

A study on Store Layout and its impact on Visual Merchandising in Retail Outlet

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ABSTRACT

Visual merchandising is the marketing promotion strategy that are implemented in the retail industry by emerging innovative floor plans and three dimensional display using store layout techniques in order to increase the sale. This study examine the store layout strategy in relation to visual merchandising and assist the managers in developing better merchandising techniques for retail stores. This study also helps to find out the analysis the impact of various visual merchandising variables on store layout.

1. Introduction

Retailing means a commercial transaction in which a buyer anticipate to consume the goods or service through personal, family or household use.

Visual merchandising is an activity of promoting the sale of goods, especially by their presentation in retail outlets. It is the art of implementing effective designs, ideas to increase store image and sales volume and it is a mechanism to be in touch with a customer and influence the decision to buy.

Visual merchandising can be defined as anything that can be seen by the customer inside and outside a store, include displays, decorations, signs and layout of space. The main purpose of the visual merchandising is to attract customers into the retail store and make them to buy the products using promotional strategies using store layout techniques. Visual merchandising includes how merchandise is presented as well as the stores total atmosphere.

Visual merchandising play a fore most part in retailing. "It is that which developed products, supports brands, amplify traffic and sales, adds visual stimulation by way of strategically by way of strategically located and elucidated focal target in an environment, typically business and stores, defines and advertises overall personality and image".

2. Objectives of the Study

- To study the Store Layout and how it influences Visual Merchandising in retail outlet.
- To study the impact of visual merchandising and how the store layout effective in sales perspective in retail store.
- To study the effectiveness of store layout which implemented in retail outlet.
- To analyse the improvement of sales ratio by the impact of store layout.

3. Scope of the Study

This study helps the marketers as how different combinations of store layout can be exercised in order to attract all the potential customers and its shows how to retain the existing customers.

4. Review of Literature

Neha p. Mehtal, 2014 in retail industry fittings and furnishing group has become more competitive. There are many players entering into organized format of retail in this type. Therefore, it becomes importance for retailers to difference themselves from each other. By way of the goods are similar, some of the area in which they can distinguish themselves is store layout presentation through visual merchandising to analyse the impact on purchase behaviour of consumer over merchandising display such as window display, signage, merchandise appearance of the store layout, innovation and creative style and attractive trend co-ordination have impact on buying behaviour of consumers.

(Mehta and chugan, 2013) visual merchandising is marketing strategy that the product positions and presentation of the merchandising that the customer wants in a right place, at the right time for the purpose of attracting the customers to buy the product. Visual merchandising process is a kind of merchandising activities that is to sell product or services by all means of promotion, advertising, display of products, and promotion events for product reach to the customers. Its main objective is to increase the efficiency of shopping environment, in-store merchandising and differentiate brands by attracting customers through visual merchandising so that sales of the products can be increased.

(KanikaAnand, 2012) Deputy manager- Visual merchandising, Boggy Milano DLF Brands Ltd, India. In the marketing article "Inspired by the world of Art" portrays that "Indian retail is targeting into world market economy with extensive attempts of implementing visual merchandising techniques to meet customer expectations. We are changing towards a first world fantasy of marketing where customer does not buy a product, but an experience. Shopping malls,

Hypermarkets, branded outlets and even small time retailers understand and acknowledge the need and importance of visual merchandising to generate great business”.

Store layout provides smooth customer flow through the apparel business. A smooth customer flow is especially critical for apparel retailers with high store traffic. Store layout influences the space at which customers walk through a store. Customers can navigate their way through a store with ease with a well-designed store layout. A good (well-organized and spacious) store layout encourages customers to browse around the store longer and make purchases that they would not have usually made (Levy & Weitz, 2012). Store layout is also used to increase or decrease flow in certain parts of a store. For example, stores want more traffic where products are sold and less traffic near restrooms/fitting rooms. In earlier years, businesses tried to showcase the maximum amount of product to customers using the minimum amount of space (Bell & Ternus, 2012). Store layout helps to prevent excessive shoplifting by decreasing less visible areas. Shoplifters often take advantage of apparel retail stores that are not 3 well organized with poor store layout.

Vrechopoulos, O’Keefe, Doukidis, and Siomkos (2004) conducted a study on how store layout is a critical determinant of store image. They focused on the three major store layout types: Grid; Freeform; and Racetrack/boutique. Grid layout deals with routine and planned shopping behavior. Freeform

layout deals with time customers are willing to spend in the store. Racetrack/boutique layout deals with movement of customers throughout the store.

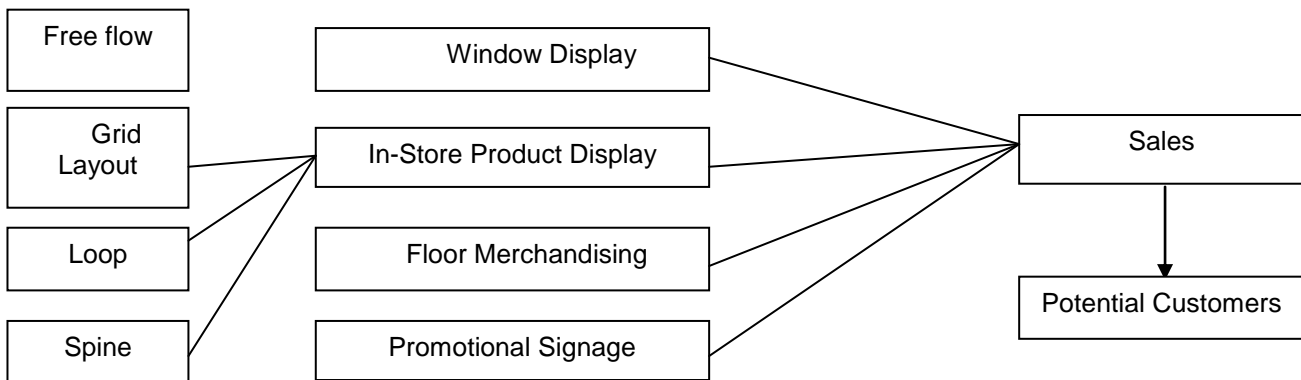
Their results suggested that for perceived usefulness and entertainment, a freeform layout was preferred by customers. But for ease of use, customers preferred the grid layout. A good store layout provides apparel businesses an opportunity to increase sales.

5. Challenges in Store Layout

1. First challenge is to keep the store atmosphere consistent with the store image
2. The second challenge is to influence customer behaviour decisions with the help of store layout, store atmosphere and space-planning.
3. The third challenge is to study the costs related with every store layout design is been value to receive in terms of increasing sales and profits.

6. Conceptual framework of Visual Merchandising

Store Layout



6.1. Window Display

The stores first impression with the customer. Begin the selling process even before the customers enters the store. Suggests the type of merchandise carried in the store. Is a window in a shop displaying items for sale or otherwise designed to attract customers to the store.

- Types of Window Display
- Closed Window
- Open-Back Window
- Shadow Box Window
- Corner Window
- Focal/ Angled Window

6.1.1 Closed Window

A hard back wall and two hard walls and a door, these window look like room which are usually seen in department stores with large pane of glass at the front to display products.

6.1.2 Open Back Window

In this display window have no back wall but it may have side walls to hold the products in between them. Many retailers prefer this kind of display because it makes the interior of the products and shop visible from outside to attract the customers.

6.1.3 Shadow Box Window

In this display window shadow box is surrounded through glass-front display that containing products are grouped together that presented in attractive manner to influence the

customers. The grouping of the products to create the attractive promotion of products by their relative products that creates a dramatic visual result.

6.1.4 Corner Window

The window wrap around a corner. In this window groupings should be dressed towards the centre of the arc.

6.1.5 Focal/ Angled Window

These are angled back to the entry. This type of window is gradually being replaced on the high street. The Products in the retail store are displayed parallel to the glass pane.

6.2. In-Store Product Display

Visual Merchandising is the promotional strategy of displaying products to attract and influence the customers and find what they want and make positive impact on customers for larger purchases by setting up attracting product display shelves. Visual merchandising helps you improve visual image of the retail store fix exactly where to products should be placed.

6.3. Floor Merchandising

By creating innovative floor plans and three-dimensional display to attract the customers by promoting the products marketing through attractive display in order to increase sales. Products are displayed by highlighting its features, offers and benefits.

6.4. Promotional Signage

Signage is the kind of visual merchandising technique that use of signs and symbols to attract customers make aware of products availability inside the store is a kind of communication message to customers, which is main purposes of marketing the product through promotional signage which are designed to encourage customers need and wants of a products available in the retail store.

7. Research Design

This study approved with primary and secondary data. The primary data was collected structured questionnaire from samples of 110 respondents from the specified area the samples have been measured by using non-probability technique (convenient sampling method) was confirmed and took it for further analysis. Secondary data, was collected from articles, journals, etc.

8. Area of the study

In this study the respondents are selected in the Trichy region where the customers approaching the retail store.

9. Research Approach

In this study, survey method is used for collecting data, respondents are requested to fill the questionnaire by self after

explaining various attributes mentioned in it. It enclosed with closed ended questions with structured format.

9.1 Sampling Technique and Sample Size

The Sample size of 110 was taken for the purpose of conducting main study to find the respondent makes to find the store layout activity through visual merchandising.

9.2 Questionnaire

The primary data was collected through a structured questionnaire comprising of mixed questions (closed end, dichotomous, polychotomous and Likert scale questions)

9.3 Data Usage

For analysis and interpretation, the data collected through questionnaire are taken only into attention and it is analysed by using chi square test and correlation

10. Pilot study

Pilot survey was conducted from 30 respondents. The result of the survey are analysed using chi-square test. The pilot study makes the differences level of store layout. From the pilot study the retailers could know about the product display in visual merchandising. The findings discovered that the store layout and all visual merchandising activities will influence the buying behaviour of consumers in the retail outlet.

10.1 Reliability Analysis

Table 1 Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.782	.785	33

The cronbach's Alpha Value is 0.782, which denotes the questionnaire is acceptable.

11. Chi-Square Test

Hypothesis 1

H0: There is no significant relation between age of the customer and to impact of visual merchandising technique on customer.

H1: There is significant relation between age of the customer and to impact of visual merchandising technique on customer.

Table 2 Hypothesis 1 Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.793 ^a	12	.801
Likelihood Ratio	8.618	12	.735
Linear-by-Linear Association	2.937	1	.087

N of Valid Cases	110		
a. 15 cells (75.0%) have expected count less than 5. The minimum expected count is .05.			

a. 2 cells (25.0%) have expected count less than 5.
The minimum expected count is .67.

Hypothesis 2

H0: There is significant different between gender of the customer and the shopping feel of the retail stores

H1: There is no significant different between gender of the customer and the shopping feel of the retail stores.

Table 3 Hypothesis 2

Chi-Square Tests			
Hypothesis 2	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.323 ^a	3	.229
Likelihood Ratio	4.972	3	.174
Linear-by-Linear Association	1.513	1	.219
N of Valid Cases	110		

Hypothesis 3

H0: There is significant difference between marital status of the customers and the overall shopping experience in retail store

H1: There is no significant difference between marital status of the customers and the overall shopping experience in retail store.

Table 4 Hypothesis 3

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.407 ^a	3	.704
Likelihood Ratio	2.024	3	.567
Linear-by-Linear Association	.009	1	.922
N of Valid Cases	110		

Hypothesis 4

H0: There is significant difference between the education qualification of the customer and the overall shopping experience in the retail store

H1: There is no significant difference between the education qualification of the customer and the overall shopping experience in the retail store

Table 5 Hypothesis 4

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.397 ^a	12	.669
Likelihood Ratio	8.777	12	.722
Linear-by-Linear Association	.527	1	.468
N of Valid Cases	110		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .20.

Hypothesis 5

H0: There is significant difference between the income of the customer and the how layout influence to buy.

H1: There is no significant difference between the income of the customer and the how layout influence to buy.

Table 6 Hypothesis 5

Chi-Square Tests			
Hypothesis 5	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.640 ^a	12	.813
Likelihood Ratio	9.097	12	.695
Linear-by-Linear Association	.163	1	.686
N of Valid Cases	110		

12. Regression Analysis and ANOVA

Hypothesis 6:

H0: There is significant relation between window display and shopping feel of the customer

H1: There is no significant relation between window display and shopping feel of the customer

Table 7 Regression analysis for independent and dependent variables.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.245 ^a	.060	.051	.69722

Independent variable- Window display increasing interest

Dependent variable- Shopping feel

Table 8 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.353	1	3.353	6.898	.010 ^b
Residual	52.501	108	.486		
Total	55.855	109			

a. Dependent Variable: shopping feel
b. Predictors: (Constant), window display increase interest

Hypothesis 7:

H0: There is significant relation between presentation of products and the shopping feel of the customer.
 H1: There is no significant relation between presentation of products and the shopping feel of the customer.

Table 9 Regression analysis for independent and dependent variables.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322 ^a	.103	.095	.68094

a. Predictors: (Constant), presentation product
Independent variable- presentation of products
Dependent variable- Shopping feel

Table 10 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	5.777	1	5.777	12.459	.001 ^b
	Residual	50.078	108	.464		
	Total	55.855	109			

a. Dependent Variable: shopping feel
b. Predictors: (Constant), presentation product

Hypothesis 8:

H0: There is significant relation between overall shopping and the in store product display of the retail store.
 H1: There is no significant relation between overall shopping and the in store product display of the retail store.

Table 11 Regression analysis for independent and dependent variables.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.298 ^a	.089	.080	.67976

Dependent variable-overall shopping
Independent variable-Shopping good layout

Table 12 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	4.869	1	4.869	10.537	.002 ^b
	Residual	49.904	108	.462		
	Total	54.773	109			

a. Dependent Variable: overall shopping
b. Predictors: (Constant), shopping good layout

Hypothesis 9:

H0: There is significant relation between promotional Signage and over all shopping experience of the customer.

H1: There is no significant relation between promotional Signage and over all shopping experience of the customer.

Table 13Regression analysis for independent and dependent variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.099 ^a	.010	.001	.70866

Independent variable- promotional offerings
Dependent variable- Overall shopping

Table 14 ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.535	1	.535	1.066	.304 ^b
	Residual	54.238	108	.502		
	Total	54.773	109			
<i>a. Dependent Variable: overall shopping</i>						
<i>b. Predictors: (Constant), promotional offers</i>						

Hypothesis10:

H0: There is significant relation between Feel of shopping and Visual Merchandising activity of retail store.
 H1: There is no significant relation between Feel of shopping and Visual Merchandising activity of retail store.

Table 15 Regression analysis for independent and dependent variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.331 ^a	.110	.101	.67855

Independent variable- feel of shopping
Dependent variable- Visual merchandising activity

Table 16 ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.127	1	6.127	13.308	.000 ^b
	Residual	49.727	108	.460		
	Total	55.855	109			
<i>a. Dependent Variable: shopping feel</i>						
<i>b. Predictors: (Constant), visual merchandising activity</i>						

13. Findings of the Study

13.1 Findings from chi square test

1. From the test, the significant value is 0.801 is greater than 0.05. Therefore there is relation between age of the consumer and to impact of visual merchandising technique on customer.
2. The significant value is 0.229 is greater than 0.05 from Chi-square test. Therefore there is no significant different between the gender and the shopping feel of the customer.

3. The significant value is 0.704 is greater than 0.05 from Chi-square test. Hence H1 is accepted. Therefore there is no significant difference between the marital status and the overall shopping experience of the retail store.
4. The significant value 0.669 is greater than 0.05 from Chi-square test. Therefore there is no significant difference between the education qualification of the customer and the shopping feel of the retail store.
5. The significant value is 0.813 is greater than 0.05. Therefore there is no significant difference between

the income and the layout influence to buy the product in the retail store.

13.2

1. The significant value is less than 0.05. Hence therefore there is significant association between the window display of the customers and the shopping feel of the customer.
2. The significant value is less than 0.05. Hence therefore there is significant association between the presentation of the product and shopping feel of the customer.
3. The significant value is less than 0.05. Hence therefore there is significant association between the in store product display and overall shopping of the customer.
4. The significant value is greater than 0.05. Hence therefore there is no significant association between the promotional signage and overall shopping of the customer.
5. The significant value is less than 0.05. Hence therefore there is significant association between the feel of shopping and visual merchandising activity of the Retail store.

14. Suggestions

1. It is necessary to improve the product arrangement and offers to get attention of the remaining of the customers.
2. Customers have observed that retail outlet needs to improve their ambience with suggestions regarding improvement in lighting, fragrance in fashion department.
3. The store layout of the department stocking furniture should make the furniture arrangement such that it mirrors the way the customers would arrange it at their own homes rotating table with

different colours can be used in kids fashion to attract and create pleasant environment in the store.

4. Few customers are in the perception that some product's price range are higher than the market price; there is a need to focus on this issue.
5. Parking place for vehicles is comparatively very less; it will become a serious problem while the store's walk-ins are in growth stage.
6. As stated in the findings seventy four percent preferred to follow the layout of the store to find the product. But only fifty five percent of the customers changed their store layout and its impact of visual merchandising in the store. So it is important to improve the store layout activity inside the store to get hike in sales.
7. By effective presentation of the sign boards down and with promotional activities like meals & celebrations, only 60 percent people came to know about different offers in the store. Offers is the sustaining factor for hypermarket. So it is crucial to get the attention of the customers to enhance sales.

15. Conclusion

From the findings of this study shows that the customers are mostly influenced by visual merchandising activity and store layout techniques turns that into changing buying behaviour of customer to increase the sales of the products. Therefore store layout techniques can contribute to increase buying behaviour of the customers. Increase level of visual merchandising efforts can be employed to see the response of customers. The retailers must use better store layout to attract customer to increase the sales volume of the retail store and innovate themselves.

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