

# A STUDY ON IMPACT OF VISUAL MERCHANDISING ON PURCHASE DECISION MAKING IN ERODE DISTRICT

**Mrs. P. Rajeswari**

Ph.D., Research Scholar,

Sri Moogambigai Arts and Science College (Women) Mallupatty,

Palacode,(Tk)

Dharmapuri (Dt)

**Dr. T. Ragunathan,**

Research Supervisor cum Principal,

Sri Moogambigai Arts and Science College (Women) Mallupatty,

Palacode,(Tk)Dharmapuri (Dt)

## ABSTRACT

The retailers have been taking various initiatives to attract the customers towards their retail outlet. One of such initiatives is visual merchandising. Under this technique, the goods are displayed in the store in such a way to draw the attention of the customers. Even those who do not enter and pass through the store are attracted by the visual merchandising. Competition is one of the reasons for using the technique of visual merchandising. It distinguishes the store from the competitors and helps the customers to identify and choose the products and brands easily. The purchase decision could be made simple by visual merchandising. It saves time and energy of the customers and enables them to have a pleasant shopping experience. In this paper an attempt has been made to examine the impact of visual merchandising on purchase decision making of customers in Erode district. The results revealed that the visual merchandising has significant influence on the identification of the product, selection of the brand, time saving and comparison of price.

**Keywords:** Visual merchandising; purchase decision; customers; retailers and impact

## INTRODUCTION

Marketing of products has witnessed a sea change unlike in the past. Every now and then new dimensions and techniques of marketing are emerging. In the recent past, organized retailing has gained its momentum. Accordingly, the retailers have been taking various initiatives to attract the customers. Providing variety of goods, brands and services; spacious store location; parking facilities; waiting lounges; air conditioned stores; computerized billing; and packaged goods have been certain techniques followed by the retailers. The recent trend in retailing is visual merchandising through which the retailers draw the attention of the customers. The customers could feel that they can easily identify the products, brands, etc. In this regard, it is considered that visual merchandising has been helpful for both the retailers as well as the customers.

## REVIEW OF LITERATURE

Praveen and Ajay Kumar Sharma (2016) published a paper entitled, “An Analytical Study on the Impact of Current Market Practices through Visual Merchandising on Impulse Buying Behaviour of college students with special reference to Apparels in Rohtak City, Haryana”. Their study was conducted among 130 college students. They have analyzed the impact of Floor Merchandising, Promotion Signage, Farm Display

and Window Displays on Impulse buying behaviour. Out of these factors, floor merchandising was found to be the highly influencing factor.

Komaldeep Randhawa and Rajni Saluja (2017) in their paper, “Does Visual Merchandising have an effect on consumer impulse buying behaviour? – A study with special reference to Apparels in Punjab” examined the factors influencing impulse urges and decisions of the shoppers. This study was conducted in Majha, Malwa and Doaba districts of Punjab. Convenience sampling method was used to select the sample respondents. The selected factors have been compiled into 6 components using Factor Analysis. These factors include store form / mannequin display, shelf presentation and product display, store layout, window display, atmospherics and promotional schemes. They have concluded that the provision of good layout would result in increasing the impulse buying behaviour of consumers.

## **STATEMENT OF THE PROBLEM**

The review of previous studies revealed that the existing literature has very little contribution towards the effect of visual merchandising on purchase decision making of the customers. The customers consider a lot of factors before making purchase decision of a product. While visiting a retail store, display of variety of products and brands could attract the customers. They would purchase the unplanned products along with the planned list of products. The retailers adopt different methods of visual merchandising to persuade the customers to buy many products. In this regard, the retailers spend a huge expenditure to provide ambience. Hence, it is deemed necessary examine how the visual merchandising influences the customers in making the purchase decisions.

## **OBJECTIVES OF THE STUDY**

The present study has been undertaken with the following objectives:

1. To assess the level of awareness of customers towards visual merchandising in Erode district.
2. To examine impact of visual merchandising on purchase decision making and
3. To offer suggestions for enhancing the impact of visual merchandising.

## **HYPOTHESES OF THE STUDY**

The following hypotheses have been formulated and tested with a view to fulfil the objectives of the study:

1. There is no significant relationship between demographic profile of the customers and their level of awareness towards visual merchandising.
2. There is no significant association between visual merchandising and purchase decision making.

## **RESEARCH METHODOLOGY**

Research methodology provides the researchers the step by step process of the research to be carried out. It includes the data source, data collection, sampling method, sample size and statistical tools used for analysis of data.

## **DATA SOURCE**

The present study has been conducted on the primary data obtained from the sample respondents. The primary data is the first hand information collected from the sample respondents. It provides all the information relevant and required for the present study.

## **DATA COLLECTION**

The data required for the present study has been collected from the sample respondents using a structured questionnaire. The questionnaire has been drafted in such a way to include the questions to collect all the relevant information. The questionnaire has been administered among the sample respondents and data have been collected from the respondents.

## **SAMPLING METHOD**

The sample respondents have been selected on the basis of multi stage sampling method. In the first stage, the organized retail stores in Erode District have been selected. In the second stage, large scale retail stores have been selected and in the third stage, the customers of the selected retail stores have been selected as the sample respondents.

**SAMPLE SIZE**

The size of sample of the present study has been determined as 50 customers for each of the 4 selected retail stores as detailed below:

- |                |   |    |
|----------------|---|----|
| 1. Reliance    | - | 50 |
| 2. Jayasurya's | - | 50 |
| 3. Chinthamani | - | 50 |
| 4. Tiptop      | - | 50 |

Thus the total size of the sample has been determined to be 200.

**STATISTICAL TOOLS USED**

The data collected have been put through analysis using appropriate statistical tools such as chi square test, and ANOVA and t test.

**LIMITATIONS OF THE STUDY**

The present study is subject to the following limitations:

1. Due to the time and economic constraints of the researchers, the sample size has been limited to 200 respondents only.
2. Since the study is based on primary data obtained from the sample respondents, their tastes and preferences would change from time to time.
3. The results of the study could not be generalized to other similar geographical area.

**RESULTS AND DISCUSSION**

The present study has been divided into two parts – analysis of awareness of the customers towards visual merchandising and its impact on purchase decision making. The first part deals with the awareness of customers towards visual merchandising. In this regard, the sample respondents were asked to state their level of awareness towards the following:

1. Window Display
2. Mannequin Display
3. Product Layout and
4. Promotion Signage

The respondents were asked to state their level of awareness in a five point rating scale – Very High (VH); High (H); Medium (M); Low (L) and Very Low (VL). The scores were assigned to these options as 5 for Very High; 4 for High; 3 for Medium; 2 for Low; and 1 for Very Low. Based on the total score for all the four selected features of visual merchandising, the awareness of customers has been analyzed with the demographic variables of the customers

**TABLE 1**  
**DEMOGRAPHIC VARIABLES AND AWARENESS**

| Demographic Variables | Test Statistic | Computed value | p value | Result   |
|-----------------------|----------------|----------------|---------|----------|
| Age                   | F              | 1.412          | 0.246   | Accepted |
| Gender                | t              | -0.581         | 0.562   | Accepted |
| Marital Status        | t              | -0.746         | 0.457   | Accepted |
| Educational Level     | F              | 0.879          | 0.453   | Accepted |
| Occupational Status   | F              | 1.192          | 0.314   | Accepted |
| Monthly Income        | F              | 0.278          | 0.841   | Accepted |

Table 1 evinces that ANOVA has been performed for understanding the relationship between awareness and demographic variables like age; educational level; occupational status; and monthly income while t test has been applied for analyzing the relationship between awareness and demographic variables like gender and marital status.

The results revealed that the p value stating the relationship between age and awareness has been ascertained to be 0.245. Since the p value is greater than 0.05, the null hypothesis is accepted and it is concluded that there is no significant relationship between age of the customers and awareness on visual merchandising. The p value measuring the relationship between gender and awareness has been found to be 0.562 and due to the excess of p value over 0.05, the hypothesis that 'there is no significant relationship between gender and awareness' is accepted and it is inferred that there is difference between male and female customers towards the awareness of visual merchandising. The analysis further denotes that the relationship

between marital status and level of awareness towards visual merchandising is also not significant as indicated by the p value of 0.457.

It could be observed that the p value stating the relationship between educational level and awareness is found to be 0.453. It reveals that there exists no significant relationship between educational and awareness on visual merchandising. The relationship between occupational status and awareness on visual merchandising is found to be insignificant as pointed out by the p value of 0.314. It is further understood that the monthly income has not significantly influenced the level of awareness of the customers.

## IMPACT OF VISUAL MERCHANDISING ON PURCHASE DECISION MAKING

The second part of the study assesses the impact of visual merchandising on purchase decision making of the customers. In this regard, the respondents were asked to state their level of agreement to the following statements:

1. Visual Merchandising helps to identify the products and brands easily.
2. Promotion signage enables to know the features of the product and offers available
3. Store environment supports to have pleasant shopping and
4. Floor merchandising facilitates to save time and select the goods.

The respondents were asked to state their level of agreement to the above statements in a five point rating scale – Strongly Agree (SA); Agree (A); Neutral (N); Disagree (DA) and Strongly Disagree (SDA). The scores assigned to these choices were 5 for Strongly Agree; 4 for agree; 3 for Neutral; 2 for Disagree; and 1 for Strongly Disagree. The impact of visual merchandising has been

**TABLE 2**

### IMPACT OF VISUAL MERCHANDISING ON PURCHASE DECISION MAKING

| Factors  | Chi square value | P value | Result   |
|--|------------------|---------|----------|
| Visual Merchandising helps to identify the products and brands easily              | 35.69            | 0.003   | Rejected |
| Promotion signage enables to know the features of the product and offers available | 28.22            | 0.030   | Rejected |
| Store environment supports to have pleasant shopping                               | 21.54            | 0.159   | Accepted |
| Floor merchandising facilitates to save time and select the goods quickly          | 23.12            | 0.111   | Accepted |

According to the Table 2, since the p value stating the relationship between visual merchandising and help to identify the products and brands easily is less than 0.01, it falls in the rejection region and it is concluded the purchase decision making of the customers has been influenced by helping to identify the products and brands easily. The p value indicating the relationship between promotion signage and purchase decision making is found to be 0.030. Since the p value is less than 0.05, the null hypothesis is rejected and it is inferred that promotion signage has statistically significant relationship with the purchase decision making of the customers. However, there is no significant relationship between store environment and purchase decision making as indicated by the p value of 0.159. It is further realized that the purchase decision making has not been influenced by floor merchandising.

## RECOMMENDATIONS

It is found that the demographic variables did not have significant influence on the awareness level of customers. Therefore, it is recommended that the retailers should adopt target marketing to create awareness among the customers towards visual merchandising. It is suggested that marketing segmentation shall be followed in such a way that each segment of customers is given importance and awareness is created among them. As the store environment has not significantly influenced the purchase decision making, the retailers should design the store environment as expected by the customers. Signal boards should be displayed to indicate the way to each section of the store. Floor merchandising has no impact on the purchase decision making of the customers. Hence, it is recommended that floor-wise arrangements of related goods should be made.

**CONCLUSION**

The present study has focused on the awareness of customers of the selected organized retailers in Erode District towards visual merchandising and the impact of visual merchandising on the purchase decision making. The level of awareness among different groups of customers has been found to be similar. The demographic variables have no relationship with the awareness of the customers towards visual merchandising. Visual merchandising is found to be helpful to identify the products and brands easily and the product signage enables to understand the features and offers available.

**SCOPE FOR FURTHER STUDY**

It is suggested that further study shall be conducted on the satisfaction of customers towards visual merchandising. Future studies shall focus on the problems faced by the customers in visual merchandising. The effectiveness of visual merchandising shall be studied comparatively between the private retailers and cooperative retailers by the future researchers.

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