of the store” incorporates the merchandise, promotion inside the store and the issues concerning the store layout, the store environment and the store atmosphere. All these elements denote that “design” is brought to the front and visual design is highly emphasized (Kent, 2003). Visual merchandising incorporates the design of the store front, store interior, store layout and the interior display, which makes the store more attractive for customers to shop. A good combination of all these elements will pull the customers to the store as they make the customers more comfortable while shopping.

Literature Review

Visual Merchandising

The practice of visual merchandising has long been a focus of many academics. Mathew, (2008) defines visual merchandising as “visual features that create attention or pleasure in a store with the aim of enhancing the shopping experience of the customer”. The key elements of visual merchandising as identified in literature are : layout (Levy and Weitz, 1996; Berman and Evans 1995), fixtures (Levy and Weitz, 1996; Donnellan, 1996), merchandise (Davies and Ward, 2002; Kerfoot et al. 2003), presentation techniques (Buchanan et al., 1999), color (Koelemeijer and Oppewal, 1999) and packaging (Bruce and Cooper, 1997; Da Costa 1995).

Visual cues are one of the primary influences on a consumer’s decision whether or not to enter a retail premises (Lee-Greenwood, 1998) and purchase and consumption decisions (Krishna, 2008). Visual merchandising plays an important role in increasing store traffic and sales with the help of visual displays and the arrangement of merchandise assortments within a store and thus

improving the layout and the presentation of the store (Mathew, 2008). Bhalla & Anuraag (2010) refer visual merchandising as being the “silent salesperson” since it provides additional information to the customers using visual cues.

In addition to beautifying the store, visual merchandising displays serve an important part in the launch of new products or in brand extensions to consumers. Visual merchandising is used extensively by retailers to assist sales, to aid the retail strategies, to converse with consumers and to assist in communicating the apparel retailers’ brand image (Levi & Weitz, 2009 and Bell & Turnus, 2008). The retailers aim to use visual merchandise displays to attract customers in the store using window displays and then generate sales through visual merchandising displays.

Store Front

Store front constitutes the store entrance and the window displays. The decoration and displays in the store front makes an appeal to customers to come inside the store and make a purchase. Most customers make a decision whether to enter the store or not at the store entrance. The entrance should be designed in such a way so as to lure to customers to go inside the store.

Window Display

The unpredictable and highly competitive retail landscape has forced the retailers to innovate their promotional strategies. According to Morgan T. (2010), important part of the same are the window displays which “are created to enthuse and challenge the consumer and ultimately entice them into the store”. Window displays also convey the positioning of merchandise to customers and images of the corporation itself. However, the most important functions of the window displays involve attracting customer’s attention, creating an interest, inviting customers into the store and finally generating sales. Window displays are often seen as trend setters and retailers ensure that the existing fashion trends are appropriately represented in these displays.

The researcher tries to find out if storefront influences the purchase intention of the customer. Hypotheses are developed as follows.

H1A: There is a significant relationship between the store entrance and the purchase intention.

H2A: There is a significant relationship between the window display and the purchase intention.

Store Interior

The store interior influences the customers by creating interest and encouraging them to make purchases (Kotler, 1974; Walters and White, 1987; Bitner, 1992; Omar, 1999; Davies and Ward, 2002). Several elements of the store interior that have been discussed in the literature include: orienting factors (David and Ward, 2002), signage (Binter, 1992), spatial factors (Walters and White, 1987; Bitner, 1992); ambient conditions (Binter, 1992). Atmospheric factors are essentially factors that can be designed or manipulated by the retailers in the store in order to create certain behavioral and emotional responses in the consumer (Kotler, 1973). Several subtle aspects of the store atmosphere that have been discussed in literature include music (Yalch and Spangenberg, 1990), scents (Spangenberg et al., 1996), and colors (Bellizzi and Hite, 1992). Hoffman and Turley (2002) have discussed the tangible elements such as the building, fixtures, carpeting, and point-of-purchase decorations and intangible elements such as colors, music, scents, temperature of the atmospheric factors in their paper. Positive atmosphere has been shown to have a significant impact on the consumer behavior which in turn results in increase in the time spent in the store, money spent and propensity for impulse purchases. (Donovan and Rossiter, 1982; Foxall and Greenley, 2000; Sherman et al., 1997; Spies et al., 1997). On the other hand, a negative atmosphere, may cause the consumers to leave the store or leave them with a sense of dissatisfaction (Donovan and Rossiter, 1982; Turley and Milliman, 2000).

The researcher in the paper has chosen color and lighting as the elements of the store interior.

Lighting and Color

Kerfoot, Davies and Ward (2003) explored the elements of store interior and found merchandise color, manner of presentation, awareness of fixtures, effects of lighting and sensory quality of materials to have strong impact on the customers.

The impact of lighting on consumer behavior was further explored by Areni and Kim (1994). Stores with brighter lighting influences the shoppers to examine and handle more of the merchandise especially in case of the products displayed at eye level.

The influence of color on consumer's shopping time, mood and choices were further explored by Soars (2009). Kerfoot, Davies and Ward (2003) found that consumers gave higher preference to

the use of color a presentation technique over the color of the retail environment itself. They found that placing uncoordinated colors together created a crowded and unfavorable presentation. Since color has an impact on consumer purchase behavior, use of color in the displays can promote shopping.

The researcher tries to find out if store interior influences the purchase intention of the customer. Hypotheses are developed as follows.

H3A: There is a significant relationship between store lighting and the purchase intention.

H4A: There is a significant relationship between the store color and the purchase intention.

Store layout

Store layout refers to the design of store which aids the consumers in their product search (Bitner, 1992; Spies et al., 1997; Jones, 1999).

The researcher tries to find out if the store layout influences the purchase intention of the customer. A hypothesis is developed as follows.

H5A: There is a significant relationship between the store layout and the purchase intention.

Interior Display

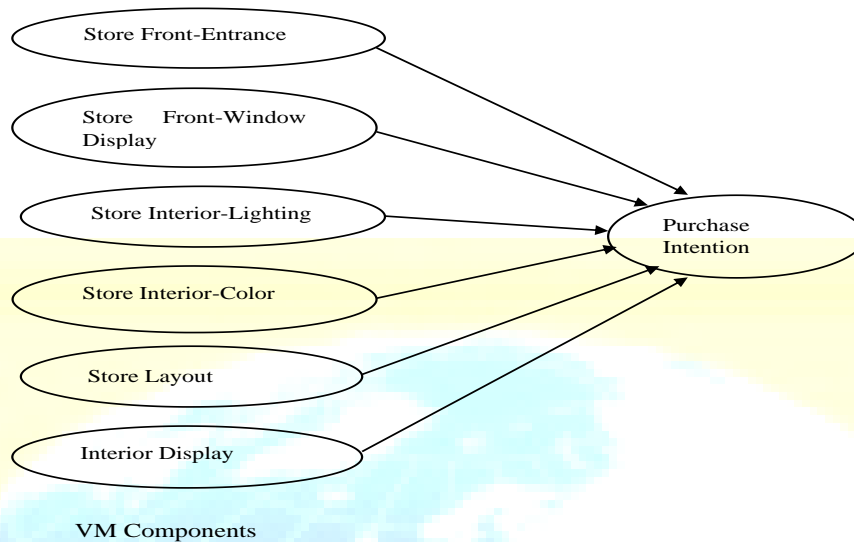
Tangible elements such as the design of the store which comprises of the store's interior decoration and architecture could be used to reinforce the values that customer associates with a particular brand name (Gottdiener, 1998). Display refers to the way in which the products are presented in the store to influence consumer behavior and generate sales (Buttle, 1984). Display of products representing similar categories makes a theme. Retailers should try to prepare a good theme which will pull more crowd towards the display.

The researcher tries to find out if the interior display influences the purchase intention of the customer. A hypothesis is developed as follows.

H6A: There is a significant relationship between the store entrance and the purchase intention.

The proposed model for the study is as follows.

Fig.1



Methodology

The researcher adopted descriptive research method to find out the relationship between elements of visual merchandising and purchase intention. A five point Likert's scale was used to measure the responses of the respondents. The sampling method adopted was non-probability convenience sampling. The sample size used was 460. The survey was carried out both in the cities of Pune and Mumbai. The respondents were customers who shopped in organized retail outlets.

Data Analysis

The variable SFE denotes store front - entrance; SFW denotes store front - window; SIL denotes store interior – lighting; SIC denotes store front - color; SL denotes store layout; ID denotes interior display; and PI denotes purchase intention. (Refer to appendix for details)

Out of a total of 460 respondents 65.7 percent were male and 34.3 percent were female.

9.1% of the respondents had an annual individual income of less than 2LPA, 78% of the respondents had an annual individual income of 2LPA to less than 5LPA ,7.8% of the respondents had an annual individual income of 5 LPA to less than 7LPA, 2.4% of the respondents had an annual individual income of 7LPA to less than 10LPA, 0.2% of the

respondents had an annual individual income of 10LPA to less than 12 LPA, 2.4% of the respondents had an annual individual income of 12 LPA and above.

Regarding qualification of the respondents, 1.1% of the respondents were 10th pass, 1.1% were 10+2 pass, 53% had a degree, 42.4% had a PG degree and 2.2% had a PhD degree.

Reliability testing

A reliability test was done to find the reliability of the scale used for the study.

Table 1.

Sl. No.	Parameters	No. of items	Chronbach's Alpha
1	SFE	3	0.584
2	SFWD	4	0.766
3	SIL	4	0.796
4	SIC	4	0.802
5	SL	4	0.777
6	ID	4	0.739
7	PI	6	0.813
8	Overall	29	0.915

Reliability test from table 1 shows an individual score of Chronbach's alpha more than 0.7 which is good enough, except for SFE which has an intermediate score of 0.584. The overall score of Chronbach's alpha of 0.915 indicates that the scale is reliable.

With the reliability test done we move on to do the test for hypotheses.

Correlation test

Table.2

Correlations								
		SFE	SFW	SIL	SIC	SL	ID	PI
SFE	Pearson Correlation	1	0.394**	0.450**	0.289**	0.317**	0.371**	0.383**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000	0.000
SFW	Pearson Correlation		1	0.403**	0.392**	0.326**	0.343**	0.378**
	Sig. (2-tailed)			0.000	0.000	0.000	0.000	0.000
SIL	Pearson Correlation			1	0.592**	0.405**	0.495**	0.517**
	Sig. (2-tailed)				0.000	0.000	0.000	0.000

SIC	Pearson Correlation				1	0.320**	0.410**	0.428**
	Sig. (2-tailed)					0.000	0.000	0.000
SL	Pearson Correlation					1	0.556**	0.497**
	Sig. (2-tailed)						0.000	0.000
ID	Pearson Correlation						1	0.608**
	Sig. (2-tailed)							0.000
PI	Pearson Correlation							1
	Sig. (2-tailed)							
** Correlation is significant at the 0.01 level (2-tailed)								

From table 2, we see that **store front** has a low correlation value of 0.383 for SFE and 0.378 for SFW with PI. The correlation between store front and purchase intention is low. SFE has a significant value of 0.0001 with PI which indicates that SFE has a significant relationship with PI (Which proves hypothesis H1A). SFW has a significant value of 0.0001 with PI which indicates that SFW has a significant relationship with PI (Which proves hypothesis H2A).

Store interior has a moderate correlation value of 0.517 for SIL and a low correlation value of 0.428 for SIC with PI. The correlation between store interior and purchase intention can be said to be moderate. SIL has a significant value of 0.0001 with PI which indicates that SIL has a significant relationship with PI (Which proves hypothesis H3A). SIC has a significant value of 0.0001 with PI which indicates that SIC has a significant relationship with PI (Which proves hypothesis H4A).

Store Layout has a low correlation value of 0.497 with PI. The correlation between store layout and purchase intention is low. SL has a significant value of 0.0001 with PI which indicates that SL has a significant relationship with PI (Which proves hypothesis H5A).

Interior Display has a correlation value of 0.608 with PI. The correlation between interior display and purchase intention is moderately high. ID has a significant value of 0.0001 with PI which indicates that ID has a significant relationship with PI (Which proves hypothesis H6A).

Moving further we want to see the impact of each parameter of the elements of visual merchandising on purchase intention. For this a regression analysis is undertaken to find out the influence of each element on the purchase intention.

Regression Analysis:

Table. 3

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.686	0.471	0.464	0.445
a. Predictors: (Constant), ID, SFW, SF, SIC, SL, SIL				

Table. 4

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.886	6	13.314	67.197	0.000
	Residual	89.757	453	0.198		
	Total	169.643	459			
a. Predictors: (Constant), ID, SFW, SF, SIC, SL, SIL						
b. Dependent Variable: PI						

Table.5

Coefficients(a)						
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	0.75	0.164		4.566	0.000
	SFE	0.067	0.037	0.073	1.808	0.071
	SFW	0.06	0.031	0.077	1.938	0.053
	SIL	0.13	0.037	0.166	3.492	0.001
	SIC	0.069	0.036	0.083	1.904	0.058
	SL	0.142	0.038	0.16	3.782	0.000
	ID	0.325	0.042	0.349	7.794	0.000
a. Dependent Variable: PI						

Table 3, shows R value of 0.66 and R square value of 0.471, which indicates that the model is able to predict 47.7% of the variance of the independent variables on the dependent variable. The Anova test from table 4 shows that the F value is highly significant which indicates that there is a significant relationship between the means of the variables used.

Table 4 shows that the variables SFE, SFW and SIC have significance values greater than 0.05 which means there may not directly influence the purchase intention of the consumer. The variables are SIL, SL and ID have significant values less than 0.05 which shows that they have significant influence over the purchase intention.

Considering SIL, SL and ID, if we see the Beta values (unstandardized coefficients) we can find that ID has the highest influence on PI followed by SL and SIL.

Also SFE, SFW and SIC have lower influence over purchase intention.

Conclusion

From the correlation test we can say that store front (Entrance and Window display), store interior (lighting and color), store layout and interior display all have an influence on purchase intention. Looking at the regression analysis we see that out of all the elements of visual merchandising interior display has the highest influence on purchase intention. Managing a good theme, good display on racks, mannequins, hangers, and shelves will entice the customers to stop and look for more.

The second strong influence on purchase intention is the store layout. Managing a clean store creates a good impression on the customers. Proper selection of the design of the store layout creates a positive impression. Proper management of the store layout also takes care of the crowding effects.

The third strong influence is the store interior-lighting. Lighting creates an ambience that supports any displays. Lighting can attract customers to initiate purchases.

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Appendix

Code	STORE FRONT
	Entrance
SFE1	Exterior Store, Exterior Graphics and Signage inspires me to go inside the store
SFE2	Brand name and logo inspires me to go inside the store
SFE3	Promotional offering at the entrance inspires me to go inside the store
	Window Display
SFW1	I look at the window display before going into a clothing store
SFW2	I look at the window display to see the latest fashionable trends
SFW3	I look at a clothing store window display with the objective of buying an item
SFW4	I look at the display of a clothing store when I pass by it to check for new arrivals
	STORE INTERIOR
	Lighting
SIL1	Lighting in store outlets refreshes and motivates me
SIL2	Proper lighting in the store makes me to stay more
SIL3	Proper lighting colors attracts me towards products
SIL4	The different colors of lighting used in each area inside the store is important.
	Color
SIC1	The color of store is important to me
SIC2	The color of the store creates a positive image in my mind.
SIC3	The color of store makes positive perceptions in my mind.
SIC4	Color coordination creates an appealing store atmosphere.
	STORE LAYOUT
SL1	The way through the store is well-structured so that consumers have no difficulty finding their way.
SL2	Walking space in the store is not crowded
SL3	Merchandise is neatly arranged.
SL4	Good store layout inspires me to explore more
	INTERIOR DISPLAY
ID1	I tend to buy more when I come across attractive and impressive displays.
ID2	Display motivates me to look at the products more critically.
ID3	Creative and systematic arrangement of products in stores outlet helps me in the selection of product.
ID4	Shelf space appropriately occupied and proportionately arranged makes me look for more products
	PURCHASE INTENTION
PI1	I would like to purchase in the retail chain outlet having an attractive store front
PI2	I would like to purchase in the retail chain outlet having an attractive store interior
PI3	I would like to purchase in the retail chain outlet having an attractive store layout
PI4	I would like to purchase in the retail chain outlet having an attractive interior display
PI5	I would like to repurchase from the same store in future.
PI6	I would like to tell my family and friends about the store.