

A study of Factor Affecting Consumer Impulse Buying Behavior for Retail Product at Malls of Lucknow City

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Abstract

Impulse purchase or impulse buying is an unplanned or otherwise spontaneous purchase. Impulse items can be anything, a new product, samples or well-established products at surprising low prices. Customer who has to not preplanning to purchase product they have to see product and they decided to purchase. Purchasing is, generally defined as, a consumer's unplanned purchase which is an important part of buyer behavior. Apparel industry in India is booming and there is fierce competition among various players in apparel segment in terms of lifestyle format. The study is aimed to find out impact of various dimensions of visual merchandising on impulse buying behavior of the customers visiting "Central Malls". Four dimensions of visual merchandising viz. window display, in-store form/mannequin in display, floor merchandising and promotional signage are studied and its impact on impulse buying behavior is found out. The results reveal that certain dimensions of visual merchandising do affect impulse purchase. Hence, visual merchandising is important for strategic marketing decisions to increase the sales of the stores.

Keywords : Visual Merchandising, Window Display, In-Store form/Mannequin Display, Floor Display, Promotional Signage, Impulse Buying

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1. Introduction

Visual merchandising, or visual presentation, is the means to communicate a store/company's fashion value and quality image to prospective customers. The purpose of visual merchandising is to educate the customer, to enhance the store/company's image, and to encourage multiple sales by showing apparel together with accessories. Therefore, each store/company tries to build and enhance its image and concept through visual presentations, which appeal to shoppers and ultimately transform them into customers by building brand loyalty and encouraging customers' buying behaviors. Visual merchandising is defined as the presentation of a store/brand and its merchandise to the customer through the teamwork of the store's advertising, display, special events, fashion coordination, and merchandising departments in order to sell the goods and services offered by the store/company.

Retail has caught lot of attention in the past one decade. India as the 'second most attractive retail destination' globally among thirty emergent markets. In terms of purchasing power parity (PPP), India is ranked 4th largest economy after USA, China and Japan. Indian retail market is growing with the compounded annual growth rate of 46.64%. One of the major contributors is the modernized retail format that is, "The Shopping Mall- the one stop destination". In India, retail industry contributes 10% of the GDP and 8% of the employment. The Indian retail market is estimated at US\$ 350 billion. But organized retail is estimated at only US\$ 8 billion. India's overall retail sector is expected to rise at US\$ 833 billion by 2013 at a compound annual growth rate (CAGR) of 10 per cent. The Indian consumer market is likely to grow four times by 2025. India stands 4th in Global Retail Development Index 2011. The retail sector are witnessing an influx of large domestic Conglomerates such as Reliance Group, Future Group and AV Birla Group. In November 2011, Government of India announced reforms in retail sector for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovations and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well as single brand majors such as IKEA, Nike and Apple. In January 2012, Government approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership. This development in retail creates fierce competition in the industry. The competition in terms of innovations in organized consumer retail industry has always been avoided by India before 2011. India's organized retail had a 31% share in clothing and apparel in 2011. Foreign retail chains entering India will aggravate the competition to different level. Hence, the retailers have to ensure that their stores appeal to the customers more effectively. In such case, the retailers need to differentiate themselves from others. The similarity of merchandise in the fashion or apparel forces the industry to utilize visual merchandising to improve the desirability of the product, differentiate their Product and enhance the impulse buying behavior. Since the country is getting more competitive in terms of retail industry, visual merchandising is the only effective way of differentiating in apparel industry. The last thing a customer wants is similarity in merchandise. The innovation in store chain is very weak. Indian consumers are becoming more aware about the latest fashion and design and also the innovation of the apparel store space. They also want state of art products that have good quality and are of global standards and experience that also meets global standards. Visual merchandising is the only technique to create euphoria in apparel industry by store presentation. There are various institutes in the country providing courses on visual merchandising. Retailers by incorporating innovative usage of store space can match the consumers' expectations and give strong competition. Hence, it becomes important to study visual merchandising in apparel industry and help the marketers to understand the way they can differentiate themselves from competitors.

2. Literature Review

Visual Merchandising

Visual merchandising is effective presentation of products that impacts customers purchase. It is providing right product to right customer at right time. It is defined as "the presentation of a store/brand and its merchandise to the customer through the teamwork of the store's advertising, display, special events, fashion coordination, and merchandising departments in order to sell the goods and services offered by store". This means everything that customer sees, exterior or interior, creates a positive impact on customer. Retailers are gradually realizing that only selling the product is not important, but customers' satisfaction and convenience is also important for shopping. Stimulus in retailing includes space related, product related and people related aspects. These stimuli are mostly collected through eyes. Hence, it is inexpensive way of marketing.

Visual merchandising includes both store exterior and interior. The store exterior includes window display, façade and retail premises. Window display is a medium which creates first impression in customer's mind to enter the store. Physical attractiveness of the store impresses customers highly for store selection. In the same way exterior of the store instigates customers to enter the store . There are three types of interior display: Merchandising display, Point-of-sales display and Architectural display. In-store cues have always been prominal for practitioners and researchers .Good store interior interests customers and hence, reduce psychological defense and help purchase. The store interior includes orienting factors; signage; Layout, fixturing, merchandise, presentation techniques and spatial factors and ambient conditions, which Kotler termed "atmospherics" which is a very important strategy. Consumer expectation regarding in-store design have increased and there is also a heightened desire for shopping excitement, which can in part be delivered through innovative design of the physical environment .

Visual merchandising is, therefore, concerned with both how the product/brand is visually communicated to the customer and also whether this message is aptly decoded. Visual merchandising includes various aspects of consumer such as sensory pleasure, affective pleasure and cognitive pleasure. Consumers under stress will make planned or nondiscretionary purchase and won't spend as much time or money on unplanned/impulse purchases .Customers account both monetary and non-monetary costs of the merchandise .

Consumer Behavior

Consumer behavior is long been a study of interest for the researchers. The early work done in this subject came from economic perspective which focused only on act of purchase. Consumers are viewed as rational decision makers who are only concerned with self interest .There are many contemporary researches done on consumer behavior that considers varied range of factors that influences consumer and proves a broad range of consumption activity beyond purchasing. These activities include need recognition, information search, evaluation of alternatives, building purchase intention, act of purchasing, consumption and finally disposal. This has evolved from various important stages in the past by application of new research methodologies and several approaches that had been adopted. The evolution of this subject has been continuous; it is after 1950's that the field of consumer behavior has responded to the conception and growth of modern marketing to encompass the more holistic range of activities that impact upon the consumer decision . The definition of consumer behavior "is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires" . The similar definition of consumer behavior "The behavior that consumer display in searching for, purchasing, using, evaluating and disposing of the products and services that they expect will satisfy their needs" .Consumers do not always buy what they want. There are certain unconscious needs. Hence, there is always customers will buy something that they do not necessarily need. This means that understanding consumer behavior and knowing them have and never will be simple. Their actions vary from their words. Marketers can apply various stimuli and observe the conduct of consumers. There are numerous model developed on the buying behavior of the consumers.

Impulse Buying Behavior

Impulse buying behavior is the purchase that is made without much thinking. It is done without involving much.

3. Research Objectives and Design

Research Objectives

1. To explore the dimensions of visual merchandising.
2. To study the impact of visual merchandising on consumer attitude and consumer response in terms of apparel segment.
3. To study the impact of visual merchandising on the impulse buying behavior of the consumers.

Research Design, Sample and Data

The research design is divided into two parts, the first part is exploratory in nature and the second part is descriptive. In the exploratory study the visual merchandiser and marketing manager of the mall were interviewed to understand and find the dimensions of visual merchandising. The study was intended to focus on the impact of visual merchandising in terms of apparel segment as a product category. The sample size of the research was 100 but sixteen were outliers hence, the revised sample size was 95. The sampling technique was mall intercept method, customer who walk out of the store were surveyed with the help of structured questionnaire. Thus, sampling procedure is purposive sampling. The survey was conducted in Central Mall of Lucknow for four days. With the help of SPSS reliability test, factor analysis, correlation and linear regression have been run on the data to get the findings.

From the literature review it is inferred that in terms of visual display, window display, in-store form/mannequin display, floor merchandising and promotional signage, are very important dimension to be studied in visual merchandising. If these dimensions of visual merchandising are properly and innovatively developed, the stores' sales may increase drastically. Window display will increase the walk-ins of the store. Customer once enters the store; the next encounter of the customer with the store happens only if the experience with the store is memorable. In that case in-store form/mannequin display, floor display and promotional signage will play a vital role in making the experience memorable to customer. Therefore, it is important to study the impact of these dimensions on impulse buying behavior of customer, to find out effectiveness of visual merchandising.

Research Hypothesis

H1: Customers who purchase on impulse are influenced by window displays.

H2: Customers who purchase on impulse are influenced by in-store form/mannequin display.

H3: Customers who purchase on impulse are influenced by floor merchandising.

H4: Customers who purchase on impulse are influenced by promotional signage.

The dependent variable of study is impulse buying (section 1 in table 1) and independent variables are window display, in-store/mannequin display, floor display, and promotional signage (section 2 to 5 in table 1). These variables have individual constructs which are tested on five point Likert scale which ranged from never = 1 to frequently = 5.

Table 1. Factor Analysis

S.No.	Impulse Buying (Section 1)	Component	
		1	2
1	I go shopping to change my mood	0.235	0.832
2	I feel a sense of excitement when I make an impulse purchase	0.846	0.291
3	After I make an impulse purchase I feel regret	0.786	-0.216

4	I have difficulty controlling my urge to buy when I see a good offer	-0.032	0.82
5	When I see a good deal I tend to buy more than I intended to buy	0.763	0.282
	Component Eigen value	2.337	1.433
	% of Variance Explained	47%	25%
	Influence of Window Display (Section 2)	1	
6	I feel compelled to enter the store when I see an interesting window display	0.933	
7	I tend to enter the store when I am attracted by an eye-catching window display	0.933	
	Component Eigen value	1.488	
	% of Variance Explained	72%	
	Influence of In-Store Form/Mannequin Display (Section 3)	1	2
8	When I see clothing featuring a new style or design on display I tend to buy it	0.891	-0.026
9	I get idea about what to buy after looking through in-store or mannequin display	0.846	0.152
10	I tend to rely on store displays when I make a decision to purchase clothing.	-0.148	0.890
11	When I see clothing that I like on in-store or mannequin display I tend to buy it	0.352	1.332
	Component Eigen value	1.810	0.842
	% of Variance Explained	46%	33%
	Influence of Floor Merchandising (Section 4)	1	
12	I tend to try on clothing that catches my eye when I pass by	0.848	
13	When I see clothing that catches my eye I tend to try it	0.781	
14	When I walk along the isle I tend to look through clothing close to me	0.383	
	Component Eigen value	1.567	
	% of Variance Explained	46%	
	Influence of Promotional Signage (Section 5)	1	
15	When I see a special promotion sign, I go to look at that clothing	0.88	
16	If I see an interesting promotional offer on in-store signs I tend to buy	0.821	
17	Sales sign entice me to look through the clothing	0.812	
18	I am more likely to make an unintended purchase if the clothing has a sale sign	0.786	
	Component Eigen value	2.750	
	% of Variance Explained	67%	

Extraction Method: Principal Component Analysis with varimax extraction.

Table 2. Correlation with Impulse Buying

Variables	Pearson Coefficient	Significance (p)
Window Display	0.525	0
Form/mannequin Display	0.196	0.053
Floor Merchandising	0.298	0
Promotional Signage	0.412	0

Table 3. Hypotheses and conclusion with determining coefficients and p-values from regression analysis

Hypothesis	Intercept	Slope	R Square Co-efficient	p-value	Conclusion
H1	2.592	0.372 (4.247)#	0.19	0.000	Customer's impulse buying behavior and window display has direct relationship.
H2	2.946	0.282 (1.980)*	0.047	0.053	Customer's impulse buying behavior and in-store form/mannequin display are related but there is no direct
H3	2.819	0.359 (3.891)#	0.158	0.000	relationship Customer's impulse buying behavior and floor merchandising are related directly.

H4	2.323	0.473	0.272	0.000	Customer's impulse buying behavior and promotional signage are related directly
t- values in parenthesis		*Insignificant	#Significant		

4. Analysis and Findings

The analysis of the data is carried out in the following step. The preliminary test run are frequency table, principal component analysis and reliability test. While for hypothesis testing regression analysis was carried out. First reliability test for all five variables was carried out. The Cronbach's Alpha of the reliability test was 0.69 for impulse purchase, 0.7 for window display, and 0.702 for in-store form/mannequin display, 0.699 for floor merchandising and 0.69 for promotional signage, which means the questionnaire is reliable.

For hypothesis testing, question 2 of section 1, as it has the highest value 0.846 in component 1 of principal component matrix with Eigen value 2.337 and percentage of variance explained 47%, in dependent variable checked over with various independent variables (Table: 1). For first hypothesis (H1) independent variable from section 2 is question 6 as the value in both the component is same hence, first component is taken for analysis with value 0.933 with Eigen value 1.488 and percentage of variance explained 72% (Table: 1). For second hypothesis (H2) independent variable from section 3 is question 8 as the value in first component is highest 0.891 with Eigen value 1.81 and percentage of variance explained 46% (Table: 1). For third hypothesis (H3) independent variable from section 4 is question 12 as the value of the same is 0.848 with Eigen value 1.567 and percentage of variance explained is 46% (Table:1). For fourth hypothesis (H4) independent variable from section 5 is question 15 as the value is highest 0.880 with Eigen value 2.750 and percentage of variance explained is 67% (Table: 1). Pearson correlation tests were conducted to see the correlations between the dependent variable (impulse buying) and independent variables (Table 2). In addition linear regression analysis was conducted for the hypothesis testing using impulse buying tendency as a dependent variable and each visual merchandising variable (Table 3).

Hypothesis:

H1: In the result of a Pearson correlation test, a significant correlation was shown between impulse buying and window display. The data provided sufficient evidence that window display was significantly related with customers' impulse buying behavior. The regression analysis also found that window display has weak significance on customers' impulse buying behavior. This suggested that there was a directional relationship where window display significantly influenced customers' impulse buying behavior. Hence, making window attractive would definitely fetch more footfalls in the store.

H2: The Pearson correlation test resulted that there is no significant correlation between impulse buying and in-store form/mannequin display. In consistence with the result of the correlation test, the regression analysis found that in-store form/mannequin display also did not significantly influence customers' impulse buying behavior. Even the regression analysis did not show positive relation of impulse buying with in-store form/mannequin display. Hence, respondents are not able to empathize with the mannequin display, which is not generating impulse buying behavior from this particular dimension.

H3: The result of a Pearson correlation test found a significant correlation between impulse buying and floor merchandising. The regression analysis suggested that the floor merchandising has weak correlation on customers' impulse buying behavior. The data provides sufficient evidence that there was a significant directional relationship between customer's impulse buying behavior and floor merchandising suggesting that although customers' impulse buying behavior and floor merchandising are correlated.

H4: The Pearson correlation test found a significant correlation between impulse buying and promotional signage. As expected. The regression analysis found that promotional signage significantly influenced customers' impulse buying behavior. The R square value also showed positive relation of promotional signage with impulse buying behavior. This result suggests that promotional signage significantly influenced customers' impulse buying behavior.

5. Conclusion

Impulse buying is a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product or to fulfil a specific buying task. The findings of the study indicate that credit card, promotional approaches, window display, sensation cues and product involvement mostly influence the impulse buying behaviour of consumers.

In case of Effect of sensation cues have not a significant influence on customer's impulse buying decision because it is noticed that in the store is not having only musical environment or atmospheres for consumer's impulse buying decision.

The study of promotional approach It can be specific brand offer, advertisement of product in print and visual media or any sort of promotion of products in superstores that initiate impulse buying behaviour of consumers at superstores. As impulse buying is unplanned purchase, customers may feel regret or dissatisfaction after purchase.

This paper is not focused on the satisfaction level of the impulse buyers. However, it is important to know whether consumers are satisfied on their impulse purchase or they feel regret after impulse purchase. Future research is needed to explore this state of affairs.

Impulse buying is a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product or to fulfill a specific buying task. Researchers have attempted to determine if consumers' who frequently engage in impulse buying behavior have some common personality traits. This study further investigated some external factors that influence impulse buying behavior. In attempt to examine this relationship, this study primarily tried to explain the relationship between young consumers' impulse buying behavior and various types of visual merchandising. An important finding of this study was that visual merchandising practices certainly influence young consumers' impulse buying behavior. The results proved that there were significant relationships between young consumers' impulse buying behavior and in-store form/mannequin display and promotional signage. This study investigated some external factors that influence impulse buying behavior as it is immediate with no pre-purchase decision. The results proved that there is a pivotal relationship between customers' impulse buying behavior and window display, floor merchandising and promotional signage.

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