

# Impact of visual merchandising on purchase decision



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Great store presentation and product merchandising is like a good book. It's got an alluring cover to entice, an interesting first chapter to tell the reader they've made the right choice, and a satisfying conclusion to get the audience to want more. The tools used to achieve these attributes are based on creating the most satisfying experience for the shopper, turning browsers into buyers.

### 1. 1 What is store design and Visual Merchandising?

It is an art that involves the implementation of effective design and product presentation ideas to increase store traffic and sales volume. Store design is the basic layout of the store using signage and other techniques to guide customers through the store and assist them in locating and finding information about merchandise which is supported by visual merchandising techniques implemented. There many type of store layouts some as 1. Grid layout, racetrack layout, free form layout.

### **1. 2 Concept of Visual Merchandising**

It is referred to as Point-Of Purchase (POP) Display.

It involves everything the customers see both exterior and interior, that creates positive image of a business and results in attention, interest, desire and action on the part of the customer.

Visual merchandising is the art of implementing effective design ideas to increase store traffic and sales volume.

It is often referred to as the silent salesperson.

### **1. 3 Key Purposes of Visual Merchandising & store design.**

Informing and educating customers about the product or service.

Adding value to the atmosphere of the store.

Making it easier for the shopper to self-select.

Acting as a significant promotional tool.

Drawing attention of the customer to enable him to take purchase decisions within shortest interval of time and thus augmenting the selling process.

To communicate with the target customers much more easily.

To attract customers during festivals and occasions.

Offering a distinct identity to a retail store vis-à-vis the competition.

Implementing the retailer's strategy.

Influence customer buying behavior.

Provide flexibility.

Control design and maintenance cost. Etc.

### **Components of visual merchandising:**

#### **Figure -1. Components of visual merchandising**

#### **Visual merchandise stands for:**

#### **Emotional stimuli**

Make your competencies visible.

Make strategic relevant products best visible.

Increase the level of consumer awareness.

Formulating activities to stimulate additional sales.

To provide consumers efficient information & emotional loaded pictures supporting customer please and shopping activity.

### **1. 4 Little about RETAIL INDUSTRY in India.**

Retailing in India is booming contributing 11% of GDP, changing lifestyle, demographics, purchasing power, emergence of new hybrid malls etc is taking the retail industry a new presence in India. Retail industry in India is considered 5th most upcoming industry in India. There is huge potential in the retail market and yet there are many untapped and unexplored market is available.

The growth of Indian retail sector will be US\$ 40 billion in 2010 will reach to 175-200 billion in 2016.

### **Figure 2: Expected Growth of retail and contribution of GDP**

### **Figure 3: Types of Indian Retail Sector**

MBO

Convenient stores

Department stores

Shopping malls

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Specialty chains

Super markets

Discount stores

Hyper market

Individual retailers

Indian Retail Industry

## **Executive summary**

The study is intended at discovering out the influence of store design and visual merchandising (VM) on customer buying decision and behavior. Visual merchandising and store design is gaining considerable importance in India with the rapid growth of retail industry.

The whole idea is converting visitors to shoppers and shoppers to buyers. It is been studied earlier that 70 % of the purchase decisions are made inside the store and needs can be created through store design and visual merchandising.

The research methodology includes floor manager surveys gaining from their experiences and also from visual merchandising managers. Questionnaire survey (both at stores and online). Sample size is around 110 taking age group from 16-70.

A telephonic interview with an interior designer who might have design stores can be help as a secondary data.

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Though many interesting learning will be done on the role of visual merchandising in retail stores on consumer behavior, this has certain limitations, merchandising differ significantly in different states of the country but due to limitations of time and other possibilities untouched the sample will be from Ahmedabad city only. Yet this study is carried out with planning and hard work intended to throw light on the subject and trying to explore more about Store design and VM.

## **RESEARCH DESIGN**

### **3. 1 OBJECTIVES of the study:**

#### **Figure-4 objectives of the study**

On a more specific note, the market researcher's problem (MRP) can be divided into the following:-

Marketer's problem- 1: Influence of visual merchandising on the purchase decision of customers inside a retail store.

Marketer's problem- 2: to study the buying decisions and choices are done inside the store of pre decisive approach by the customers.

(Common questions which will help us understand buying behavior)

Marketer's problem- 3: How a store design and space management in a retail store governs the customer buying behavior and its impact.

Marketer's problem- 4: To learn if the customers actively look for the new arrivals, new products in a store and their merchandise browsing behavior.

### **3. 2 Rational of the study**

If we look across and talk about customers carry a perception and an image of the store through their past knowledge, experience and for that matter even have heard about it may not have visit. It is very important for a marketer to know what drives the customer to the store and how to tackle each customer keeping their expectations and their buying behavior.

Customers these days has knowledge about products, brands and even the prices available in the market at different retail stores so The study of store design, space management and visual merchandising will help us know how different techniques associated with each element of store design, SM & VM influence and their impact on consumer decision making. It will also help us know how different retail chains & different retail markets implements merchandising management and adopts store design policy keeping what aspects on mind. It will help us know the new and creative ideas that a store adopts in order to attract customers i. e new customers and retain existing customers. The purpose of the study is also to know how retail store designing in a momentary look of 4-5 seconds of customer is able to attract through exterior, i. e. to bring them in the store, through interior look i. e. to keep them in the store and interestingly browse through the merchandise of the store i. e. how the product assortment techniques are used and what role visual merchandise have to play in that matter.

### **3. 3 Scope of the study**

Our prime focus of study would remain on impact & influence of store design, SM & VM on buying decision of a customer. I would also touch upon different types of the layout, merchandising options, available tools for visual

merchandising and how space management helps know the how much space allotment is needed to what merchandise and where.

### **Literature review:**

Visual merchandising and store design is an important component in atmospheric management. It includes both store exterior and store interior. Store exterior includes window display, retail premises and front where as store interior includes store layout, fixtures and fitting, wall display and store highlights. Also, there are components governing both store exterior and interior, which includes color co-ordination, lighting design and the application of design principles. If retailers want to project the best side of this company, a good selection of the visual merchandising with a detailed consideration of proper cooperate expressions are vital. As a result, customer can receive the intended message of retailers through different kinds of theme a style developed from appropriate visual merchandising strategy. To sum up, visual merchandising helps maintaining the overall image of a retail store in consumers mind.

Apart from retail identity building, visual merchandising is regarded as a powerful tool in shaping consumers final decision inside a store. VM focuses on various aspects of consumers, which include sensory pleasure, affective pleasure and cognitive please. Sensory aspect includes personal feeling of consumers, such a response to temperature and noise, feeling crowded in a store. Window display plays a crucial role in affecting store entry decisions as it is very important information cue for consumers.



A better part of any successful study owes to the secondary research of published works. A brief idea of what was already done will provide wonderful insights about how it can be taken to the next level. Shopping has transformed from necessity to an adventure. It's more of an experience, opportunity for celebration. No more days of making a shopping list and going to kirana store buy grocery or planning the shopping and go to the named store. Shopping is a breakthrough from the tight schedule, time to break free and got to the mall. The double conversion theory talks about visitors

converting into shoppers and shoppers ultimately in to buyers. A good display makes people walk into the store and also helps in making them browsing through the merchandise offer by the store. There is considerable increase in middle class Indian families followed by increase in purchase power which leads retailers to find new and creative ways to attract customers of different segment to buy goods and services for which visual merchandising, store design and space management plays a very important role. Introduction of slotting allowances which necessitate payments by manufactures to retailers for providing shelf space for new products becomes relevant in this context.

It is all about how to make customers look at your products. Visual merchandising and store design has driven retail business like an hurricane. It is the key to unchain-feelings and desires that drive the purchasing decisions that we make in everyday lives. Studies reveal that indoor signage play a dominant role in attracting customers to buy certain products. “

Standee” is preferred by the majority of shoppers followed by drop down and shelf stock signage.

ITC choupal fresh explored that all the stands and stacks were placed on the left hand side and the billing counter was on the right side of the store analyzing that most of the customers look on their left instead right while entering a store. They also designed special section and racks for fruits and vegetables to make it look more appealing.

It has been noticed that most of the decision about purchase are made inside the store, 70% of the purchase are made on the point of purchase which have considerable influence on shopping behavior.

Australian professor of design portfolio argued that:

Retail design initiates in picking up store sales if the sq. mts (retail floor) is productively design and also there are many other factors influencing or prompting the customer to

buy a product which essentially includes quality of the merchandise, pricing options, how the merchandise is displayed, merchandise is a subject of promotion too (how it is advertising is guiding the customer, the soft and pleasant ambience reflects the importance of visual merchandising ad store design.

## **RESEARCH METHODOLOGY**

The study will be done on the retail industry, specifically the discount stores, supermarkets and hypermarkets and the apparel industry which are the

pioneer in area of implementing store design and visual merchandising strategies and techniques. The objective of the study is to understand the impact of store design, layout & visual merchandising on the buying behavior and the buying decisions of the customers.

## **5. 1 Figure 5 – Research Process Flow**

### **5. 2 Sampling plan:**

#### **Figure 6 – Sampling Plan**

### **5. 3 DATA COLLECTION AND CLEANING**

Survey method will be done in order to collect recent data which will be done through both direct survey and online survey. Online survey requires more data cleaning as the samples are judgmental. Responses out of the target sample will be filtered and eliminated if needed.

### **5. 4 ANALYSIS PLAN**

SPSS will be put to use to analysis of the data collected. SPSS will be provided with cleaned and coded inputs this will help in reaching the desired and meaningful results of the research done.

### **5. 5 Qualitative research: Exploratory method in use.**

### **5. 6 Descriptive research**

Circulating a rightly designed questionnaire among walk-in customers.

Online survey will be done asking the customers to answer based on their recent visit to a retail outlet.

## **5. 7 Depth interviews**

Floor managers and visual merchandising manager along with retail store interior design will be approached for an interview to get latest insights and learning.

## **5. 8 Observational research**

Customer at live at a retail store will be observe which will give interesting insight.

## **5. 9 Quantitative research:**

Data is in the form of numbers and statistics. The aim is to classify features, count them, and construct statistical models in an attempt to explain what is observed. Appropriate Samples will be taken and Surveys like Computer/Online Surveys, Telephone survey, Hybrid Methods, will be the primary method of quantitative research. Any of Probability and non-probability sampling may be used while conducting a survey. The information from this report comes from various articles, journals, databases, and a focus group with supermarket shoppers, interviews with current employees and management.