

A Study on the Impact of Visual Merchandising on Impulse Purchase in Apparel Retail Stores

Mihir Dash*, Akshaya L.**

ABSTRACT

The scope of visual merchandising is growing rapidly with advances in technology. Apparel retailers need to ensure their visual merchandising has stronger impact, as competition in the present scenario is high, and retailers are ready to spend more on visual merchandising to attract customers. Visual merchandising has thus become a tool which can be used by apparel retailers to differentiate themselves from competitors.

The current study examines the impact of visual merchandising, viz. store layout, in-store product display, mannequin display, and promotional signage, on impulse buying behaviour of customers in apparel retail stores. The respondents for the study included 201 customers who visit apparel stores. The data were collected using a structured questionnaire.

The results of the study suggest that visual merchandising elements do have a significant impact on impulse purchase in apparel retail stores, with store layout having the highest impact, followed by promotional signage, and mannequin display, while in-store product display did not have a significant impact on impulse purchase. Further, for men, only store layout had a significant positive impact on impulse purchase; on the other hand, for women, store layout, mannequin display and promotional signage had significant positive impact on impulse purchase.

Keyword: Visual Merchandising, Store Layout, In-Store Product Display, Mannequin Display, Promotional Signage, Impulse Buying, Apparels

INTRODUCTION

Over the last decade the retail industry has undergone an immense revolution, with a sharp increase in competition, especially from foreign retail chains. The fierce competition in the market today has led retail stores to increasingly use visual merchandising to differentiate themselves from competitors, which would ultimately help increase their brand recall in the minds of the customers.

Visual merchandising is the process through which a retail store's display of products is made appealing, attractive, and enticing to the customer, not only as a stimulus to enter the store, but to create an impression in the customer's mind. It is a way in which the store can communicate the style and the sense of fashion to potential customers. The objective of visual merchandising is to ensure the awareness of customers and to increase

the level of perception and comfort of customers. The ultimate objective of visual merchandising is to add value to retail store and to make the customer's experience easier and better, in order to induce them to purchase more products from the store. The visual merchandiser combines elements such as exterior designs, along with interior elements such as floor layouts, internal displays, window displays, banners, and signs in creating a positive store image. The promotional items are included in the broad category of displays, to increase its desirability.

The positive atmosphere and design created by visual merchandising attract customers to the store and make them feel comfortable, taking time to browse and purchase products in the store. Elements such as the displays and the music in the store add to the positive atmosphere, and encourage the customer to purchase more. Also, when the customers have good experience in the store, they are attracted back to the store for repeat purchases.

* Professor & Head of Department, Management Science, School of Business, Alliance University, Bangalore, Karnataka, India. Email: mihirda@rediffmail.com

** Research Scholar, Marketing, School of Business, Alliance University, Bangalore, Karnataka, India. Email: lakshaya@bus.alliance.edu.in

Visual merchandising can also induce impulse purchases, i.e. spontaneous, unplanned purchases by the customer, where the decision is made inside the store, in response to the stimuli in the store such as product placement in the store. Retailers try to increase impulse purchases by making the visual merchandise more attractive, and they constantly change the display and mannequins to increase the impulse purchase. Consumers look for a differentiating factor which gives a retail store its uniqueness.

LITERATURE REVIEW

Several studies have suggested that impulse purchase accounts for a substantial proportion of sales. Retailers are increasingly studying how to use visual merchandising themes to attract customers to make impulse purchases. The following is a review of some of the recent literature in the field.

Kouchekian and Gharibpoor (2012) considered visual merchandising factors such as store layout, colour, lighting, cleanliness, and store design. They found a significant impact of visual merchandising on impulse purchase.

Hubrechts and Kokturk (2012) classified the motivators for impulse purchases into two categories: internal motivators and external motivators. Internal motivators include hedonic needs, autistic stimuli, social status, and subjective well-being. External motivators include visual stimuli, shopping format, discounts, display, ambient factors, and perceived crowding. They found that store layout, promotional signage, in-store display, and product shelf presentation had a strong positive impact on the customers' impulse purchase behaviour.

Khandai, Agarwal, and Gulla (2012) studied different aspects of visual merchandising, including window display, floor merchandising, in-store display, and promotional signage. They found that window display and in-store display have a strong relationship with impulse purchase. They suggested that hedonic instincts are being fed upon by consumers by the factors of visual merchandising; i.e. the consumer browsing induces a positive feeling based on the store display.

Mehta and Chugan (2013) found that there was significant impact of window display, floor merchandising, and promotional signage on impulse buying by customers.

Kaur (2013) suggested that the factors that affect the purchase of apparel are quality, price, variety, design, and visual merchandising. She found that window displays increase the stimulus for the consumer to enter into the store, while colour, lighting, ambience and visuals increase the time spent in store by the consumer. She also found that the 85% customers try the apparels that are found on display or on mannequins.

Meenakumari (2013) considered some important visual merchandising factors, including entrance, promotional signage, window display, fixtures, floor space, and interiors. She found that all of these factors had a significant impact on impulse purchase.

Bhatti and Latif (2014) studied the impact of visual merchandising, in terms of window display, brand name, floor merchandising, and forum display, on impulse purchase. They found that visual merchandising strongly influences impulse purchases.

Moayery, Zamanl, and Vazlfedoost (2014) proposed a structural model for the relationship model between visual merchandising and impulse purchase. They found that window display, mannequin display, and promotional signage had a significant impact on impulse purchase for apparels, while cross merchandising and floor merchandising did not have a significant impact.

Thus, according to the literature, retailers emphasise on store image and point-of-purchase merchandising to generate product exposure, to encourage trial, and to drive impulse purchase by customers. Most of the literature considers certain aspects of visual merchandising, including promotional signage, window display, floor space, and store layout.

METHODOLOGY

The objective of the study is to examine the impact of different aspects of visual merchandising on impulse purchase in apparel stores. The data were collected using a structured questionnaire. The first section of the questionnaire measured the respondents' tendency towards impulse purchase behaviour. From the literature review it is gathered that there are three criteria for an unplanned purchase, viz. quickness of the purchase decision, lack of immediate need for the product, and individual customer's response to in-store stimuli.

These aspects have been incorporated into the scale. The second section measured the respondents' perceptions of the aspects of visual merchandising, including store layout, in-store product display, mannequin display, and promotional signage. The reliability statistics of the scales are presented in Table 1.

The data were collected based on convenient sampling. The sample size considered was 201 customers in apparel retail stores. During the data collection, it was ensured to collect roughly an equal number of male and female respondents, as well as roughly equal numbers of respondents in each income group. This was done to

facilitate comparison of customer perceptions between groups.

The profile of the respondents was as follows. In terms of gender, 52.74% of the respondents were male, 47.26% were female. In terms of income, 26.87% of respondents were in the income group of Rs. 25,000 p.m. or less, 24.87% were in the income group of Rs. 25,000-50,000 p.m., 24.87% in the group Rs. 50,000-75,000 p.m., and 23.38% in the group Rs. 75,000 p.m. and above.

Fixed-effects panel regression analysis was applied to examine the impact of the visual merchandising factors,

Table 1: Scale Reliability Statistics

	<i>factor loadings</i>	<i>Cronbach alpha</i>
<i>Impulse Buying</i>		
I shop for apparels spontaneously	0.998	0.837
I like unplanned purchases	0.911	
I see an apparel and buy it immediately	0.928	
I do not think before the purchase	0.507	
I shop based on my mood	0.891	
I plan my purchase before shopping for it	0.744	
I am thoughtless and careless about what I buy	0.862	
<i>Store Layout</i>		
I end up purchasing for products that I did not intend to buy when I am in the store primarily for planned purchase	0.819	0.844
I buy products based only after looking around completely	0.880	
I buy products based on the selection provided in the store	0.932	
<i>Product Display</i>		
I purchase an apparel from the store because of the way they are arranged in the store	0.859	0.797
I purchase an apparel from the store based on convenience of the product placed	0.828	
When there is an eye catching display, I end up purchasing that product	0.706	
I like purchasing products that are displayed on the billing counter	0.612	
I tend to look at the display of products only at eye level	0.531	
<i>Mannequin Display</i>		
I get attracted to a product and end up purchasing it based on the mannequin display	0.783	0.671
I tend to enter the store based on the mannequin display put up by the retailer	0.783	
<i>Promotional Signage</i>		
I look for in-store advertisements	0.793	0.662
I purchase based on the special offers put inside the stores	0.636	
I purchase apparels that were unintended which are on sale	0.597	
Promotional offers on apparels gain my attention	0.896	

viz. store display, in-store product display, mannequin display and promotional signage, on customer impulse purchase, as well as their interaction with demographic factors. Two models were proposed: the first model includes main effects of gender and income, and their interactions with the independent variables, while the second model considers only gender main effects and interactions with the independent variables. Formally, the second model is given by

$$y_j = a + bD + c_1x_{1j} + c_2x_{2j} + c_3x_{3j} + c_4x_{4j} + c'_1 Dx_{1j} + c'_2 Dx_{2j} + c'_3 Dx_{3j} + c'_4 Dx_{4j} + \epsilon_j$$

where a is the constant term, bD represents the contribution of the male gender group, x_1 , x_2 , x_3 , and x_4 are the independent variables, viz. store display, in-store product display, mannequin display and promotional signage (with coefficients c_1 , c_2 , c_3 , c_4), and Dx_1 , Dx_2 , Dx_3 , and Dx_4 are

the interaction terms (with coefficients c'_1 , c'_2 , c'_3 , and c'_4); and y is the dependent variable (impulse purchase).

ANALYSIS & FINDINGS

The descriptive statistics of the visual merchandising variables and impulse purchase between gender and income groups is presented in Table 2.

Women were found to have a significantly higher tendency to be influenced by mannequin display than men; otherwise, there were no significant differences between men and women in their perception/reaction to other aspects of visual merchandising and in their tendency for impulse purchase. In terms of income groups, however, there were significant differences in the perception/reaction to store layout and in-store product display and

Table 2: Descriptive Statistics of Visual Merchandising Variables and Impulse Purchase between Groups

		men	women	z Stat	Rs. 25k-	Rs. 25-50k	Rs. 50-75k	Rs. 75k+	H Stat	overall
Store Layout	mean	2.3522	2.4211	-0.0846	1.9645	2.6867	2.2000	2.6420	14.9165	2.3847
	std. dev.	1.1030	1.1912		1.0592	1.1516	1.1289	1.1005		1.1431
Product Display	mean	2.6943	2.7368	-0.4641	2.4000	3.0280	2.5320	2.8667	14.1397	2.7144
	std. dev.	0.9803	0.9712		0.8688	0.9161	1.0786	0.9145		0.9738
Mannequin Display	mean	3.0377	3.2772	-1.9855	3.2908	3.1533	2.8800	3.2778	5.26001	3.1509
	std. dev.	0.8995	0.9411		0.9263	0.7946	0.9892	0.9445		0.9249
Promotional Signage	mean	2.9623	2.9053	-0.2667	2.8511	3.2400	2.8300	2.8241	4.53625	2.9353
	std. dev.	1.0750	1.1767		1.1417	1.0114	1.1763	1.1292		1.1217
Impulse Purchase	mean	2.1038	2.1774	-0.1607	1.8480	2.4143	2.0457	2.2222	9.33781	2.1386
	std. dev.	0.8737	0.9496		0.7509	0.9848	0.8073	0.9830		0.9088

Table 3: Tests of Between-Subjects Effects

Source	model I		model II	
	F Stat	p-value	F Stat	p-value
Corrected Model	19.094	0.000	46.445	0.000
Intercept	4.000	0.029	2.368	0.063
Gender	4.633	0.017	4.035	0.023
Income	0.833	0.239		
Store Layout	77.399	0.000	84.292	0.000
Product Display	0.611	0.218	.473	0.257
Mannequin Display	0.451	0.252	3.132	0.039
Promotional Signage	1.135	0.144	3.302	0.036
Gender * Store Layout	0.011	0.408	.000	0.499
Gender * Product Display	0.323	0.285	.412	0.261
Gender * Mannequin Display	0.543	0.231	.534	0.233
Gender * Promotional Signage	10.443	0.001	10.637	0.001
Income * Store Layout	1.385	0.125		
Income * Product Display	0.628	0.299		

Income * Mannequin Display	0.962	0.206		
Income * Promotional Signage	1.004	0.392		
R²	0.723		0.686	
adjusted R²	0.685		0.672	

in their tendency for impulse purchase, with the income group of Rs. 25,000-50,000 p.m. having significantly higher tendency to be influenced by store layout and in-store product display and having a significantly higher tendency for impulse purchase; there were no significant

differences between income groups in their perception/ reaction to other aspects of visual merchandising.

The results of the fixed-effects panel regressions are presented in Tables 3 and 4.

Table 4: Parameter Estimates

<i>Parameter</i>	<i>model I</i>		<i>model II</i>	
	<i>Coeff.</i>	<i>t Stat</i>	<i>Coeff.</i>	<i>t Stat</i>
Intercept	-0.448	-1.242	-0.075	-0.324
[Men]	-0.692	-2.152	-0.643	-2.009
[Women]	0 ^a		0 ^a	
[Rs. 25,000- p.m.]	0.651	1.361		
[Rs. 25,000-50,000 p.m.]	0.626	1.216		
[Rs. 50,000-75,000 p.m.]	0.506	1.209		
[Rs. 75,000+ p.m.]	0 ^a			
Store Layout	0.648	4.645	0.550	6.662
Product Display	0.140	0.788	0.003	0.031
Mannequin Display	0.123	1.282	0.112	1.776
Promotional Signage	0.049	0.545	0.187	3.468
[Men] * Store Layout	-0.013	-0.106	-0.000	-0.001
[Women] * Store Layout	0 ^a		0 ^a	
[Men] * Product Display	0.086	0.569	0.093	0.642
[Women] * Product Display	0 ^a		0 ^a	
[Men] * Mannequin Display	-0.066	-0.737	-0.066	-0.731
[Women] * Mannequin Display	0 ^a		0 ^a	
[Men] * Promotional Signage	-0.243	-3.232	-0.241	-3.262
[Women] * Promotional Signage	0 ^a		0 ^a	
[Rs. 25,000- p.m.] * Store Layout	-0.183	-1.131		
[Rs. 25,000-50,000 p.m.] * Store Layout	0.115	0.570		
[Rs. 50,000-75,000 p.m.] * Store Layout	-0.223	-1.251		
[Rs. 75,000+ p.m.] * Store Layout	0 ^a			
[Rs. 25,000- p.m.] * Product Display	-0.256	-1.290		
[Rs. 25,000-50,000 p.m.] * Product Display	-0.156	-0.655		
[Rs. 50,000-75,000 p.m.] * Product Display	-0.080	-0.398		
[Rs. 75,000+ p.m.] * Product Display	0 ^a			
[Rs. 25,000- p.m.] * Mannequin Display	0.034	0.282		
[Rs. 25,000-50,000 p.m.] * Mannequin Display	-0.237	-1.444		
[Rs. 50,000-75,000 p.m.] * Mannequin Display	-0.019	-0.160		
[Rs. 75,000+ p.m.] * Mannequin Display	0 ^a			
[Rs. 25,000- p.m.] * Promotional Signage	0.134	1.287		
[Rs. 25,000-50,000 p.m.] * Promotional Signage	0.147	1.335		
[Rs. 50,000-75,000 p.m.] * Promotional Signage	0.171	1.602		
[Rs. 75,000+ p.m.] * Promotional Signage	0 ^a			

a. This parameter is set to zero because it is redundant. dependent variable: impulse purchase

The results of model I indicate a significant fixed-effect due to gender, significant impact of store layout on impulse purchase, and significant interaction of gender and promotional signage on impulse purchase; on the other hand, income group had insignificant main effects and interaction effects. This latter finding suggests that the significant differences between income groups observed in Table 2 may be due to confounding. The income group of Rs. 25,000-50,000 p.m. perhaps represent young working professionals, at the growth stage in their careers, and perhaps just married or about to get married; it is in this context that they have a greater tendency for impulse purchase. Thus, income per se may not play much of a role in impulse purchase.

The results of model II indicate a significant fixed-effect due to gender, significant impacts of store layout, mannequin display, and promotional signage on impulse purchase, and significant interaction of gender and promotional signage on impulse purchase. In terms of gender effects, men had a lower tendency for impulse purchase, assuming equal impression of the visual merchandising variables. Further, store layout, mannequin display, and promotional signage had significant positive impacts on impulse purchase (other variables held constant). Finally, promotional signage had a significantly higher impact on impulse purchase for women than for men, other variables held constant. Overall, the model was significant, explaining 68.6% of the variation in impulse purchase.

DISCUSSION

It is clear that good usage of visual merchandising elements attracts customers to apparel retail stores and induces them to spend more time and look around the store. This in turn enhances customer experience in the store, building up store loyalty. Along with this, visual merchandising can induce impulse purchase by customers. The objective of the current study was to examine the visual merchandising elements that affected impulse purchase in apparel retail stores.

The results of the study suggest that visual merchandising elements do provide stimuli to the customers for impulse purchase. The results indicate significant impact of store layout, mannequin display, and promotional signage on impulse purchase in apparel retail stores, while in-store product display did not have a significant impact on

impulse purchase in apparel retail stores. Store layout was found to have the highest impact on impulse purchase, followed by promotional signage, mannequin display, and finally in-store product display. In fact, for men, only store layout had a significant positive impact on impulse purchase; on the other hand, for women, mannequin display and promotional signage also had significant positive impact on impulse purchase.

Store layout was found to be the key factor affecting impulse purchase of apparels. Thus, apparel retailers should carefully design the store layout to facilitate the convenience of customers. Product placement plays a major role in impulse purchase. When an apparel is placed at an accessible place, it is easier for customers to select it.

Promotional signage and mannequin display were found to have significant partial impacts on impulse purchase of apparels for women only. Thus, apparel retailers should especially attract women shoppers using promotional offers and mannequin displays.

In-store product display was not found to have a significant impact on impulse purchase of apparels. However, it does set a positive atmosphere for the apparel retail store, attracting customers and making them feel comfortable in the store.

There are some limitations inherent in the study. The sample size was relatively small, and, as the sample was a convenience sample, the results of the study may not be generalisable. Also, the results of the study suggest that there could be confounding of income group with age group and/or life cycle stage. This would need to be examined more carefully in further studies. Also, there may be several other factors, internal and external, that may affect impulse purchase, which should be considered in conjunction with visual merchandising.

A possible extension of the current study would be to use qualitative methods to examine the purchase patterns of different demographic segments, and to determine the motivations behind the impulse purchase of customers in different segments. Another area in which impulse purchase should be studied is that of e-tailing, which has been growing rapidly in recent years.

Also, most of the literature considers only certain aspects of visual merchandising, including promotional signage, window display, floor space, and store layout. Very little

research has considered the impact of other variables such as music and lighting. These are also important aspects of visual merchandising that should be considered for further study.

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APPENDIX

The difference between mannequin display and in-store product display are highlighted in the Fig. 1 and Fig. 2.



Fig.1: Mannequin Display



Fig.2: In-store Product Display