

## Customer Perception towards Visual Merchandising: A Study of Select Apparel Retail Outlets in Visakhapatnam, Andhra Pradesh, India

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### Abstract

*Visual merchandising is the art of implementing effective design ideas to increase store traffic and sales volume. The practices of Visual Merchandising are like Presentation of Products (Fixtures, Marques, Shelf, Rack), Arrangement of Products (Merchandise, Brand lines, Categories), Presentation of Pricing (Price Lines, Price Tags), Information on offers (banners, posters), Range of Products (Customer Choice, Assortments), Display of Promotional Offers (Signage Boards, Displays), Colour Combinations, Layout Planning and Shopping experience, Atmospherics (Lighting, Music, Fragrance), Display of Promotional tools, Cleanliness in the Store, Air Conditioning, Floor Maintenance, Point of Purchase (POP) and Interior design. The aim of the study is to find out the impact of visual displays in the store which causes to change the buying decisions of the customers. It is important to notice that Visual merchandising is involved in getting more visitors to stores. It is of immense importance which attracts customers towards impulsive buying in the store.*

**Keywords:** Visual Merchandising – Retailing – Merchandise – Apparel Retail

### INTRODUCTION

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, India retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The India retail industry was expected to grow from Rs. 35,000 crore in 2004-05 to Rs. 109,000 crore by the end of year 2010. According to the 8<sup>th</sup> Annual Global Retail Development Index (GRDI) of AT Kearney, India retail industry is the most promising emerging market for investment. In 2007, the retail trade in India had a share of 8-10% in the GDP (Gross Domestic Product) of the country. In 2009, it rose to 12%. It is also expected to reach 22% by 2010-11. According to a report by Northbridge Capita, the India retail industry is expected to grow to US\$ 700 billion by 2010-11. By the same time, the organized sector will be 20% of the total market share. It can be mentioned here that, the share of organized sector in 2007 was 7.5% of the total retail market.

Apparel Retailing is the second largest contributor to the Indian Retail Market after food and grocery. Interestingly, in the organized sector, apparel retailing is the largest and the most penetrated segment. During the past three years, Indian apparel retail market has grown at a CAGR of 10% to reach ` 174,000 Crore in 2012. Urban ready-to-wear segment accounts for 28% of the apparel retail market in India. Indian Apparel Retail Market Size (Crore) Urban-Rural Mix. The urban ready-to-wear segment is growing at a faster clip than the overall apparel retail market. Having grown at a strong CAGR of 12% in the past three years, the size of urban ready-to-wear segment is estimated at ` 48,000 Crore in 2012. It is slated to grow at a CAGR of 13% for the next four years and reach to a size of ` 77,000 Crore by 2016.

### REVIEW OF VISUAL MERCHANDISING

Visual merchandising is the art of implementing effective design ideas to increase store traffic and sales volume. Activity of promoting the sale of goods, especially by their presentation in retail outlets. This includes combining product, environment, and space into a stimulating and engaging display to encourage the sale of a product or service.

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**Objectives of Visual Merchandising**

1. A desire to attract customers to a place of business in order to sell the merchandise.
2. It is offered to the customer through interior and exterior presentation.
3. It helps create positive customer image.
4. It helps to increase sales.
5. It encourages impulse buying
6. The exterior appearance of a store silently announces what customers can expect inside.
7. Good exterior visual merchandising attracts attention, creates interest, and invites the customer into the business.

**Visual Merchandising Techniques:****Marquees:**

1. A special type of sign is used to display the name of the store.
2. An effective marquee must stand out from the other businesses to attract customers
3. It can be used to announce a change in season, sale, a special event or a promotion.

**Banners:**

1. These are used increasingly as an inexpensive but colorful, eye-catching means of promotion.
2. Banners can be hung from flagpoles, projected from the building or hung flat against the exteriors.
3. Where many signs compete for customer's attention, design and logo become more important. They should be unique, noticeable and readable.

**Walk Ways and Entries:**

1. Approximately 75 % of first time customers remember a store's entrance, which provides the first and last view of the store's interior.
2. A cluttered entryway causes shopper's to indefinitely postpone entering a store, while an attractive, well designed entrance is inviting to the customers.

**Store Interiors:**

1. Store interior is an important element of a store concept.
2. The industry, product selection, price segment, customer group and company vision form the foundation of the concept.

**Atmospherics:**

1. Lights
2. Music
3. Color
4. Fragrance

**Space Allocation and Utilization:**

**Furniture and fixtures:** Goods can be effectively displayed on a variety of fixtures such as gondolas, tables, cubes, mannequins, waterfalls and other racks, display cases and manufacturer point-of-purchase display.

**Interior Signage:** Signage is a critical part of interior display and point-of-purchase promotion. Store signage that communicates a sales message can make up for a lack of sales personnel. A good sign provides the most information in the fewest possible words.

**Layout Planning:** Planning of the internal arrangement of selling and sales supporting departments, and deciding on the amount of space for each department.

**Product Depth:**

1. The number of each item or particular style of a product.
2. Under one product how many sub-products company provides or how many varieties company have for that product.
3. **Examples:** To keep our inventory costs down, we have a shallow product depth. This means we only stock 3-6 SKUs of each product we carry.

**OBJECTIVES OF THE STUDY**

The aim of the study is to find out the impact of visual displays in the store which causes to change the buying decisions of the customers. It is important to notice that Visual merchandising is involved in getting more visitors to stores. It is

of immense importance which attracts customers towards impulsive buying in the store.

### RESEARCH METHODOLOGY

A descriptive research design has been followed for this marketing research which highlights both the qualitative and quantitative aspects of the identified problem.

**Primary data:** To collect primary data best way is to interact with people directly it can be through direct interviews and questionnaires. Both these methods have used for collection of primary data.

**Secondary Data:** Secondary data is collected from company websites and various Literature reviews. As Pantaloon is daily in news because of its expansion plans, so I benefited a lot from articles on net.

**Survey Design:** Random stratified sampling was chosen for research. Visakhapatnam is the study area and people from this area were selected for

filling up of questionnaires and collecting responses due to convenience of location.

**Sampling Plan:** Sampling plan for this research project is divided into following four steps:

- 1. Sample size:** A sample size of 200 respondents was chosen. Though small sample size but it consists of varied type of respondents so as to overcome any error at the time of generalization of result.
- 2. Sample procedure:** Due to time and various other constraints convenience was restored. But efforts were made to check the accuracy of responses.
- 3. Sample Area:** Visakhapatnam
- 4. Select Outlets:** Vizag Central, Pantaloons, Max, Fashion Bazaar,
- 5. Contact method:** Questionnaire method was used to establish direct contact with respondents.

### SOCIOECONOMIC PROFILE OF RESPONDENTS

TABLE 1: Socio-Economic Characteristics of Respondents

Variable	Categories of variable	Frequency
Gender	Male	120 (60%)
	Female	80 (40%)
Age	13 - 19 years (teenagers)	20 (10%)
	20 - 30 years (young-agers)	80 (40%)
	31 - 40 years (early middle-agers)	40 (20%)
	41 - 50 years (late middle-agers)	30 (15%)
	above 50 years (old-agers)	10 (5%)
Occupation	Unemployed / Students	70 (35%)
	Employed	90 (45%)
	Business people	40 (20%)
Education	Primary Education	20 (10%)
	Secondary Education	30 (15%)
	Higher Secondary / Diploma / ITI	50 (25%)
	Graduation (UG)	70 (35%)
	Post Graduation (PG)	30 (15%)
	Higher than PG	0 (0%)
Income	Less than Rs.15,000/-	50 (25%)
	Between Rs.15,000/- and Rs.30,000/-	100 (50%)
	Between Rs.30,000/- and Rs.50,000/-	30 (15%)
	More than Rs.50,000/-	20 (10%)
Size of Family	Single	5 (5%)

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	Two	40 (20%)
	Three	50 (25%)
	Four	80 (40%)
	Five	10 (5%)
	Six	10 (5%)
	Seven	0 (0%)
Note: Figures in the parentheses are percentages to the sample size(200)		

Among the sample respondents, 60% are male and 40% are female. It is noticed that about 10% of respondents are teenagers, 40% of the consumers are in the age group of 20 to 30 years (youngsters) and about 20% consumers are from 31 to 40 years of age group, 15% consumers are from 41 to 50 years of age group and 5% consumers are from above 50 years of age group. Occupations of respondents are like, 35% of respondents are students and unemployed group, 45% are employed and 20% are from business back ground. As far as Education is concerned, 70% are graduates and 15% are post graduates and also finished secondary education, 10% completed primary education and 25% higher secondary. Income levels of consumers are in between Rs.15,000/- to Rs.30,000/- per month for 50%, 25% are from less than Rs.15,000/- monthly income group, 15% are having monthly income in between Rs.30,000/- to Rs.50,000/- and 10% are having more than Rs.50,000/- monthly income. Family size of respondents, single 5%, two 20%, three 25%, four 40%, five 5% and family size is six for 5% of respondents as shown in table 1.

Point of Purchase (POP) and Interior design. The customer perceptions on these visual merchandising practices were recorded on 5-point rating scale (Excellent, Good, Average, Bad, Worst) as presented in table 2.

#### **CUSTOMER PERCEPTIONS TOWARDS VISUAL MERCHANDISING PRACTICES**

In this section, customer perceptions on 15 attributes/ practices of visual merchandising were recorded on a rating scale. The attributes like Presentation of Products (Fixtures, Marques, Shelf, Rack), Arrangement of Products (Merchandise, Brand lines, Categories), Presentation of Pricing (Price Lines, Price Tags), Information on offers (banners, posters), Range of Products (Customer Choice, Assortments), Display of Promotional Offers (Signage Boards, Displays), Colour Combinations, Layout Planning and Shopping experience, Atmospherics (Lighting, Music, Fragrance), Display of Promotional tools, Cleanliness in the Store, Air Conditioning, Floor Maintenance,

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## RESULTS AND DISCUSSION

**Presentation of Products (Fixtures, Marques, Shelf, Rack):** It can be observed that 70% of the respondents agreed that they were attracted by the product presentation in the store and the respondents rated as good, 15% of the respondents rated as average, 10% of the respondents rated as excellent and remaining 5% of the respondents are rated as bad on product presentation in store. So visual merchandising should be attractive and message oriented regarding product.

**Arrangement of Products (Merchandise, Brand lines, Categories):** It was found that 82.5% of the respondents agreed that the product arrangement is good, 14.5% of the respondents gave rating average, 3% of respondents only agreed that the product arrangement is excellent, no one gave the rating bad or worst. So it is important to arrange and display the product properly. So proper visual merchandising is required for better results.

**Presentation of Pricing (Price Lines, Price Tags):** A It was noticed that 70% of the respondents agreed that presentation of the pricing clearly on the shelf and rated as good, 25% of the respondents rated as average, 5% of the respondents rated as Excellent on pricing information on the shelf in store. With that it can be concluded that the proper presentation of the product prices will be vital in retail store. No one gave bad or worst ratings about this presentation of pricing.

**Information on offers (banners, posters):** It can be observed that 75% of the respondents came to know about the offers through sign boards/drop downs and promo areas and the respondents rated as good, 12% of the respondents rated as excellent, 8% of the respondents rated as average and 5% respondents rated as bad. So it is important to convey the offers to customer to get attention at the product. With this it can be noticed that proper displaying of sign boards, promo areas will help the customers to know about offers and will be helpful in increasing the sales.

**Range of Products (Customer Choice, Assortments):** It can be interpreted that 70% of the respondents opined that the product range is acceptable and they gave rating average, 23% of the respondents rated as good, 5% of respondents only agreed that the product range is bad, some of them rated as excellent (2%), no one gave the rating worst. So it is important to introduce good range of products in apparel retail outlets. So the

customer wants to good range of products in this store.

**Display of Promotional Offers (Signage Boards, Displays):** It can be observed that 80% of the respondents gave rating as good on promotional offers, 18% of the respondents rated as average, 2% of the respondents rated as excellent, no one gave rating of neither worst or bad. So it is important to convey the offers to customer to get attention at the product. Hence there is a need for improvement in display of promotional offers and signage.

**Colour Combinations:** It can be observed that 45% of the respondents agreed that the colour combinations in the store are average, 37% of the respondents were gave rating good, 13% of the respondents rated as excellent, 5% of the respondents rated as bad. So it is important to manage good colour combinations in the store regarding merchandise and interiors of the store so that the eyes of customers feel relax and cool.

**Layout Planning and shopping experience:** It can be noticed that 75% of the respondents rated good about layout planning and shopping experience in outlets, 18% of the respondents are rated as average, and 7% the respondents are rated as excellent. No one rated either bad or worse about the shopping experience. It is to be observed that better layout planning leads to better shopping experience.

**Atmospherics (Lighting, Music, Fragrance):** It can be observed that 47% of the respondents agreed that they rated atmospherics in the store as average, and 40% of the respondents rated as good, 10% of the respondents rated as excellent, 3% of the respondents rated as bad and no one gave rating as worst for lighting in the store to find product easily. So it is necessary to maintain excellent lighting in store for find the merchandise easily. This will help in raising the sales.

**Display of Promotional tools:** It can be found that 46% of the respondents rated display of average promos as average, and 43% of the respondents rated as good, and 7% of the respondents rated as excellent and also 4% of the respondents rated as bad about the promo display attraction and that will make the customer visit again the store. It can be recommended that proper promo areas will help the customers to know about offers and will be helpful in increasing the sales. The promo display depends on seasonal changes like festive season and also end of season sale.

**Cleanliness in the Store:** It can be analysed that 50% of respondents agreed that and they rated

cleanliness in the store as good, 35% of the respondents rated as average, 15% of the respondents rated as excellent, and no one gave rating worst or bad for cleanliness in store. So it is necessary to maintain neatness in store for the customer, this will help in raising the sales.

**Air Conditioning:** it can be observed that 55% respondents agreed that air conditioning in the store is average, 42% of the respondents rated as good, 3% of the respondents rated as bad, and no one gave rating excellent or worst store a/c. So it is necessary to maintain a/c conditions for attract the customers in store, this will help in customer foot falls.

**Floor Maintenance:** It can be noticed that 56% respondents agreed that the floor maintenance is average, 40% of the respondents rated as good, 4% of the respondents rated as bad, and no one gave rating excellent and worst for floor space to move around in store. So it is necessary to maintain floor space in store for attract the customers in store, this will help in attracting the customers. Hence the outlets need to concentrate on the better floor cleanliness and maintenance for better customer perception.

**Point of Purchase (POP):** It is interpreted that 55% of the respondents rated arrangements at Point of Purchase as average, 45% of the respondents as good, and no one gave rating as excellent, bad or worst. So it can be said that arrangements at Point of Purchase apparel outlets is good, but not attracted to everyone.

**Interior Design:** It can be observed that 75% of the respondents rated interior design as excellent, 15% of the respondents rated as good, 10% of the respondents rated as average, no one rated as bad or worst. So it can be said that Interior design is good in apparel retail outlets is found to be good.

## CONCLUSION

Apparel retailing needs to improve its merchandise mix and also provide space for children coming

with their parents to play and have fun so that for them visiting becomes exciting. Apparel retailing should incorporate more variety of products in its basket so that it provides the convenience of availability of all things under one roof to its customers. Variety of products should specially be increased in traditional wear for women, Footwear, jewelry, cosmetics and more varieties in watches. More varieties in sizes in jeans, Shirts. Sitting area should be there for children and old people, so that they can sit while other family members doing shopping.

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Table 2: Customer Perceptions towards Visual Merchandising Practices							
S.No.	Attributes	Response	Excellent	Good	Average	Bad	Worst
1	How do you rate the presentation of products in Apparel Retail Store? (Fixtures, Marques, Shelf, Rack)	Num	20	140	30	10	0
		%	10%	70%	15%	5%	0%

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2	How do you rate the arrangement of Products in Apparel Retail Store? (Merchandise, Brand lines, Categories)	Num	6	165	29	0	0
		%	3%	82.50%	14.50%	0%	0%
3	Rate the Presentation of the pricing clearly informed on the Shelf. (Price Lines, Price Tags)	Num	10	140	50	0	0
		%	5%	70%	25%	0%	0%
4	Offers are clearly informed through Displays in Apparel Retail Store. ( Banners, Posters)	Num	24	150	16	10	0
		%	12%	75%	8%	5%	0%
5	How do you rate the range of Products in Apparel Retail Store? (Customer Choice, Assortments)	Num	4	46	140	10	0
		%	2%	23%	70%	5%	0%
6	Displays and Promotional offers informed in the store attracts the customers. (Signage boards, Displays)	Num	4	160	36	0	0
		%	2%	80%	18%	0%	0%
7	How are the colour combinations inside the store?	Num	26	74	90	10	0
		%	13%	37%	45%	5%	0%
8	Your overall shopping Experience due to internal environment in Apparel Retail Store? (Layout Planning and Shopping Experience)	Num	14	150	36	0	0
		%	7%	75%	18%	0%	0%
9	Do the atmospherics in the store attract you to find the merchandise easily? (Lighting, Music, Fragrance)	Num	20	80	94	6	0
		%	10%	40%	47%	3%	0%
10	Did the promo display attract you to visit Apparel again?	Num	14	86	92	8	0
		%	7%	43%	46%	4%	0%
11	How is the cleanliness in the store?	Num	30	100	70	0	0
		%	15%	50%	35%	0%	0%
12	How is air conditioning in store?	Num	0	84	110	6	0
		%	0%	42%	55%	3%	0%
13	Are you comfortable with the floor space to move around in the	Num	0	80	112	8	0
		%	0%	40%	56%	4%	0%

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	store?						
14	How is the arrangement of merchandise and displays at Point of Purchase (POP)?	Num	0	90	110	0	0
		%	0%	45%	55%	0%	0%
15	How do you rate Interior Design?	Num	150	30	20	0	0
		%	75%	15%	10%	0%	0%