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Research Paper

A STUDY ON THE CONTRIBUTION OF CUSTOMER PERCEPTION FACTORS TO VISUAL MERCHANDISING -AN EMPIRICAL STUDY

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Abstract
The act of shopping is no longer out of the need for a product. With the availability of plastic money one can visit a supermarket just to kill time and be lured by what he sees/perceives and finally end up in an impulsive buy or a future purchase decision. It is the love and passion of shoppers for various things that has kept the retail industry going. The retailers especially cash on this psychology of 'individual perception' to increase their conversion rate [7] which is the number of people who actually buy something out of all who actually walk into their store. This is the art or science of Visual Merchandising which emerged out of the factors that influence Customer Perception. It creates a multi-sensory ambience [2] which results in consumer patronage behavior. This study is focused on the characteristics of the products/targets as customer perception factors, how they affect the perceiver's buying behaviour and contribute to Visual Merchandising.

Key Words: Perception, Visual Merchandising VM, Perceiver, Customer, Consumer, Shopper, Retail Format, Retail Store, Product, Target, Purchase Behaviour, Patronage, Impulsive Buy, Future Buy.

INTRODUCTION

Perception is how we sense the world around us. Sensory organs act as receptors in receiving sensory inputs from the environment. All the five senses come into play either singly or together in the perception, evaluation and decision making of an individual/customer. Thus perception is a process by which Individuals/customers /consumers organize and interpret their sensory impressions in order to give meaning to their environment [10]. VM as the name suggests is all that customers see/sense in the store and is more relevant in the retail sector. What customers see does matter when it comes to what they buy because what they see leads them to perceive a use or a future use of that product/target. To elaborate, VM is a process that enhances products, supports brands, increases traffic and sales, adds visual excitement by way of strategically Located and illuminated focal destinations in an environment, typically businesses and stores, defines and advertises overall personality and image [9].

A number of factors operate to shape and sometimes distort perception. One researcher pointed out that 83% of all communication today appeal to sight [8] and this finding forms driving force behind this study is to explore the relation the between the Factors of Customer Perception (specifically characteristics of the target) and the main objective of Visual Merchandising.

PROBLEM STATEMENT

Retail industry is a very volatile one. There is cut throat competition within the industry to stand out from the rest and capture the maximum number of consumers. The science of shopping happens in real life and deals primarily with observing consumer behavior in a store and collecting, collating, analyzing and interpreting every bit of data and uncovering the insights which can have a dramatic impact on the bottom-line of a store [8]. The retailer who is a practitioner of this science intelligently bridges the gap between the Customer and the Product through Visual Merchandising.

It is a proven fact that the all the tools of VM are aimed at affecting the customer perception [6] and thereby have an impact on the patronage behaviour especially in the retail sector. This opens the fact that the origin of Visual Merchandising would have been the factors affecting the Perception of the individual customer. This study focuses on the contribution of customer perception factors specifically the characteristics of the target on Visual Merchandising.

LITERATURE REVIEW

Consumer's perceptual process has a large bearing on the final outcome which is a purchase decision. When a customer looks at a target/product and attempts to interpret what he/she sees, that interpretation is heavily influenced by three factors-

1. Factors in the individual perceiver/customer/consumer viz his age, sex, attitude, personality, motives, interests, past experiences and expectations
2. The context or situation factors Shop setting/Large Retail Store/Super Market

3. Factors in the target/product what an individual/customer sees is what he perceives as he does not look at the target/product in isolation. The relation of a target/product with its environment also influences perception as does the human tendency to group close things and similar things together [10]. The following characteristics of the target are the independent variables which contribute to the increase or decrease in the patronage behavior of a customer:

    1. Novelty: Anything new is perceived instantly by the human eye, sight being the strongest sensory input. Similarly any unique way in which a product is placed before the customer/perceiver adds value to the probability of a purchase decision. Effective display is related to two key shopping attitudes of customers- 'entry' and 'purchase' [8].

    2. Motion/Movement: When the eye notices any kind of disequilibrium, the perceiver's attention is kindled and it affects the way in which he opines about the motion/movement. This characteristic enhances the display modes of certain products like toys, decorative items, apparel etc there by affecting the perception of the consumer.

    3. Sound/Music: The mind usually registers and interprets any sound that appeals/does not appeal to the ear. The display of certain products is found to be more effective when music is associated with them. Similarly announcements of discounts increase the customer awareness of a product thereby affecting his perception and would lead to the conversion of a future buy into an impulsive buy.

    4. Size: This characteristic is often attributed as the best differentiator between any two or more similar targets/products and also their locations. Also, any kind of disability in vision can obviously increase the distance between the buyer and the product. Hence Size (of signage and message) plays a major role in the customer perception of target/product.

    5. Background: Contrasting colours are either appealing or distorting to the human eye.

    6. Either way they perform the job of catching the individual/customer attention successfully. The patronage behavior for particular products would be definitely affected by their background colours and also by the surfaces like mirrors which reflect them as perceived by the customer. It is observed that individuals slow down when they see reflective surfaces and rush when they see banks [8]. The figure and ground principle of perceptual selection holds good here.

    7. Proximity/Reachability: Scientifically proven, most objects would not miss the naked eye but for exception like the distance at which they are placed/located. This characteristic becomes all the more relevant with the age and physical ability of the perceiver. This means that the purchase decisions on products relating to certain ages are affected by the customer perception in accordance with the placement of those products.

    8. Similarity: The way the eye notices anything different from the lot, it also finds it easy to group/categorise targets with similar attributes/uses. The perceptual organization facts come into play here. Thus this characteristic has an impact on the way in which a customer perceives a target/product in relation to the

group/category in which it is placed/located/displayed. This definitely has an impact on the buying behavior of the customer.

VISUAL MERCHANDISING

It is the means to communicate a store's fashion, value, products and quality message to prospective customers so as to entice them to buy from the store on a sustainable basis [1]. Hence Visual Merchandising could be termed as a communication and experience enhancer and differentiator of displayed merchandise even when product similarities are overwhelming. It is shouldered with the responsibility of safeguarding the internal image of the store/business that will be perceived by the consumer in a situation of continuous demands imposed by the dynamics of selling. It would not be an exaggeration to say that Visual Merchandising is in fact an attempt to seduce the customer by affecting his perception. Various techniques of Visual Merchandising include -

1. Store layout-This is complex task but if accomplished successfully, contributes to the purchase decisions. For instance the 'butt brush effect' [8] was discovered while doing a study for Blooming Dale's store in New York City. Near the entrance on the main aisle was a rack of neck ties. A video camera positioned at the entrance, recorded the shoppers pausing to look at the ties but moving away when they were bumped once or twice by the people going in or out of the store. It seemed clear that customers perceived inconvenience; being brushed by passersby in the store. This phenomena was termed as butt brush effect. Also the line of sight a key factor which is considered while designing the store layout as it enables the customer to see not only what is directly ahead but also what is around. The layout also considers types of windows, placement of mirrors and racks in accordance with the customer demographics like age and sex.

2. Product Display- This includes categorizing, grouping and positioning of products in a store. Effective display leads to an increase in the impulsive buying rate [4] as the products come into direct contact with the customer. An analysis of sales data at a store indicated that sales from one particular rack were lower than expected. As soon as the position of the rack was changed, the sales shot up. Product display also considers the boomerang rate [8] which measures the number of customers who do not walk through the entire aisle of display and hence a potential buyer could be missed.

3. Lighting-It involves the illumination levels in a store. Shoppers are highly sensitive to the way a store is lit. A more illuminated store highlights the background colour schemes of the store as well as the contrasting product display. It enhances the time spent by the customer which may lead to a purchase decision [9] as the customer does not mind taking a curious stroll across the various sections of display interpreting the merchandise. Studies show that proper lighting can increase merchandise sales by up to 20% [11] particularly in the fabric sector.

4. Signage- An appropriate size, placement and message for any kind of sign draws the attention of the customer and increases the probability of a buy. The store layout and how the customers perceive its use can be effectively utilized to arrange signs which capture their sight and thereby their attention. The length and details of the message is dictated by its placement. If a customer has two to three seconds to browse through the message, it should only comprise 2-3 powerful words whereas near the bill counter where there could be a wait for the customer, the message can be as long as a couple of sentences. In short Signage is the "silent salesperson" for the retailer and must reflect the correct brand image [8].

5. Props-These are the ones like danglers, mannequins used for theme based products and accessories. Highly specialized props fabricated from a variety of materials are created by experts for the purpose [12].They determine the overall look and feel of visual merchandise display by effectively differentiating products.

6. Special and other effects- Background music especially soft but catchy has a strong effect on the purchase intentions of customers [13]. Similarly, announcements concerning available discounts on products play a vital role in the patronage behavior often leading to an impulsive buy. Demonstration of product utilities is also a way to register its potential use in the minds of the customer as they normally encourage customer involvement. Digital displays are also potential attention grosser. Great scents/faint fragrances also create a feeling of comfort and will result in the shopper lingering in the store longer increasing the odds of getting a sale.

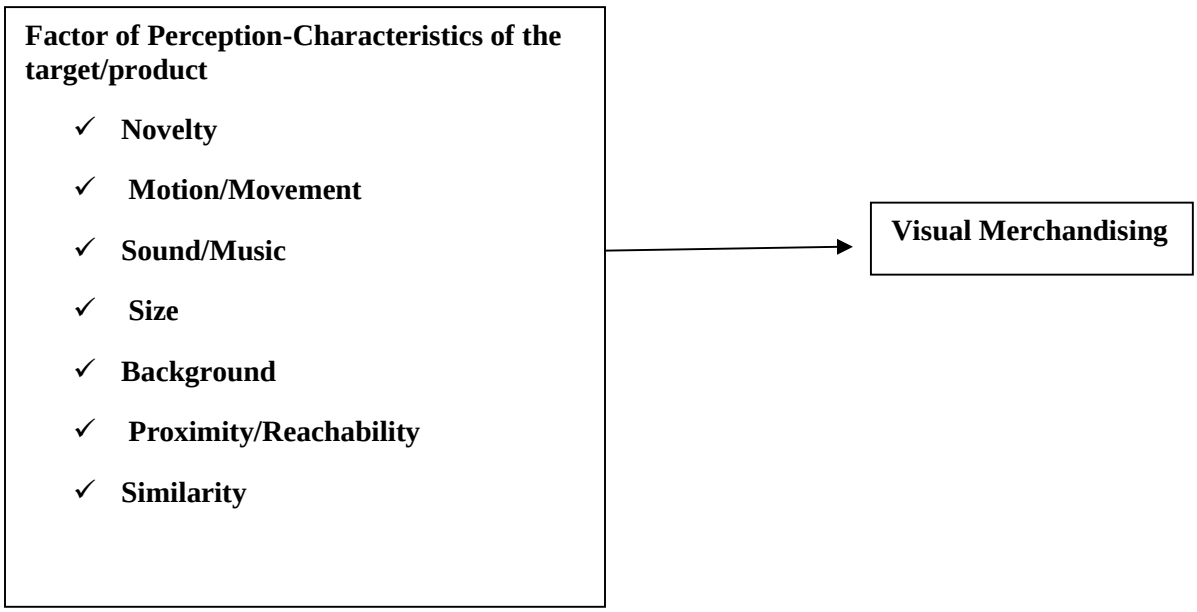

Figure – 1, Conceptual Framework

OBJECTIVES OF THE STUDY

The key objectives of this study are to identify

1. The contribution of factors of Customer Perception to Visual Merchandising.
2. The most contributing factor of Perception to Visual Merchandising.
3. The least contributing factor of Perception to Visual Merchandising.

RESEARCH METHODOLOGY

This is an exploratory study based on primary and secondary data. Primary data was collected through survey method more precisely a personal interview where a semi structured questionnaire was used to collect the data. Rank Order Scale method has been followed encouraging respondents to rank characteristics of the target/product in the order of their relevance to them. This study considered a sample of 120 respondents/retail shoppers from supermarkets located within Visakhapatnam. 112 out of 120 have shown their willingness to participate in the survey. Random Sampling technique is adapted.

Sample consists of respondents/shoppers both male and female from all ages categorized into three groups.

FORMULATION OF HYPOTHESES

The following hypotheses are formulated to draw the conclusions regarding the contribution of the factors of Customer Perception to Visual Merchandising.

H1 Novelty is the most contributing factor of Customer Perception to VM in all age groups irrespective of gender.

H2 Movement/Motion is the least contributing factor of Customer Perception to VM in general

H3 After Novelty, Reachability and Size are together the most contributing factors of

Customer Perception to VM irrespective of gender in the age group above 45 years.

H4 Novelty, Size and Similarity are the most contributing factors of Customer Perception to Visual Merchandising irrespective of gender in the age group 25-45 years.

H5 Background is a major contributing factor of Customer Perception to Visual erchandising in female population irrespective of their ages.

Hypotheses are tested based on the sample information collected through customer survey carried out in and around Visakhaptanam.

DATA ANALYSIS

The following table shows the sample composition gender wise and age wise. Total sample size is 112.

Table- 1,Demographic Details of the Sample

Age roup [inyears] Gender	Less than 25	25 to 45	Greater than 45	Total
Male	33	21	13	67
Female	10	26	9	45
Total	43	47	22	112

Both descriptive and inferential statistics have been used in presenting and analysing the data. Testing of hypotheses is used in drawing inferences.

H1 Novelty is the most contributing factor of Customer Perception to Visual Merchandising in all age groups irrespective of gender.

The sample size is 112. Null and alternate hypotheses are formulated as follows

$H1_0$ All factors of perception contribute equally to VM.

$H1_1$ Not all factors of perception contribute equally to VM particularly Novelty contributes most.

Sample data indicates that $H1_0$ is rejected thereby confirming the hypothesis that Novelty is the most contributing factor irrespective of all age groups.

H2 Movement/Motion is the least contributing factor of Customer Perception to Visual Merchandising in general.

The sample size is 112.

$H2_0$ All three factors (Movement, Background and Reachability) of perception contribute equally to VM

$H2_1$ Not all factors of perception contribute equally to VM particularly, Movement or Motion contributes the least

Level of Significance is taken as 0.01

As the observed values are very close Chi Square test is carried out to test the hypothesis. Calculated value of Chi Square is found to be 3. Chi Square from the table for degree of freedom 2 and level of significance 0.01 is observed to be 9.2. This clearly states that H2 is accepted which implies that Movement or Motion, Background and Reachability do not have a significant affect the Customer Perception in general and hence do not contribute to VM.

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Similarly, testing of the following hypotheses is conducted and inferences are drawn.

H3 after Novelty, Reachability and Size are together the most contributing factors of Customer Perception to Visual Merchandising irrespective of gender in the age group above 45 years

Level of Significance is taken as 0.01

As the observed values are very close Chi Square test is carried out to test the hypothesis. Calculated value of Chi Square is found to be 2. Chi Square from the table for degree of freedom 1 and level of significance 0.01 is observed to be 6.6. This clearly states that H3 is accepted which implies that after Novelty, Size and Reachability affect the Customer Perception and hence contribute to a lot to VM.

Similarly, testing of the hypothesis is conducted and inferences are drawn for **H4** and **H5**

Hypotheses are tested based on the sample information collected through customer survey carried out in and around Visakhapatnam.

INFERENCES AND FINDINGS

The main purpose of this research was to examine the contribution made by the factors of perception (specifically the characteristics of the target) to Visual Merchandising in the retail sector. The following are the findings of the study:

- The characteristics of the target did have an impact on the Customer Perception thereby contributing to VM. However the degree of influence of each characteristic varied from each other in proportion to the total population as well as ages and gender.
- Out of a total sample of 120, only 8 i.e. 0.06% of individuals who were approached for survey felt that there was no impact of the characteristics of the target/product on their perception.
- It is clearly understood that customers preferred Novelty in display settings as it proved to be a significant characteristic that affected Customer Perception and provided a lot of scope in VM. It included store layout combined with window display. 42.85% of the respondents rated Novelty to what they look for in a display. Refer Annexure 2.
- Movement/Motion (in display),Reachability (in arrangement/stacking), Background (of the store) were equally the least significant characteristics of the target/product, in affecting the customer perception in general. 16.9% of the respondents rated Background as the least significant characteristic in the target they perceive where as, 14.28% of the respondents rated Movement/Motion as the least important characteristic. Hence these do not contribute majorly to VM. Refer Annexure 2.
- Reachability (Placement of target) 25% and Size (of Signage) 15% were found to be following Novelty in the most preferred characteristic list of the respondents irrespective of gender in the age group of above 45 years. Refer Annexure 2.
- Reachability (Placement of the target) however was considered least important by the age group less than 25 years and 28.2% of them ranked it as the insignificant characteristic that could catch their eye.
- In the age group of 25-45 years, respondents irrespective of their sex found Size (of Display and Signage) and Similarity (grouping and arrangement of products) as the most significant characteristics they look for in a product after Novelty. Ref Annexure 2.
- It was also observed that respondents considered all the characteristics of the target under one head Novelty whether it is the Size of display boards or windows, or the store layout in arranging similar

products or contrasting colours of the Background. They required a proper explanation of the meaning of each characteristic individually before the ranking was given.

CONCLUSION

A lot of research suggests that Visual Merchandising affects Customer perception and thereby encourages purchase behavior.On the contrary, this research provides an insight to retailers that if the preferred characteristics of the target are predicted they can be altered or managed through Visual Merchandising, they would positively affect the personal attributes of the customers/perceivers like their attitudes, learning, motives, their expectations and past experiences in that particular retail outlet.To sum up VM can effectively use the characteristics of the products [target] to affect the perceiver in a retail store [situation].

RECOMMENDATIONS FOR FURTHER STUDY

- The retailers' perception would throw light on their view of the factors of Customer Perception affecting VM.
- The relationship between the characteristics of the target and the perceivers'/customers' motives, attitudes, learning, their expectations and past experiences can be measured.
- Referent power which is a very prominent technique of visual merchandising today to capture the customer's attention can also be considered for a much detailed understanding of the concept.
- An in-depth study into the five senses and how they contribute to perception would give new insights to the research.

LIMITATIONS

- Small sample size.
- Time for the study was limited.
- Data was collected during festive season when most of the respondents were with an intention to buy.
- Scope of study limited to a few Large Retail stores within Visakhapatnam city limits.
- Literacy level of the respondents could lead to some attribution errors.

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