Visual Merchandising Elements: Drivers Of Retail Strategies?

Michael Colin Cant, University of South Africa, South Africa
Johannes Arnoldes Wiid, University of South Africa, South Africa

ABSTRACT

Visual merchandising has increasingly become important in retailing especially with more and more customers opting to go online. This study focused on the consumer in order to obtain a better understanding of the visual merchandising elements that impact on visual merchandising in the South African apparel retail industry. The primary research objective was to identify visual merchandising elements from a retailers and consumers perspective in order to drive more focused retail strategies in store design and planning in the apparel market. This research study followed a mixed-methods approach. The value of the research study lies in its contribution to the development of strategic visual merchandising elements that can be used in the retail strategies of apparel retailers. Incorporating visual merchandising elements can improve visual merchandising proficiency and thus have greater impact on store design and layout, as well as when designing and planning new stores.

Keywords: Apparel; Visual Merchandising; Retail Strategy; Store Design; Store Planning; Key Elements; Store Atmosphere

1. INTRODUCTION

$\mathcal{R}$etailing exists since the earliest days in one form or another. In years gone by it might have been a simple exchange, a barter deal or the exchange of something valuable. The way consumers shop has been evolving at an ever-faster pace and online retailing is becoming more and more popular as technology develops. Consumers now have multiple channels by which tom shop- in store, online or via mobile devices. Due to these developments it has become increasingly important for retailers in general to gain a better understanding of consumer preferences and to manage the customer experience in store in such a way that customers would prefer the physical store to another channel.

It is however a fact that consumers tend to first visualize the in-store environment when thinking about a retailer. Using visual merchandising, retailers can create an in-store environment that will offer something different compared to their competitors and make a trip into their store more inviting for customers than shopping online.

Visual merchandising, initially not regarded as important, has matured into an important and relevant element of retail strategy (Pillai, Iqbal, Umer, Maqbool & Sunil, 2011). Besides the store front and display windows aimed at enticing customers to enter the store, attention also need to be given to the in-store environment that is intended to increase the customers' ease and convenience while shopping. Generally speaking, the aim of visual merchandising is to offer customer a better shopping experience (Levi & Weitz, 2009).

In order to create this better shopping experience requires retailers to understand their consumers reaction to different visual merchandising elements and to establish the key visual merchandising elements in the mind of the consumer.

Therefore, the aim of this article which is part of a larger study was to develop key visual merchandising elements by identifying, quantifying and categorising the elements of visual merchandising, based on retailers and consumers perceptions. The key elements resulting from the identification and categorisation are based on the similarities between the identified sample consumers and describe the elements of visual merchandising in terms of their level of importance from the consumer's perspective. In this way apparel retailers is in a position to identify the critical

elements of visual merchandising that can be applied to retail strategies in-store design and planning in order to maximize the impact of these strategies.

These key elements can further serve as a guide to what would entice consumers to become repeat customers and even loyal customers. The starting point of such an endeavour is to first gain a thorough understanding of the central visual merchandising concepts involved.

2. LITERATURE REVIEW

2.1 Visual Merchandising Defined

The importance of a memorable experience by customers going to a store is important if the retailer expects to have repeat visits from consumers (Law, Wong & Yip, 2010).

Studies conducted on the behaviour of consumers have emphasized the fact that an appealing and well-designed store has proven to be enticing to consumers – and is a catalyst in their decision to return to the store to come and browse (Law et al. 2010). Visual merchandising is often referred to as the silent salesperson and has the task to present merchandise to the customers, attract the attention of the customer and invites them to investigate closer, and serves as a means of informing customers about the products. In a similar way merchandise not well presented and coming across as unplanned and poorly prepared, will probably drive customers away from the store (Iberahim, Zulkurnain, Raja 'Ainal Shah, & Rosli, 2019).

The task of visual merchandising is primarily to enhance the image and attractiveness of a store and to be seen as being exclusive as no store should look the same as another (Kim, 2003; Iberahim et al. 2019, p4).

It is therefore clear that visual merchandising forms an integral part of the total product offering including the managing of the branding of the store. Due to this fact it should be clear that the most important reasons to engage in visual merchandising are to inspire shoppers, to attract them into the store, to encourage them to buy the retailers products and ultimately to increase profitability by means of increased sales (Pegler, 2010).

 It is a known fact that well planned and executed visual merchandising inside a store have a greater chance of keeping customers interested in what is in the store and even persuade them to purchase the products. The main aim of retailers' strategies are to attract consumers, upgrade the store and to generate sales Iberahim et al. 2019, p4).

Due to the increased importance and value of visual merchandising not only in South Africa but also in other countries this study was undertaken to investigate the elements that are important to retailers and consumers in the visual merchandising process.

2.2 Visual Merchandising Elements

As this article focusses on the apparel retailers retail strategies and visual merchandising it is important to briefly to define what is meant by apparel retailing. A retailer is defined as a business that sells goods to a consumer for their own personal use, it can be inferred that an apparel retailer is a business that sells clothing and clothing-related items directly to the consumer for their personal use (Diamond, Diamond & Litt, 2015). Tan and He (2019) argue that the connotation of New Retail is to obtain comprehensive data and improve retail efficiency from the perspective of consumers experience through online and offline integration

There are numerous apparel retailers in South Africa and these retailers are not only in competition with each other but also have to ward off competition from non-brick and mortar retailers which are operating online – a segment that has been growing in bounds and leaps over past decades (PWC, 2016). An advantage however that brick and mortar retailers have over online retailers are the fact that many customers still want to be able to feel and touch the clothes and to try the clothes on in store. This fact is the reason why retailers are working hard on strategies to get customers in the store by having the most exciting and visually appealing retail environments.

Visual merchandising is used by retailers to create a visually appealing environment, but it would see that few retailers incorporate this in their retail strategies. This article aims to assist retailers in identifying key visual merchandising elements that could be incorporate into existing and future retail strategies to create a competitive advantage The value of key visual merchandising elements lies in the fact that they take heed of consumers' views, which enables retailers to anticipate what the consumers would like to see in their stores.

As stated previously visual merchandising consists of various elements, and the goal of this article was to determine which of these elements are key in the minds of the consumers. The key visual merchandising elements were determined based on an approach first used by John Rockard (Freund, 1988).

Very few authors and academics have over the years focused on the identification of key elements in the context of visual merchandising (Borman & Janssen, 2013).

In general terms key elements can be seen as those few important things that must go well to ensure that an organisation performs well and attains future success (Freund, 1988). The key element concept has evolved to include competitive factors and key elements which must adhere to criteria (Freund, 1988), such as

- being important to achieving overall corporate goals and objectives;
- measurable and controllable by the organisation;
- relatively few in number – not everything can be critical;
- expressed in a manner it can be executed;
- applicable to all companies in the industry with similar objectives and strategies (for example all apparel retail stores); and
- hierarchical in nature.

The key visual merchandising elements that are identified by this study can ultimately determine or influence the success of a visual merchandising division of an apparel retailer. In reality, key visual merchandising elements are the 'must achieve' factors. The accent on achievement underlines the fact that key success factors are action-oriented (Howell, 2010). These factors are not business objectives or aims, but a mixture of activities and procedures designed to support the success of the desired outcomes specified by a retailer's objectives and goals. In turn, the identified key visual merchandising elements will be actionable and, to some extent, controllable by the retailers (Howell, 2010).

3. THE RESEARCH QUESTION

The primary research question that arose from the preliminary literature review can be stated as follows: Which visual merchandising elements are key in order to guide retail strategies in store design and planning in the broader South African apparel retail market?

3.1 Primary objective of this study

The primary research objective was to identify key visual merchandising elements from retailers' and consumers' perspectives.

The methodology used in the study is discussed in the following section.

4. METHODOLOGY

The following section provides a brief summary of the methodology used to gather the data for this study.

This research study adopted a pragmatic paradigm which followed an exploratory research design involving qualitative research through in-depth interviews and focus groups. Thematic analysis was done in this study. Due to the nature of the research the data was coded by hand on Excel and based on the code's themes were formulated. An inductive approach was followed in order to identify latent themes.

As a starting point a thorough literature review was conducted to identify and examine all known visual merchandising elements. These elements were compiled into a list that included the visual merchandising elements together with individual visual merchandising items that make up the element.

4.1 In Depth Interviews

Once the visual merchandising elements/items were identified from the literature, the next step was to conduct of in-depth interviews. The aim of in-depth interviews was to add any other visual merchandising elements/items not mentioned in the literature from the retailer's perspective.

A total of three interviews were conducted and, in each interview, the participants (visual merchandising managers from apparel retailers) were asked to examine the list of visual merchandising elements and items synthesised from the literature. The respondents were then asked to add any additional visual merchandising elements/items that they felt were missing from the list.

4.2 Focus Groups

Focus groups were conducted to add any visual merchandising elements/items not mentioned in the literature from the consumers' perspective. In a focus group setting (a total of two focus groups were held, the first one had 8 participants and the second 6), the participants (consumers) were asked to examine and discuss the list of visual merchandising elements synthesised from the literature. Throughout the discussion, consumers could add additional visual merchandising elements/items they felt were not mentioned on the list. The focus groups consisted of a nearly equal distribution between men and women, with 51% of the participants being male and 49% female. A total of 64% of respondents were white, 17% black, and 46% of respondents in the age group 26 to 45.

Once in-depth interviews and focus groups had been conducted, the list of visual merchandising items came to a total of 176 (this included the visual merchandising items synthesised from the literature, insight from retailers as well as consumers).

5. RESULTS IN DEPTH INTERVIEWS AND FOCUS GROUPS

To identify visual merchandising elements from retailers' and consumers' perspectives qualitative research using in-depth interviews and focus groups was conducted. As the in-depth interviews and focus groups were analysed using the same analysis technique (namely directed content analysis), it was deemed fit to discuss the results of both these research methods together.

Each interview and focus group was transcribed individually and analysed by means of directed content analysis. The researcher began by highlighting all the text that, on first impression, appeared to represent an item of an existing category (visual merchandising element) as per the discussed theorised elements.

The second step in the analysis was to code all the highlighted text using the predetermined categories (visual merchandising elements) identified in step 1, adding them to the initial list of items synthesised from the literature that formed part of the existing categories. The final step in the directed content analysis approach was to create new categories (new visual merchandising elements) for the items that could not be categorised within the initial coding scheme (existing visual merchandising elements).

The categories identified form the in-depth interviews and focus groups were added as additional visual merchandising elements to the initial list of visual merchandising elements extracted from the literature. This process was repeated for each interview as well as for each focus group session. A total of 106 visual merchandising items were extracted from in-depth interviews and focus groups using the directed content analysis method. Of the 106 items, 84 could be categorised within the existing visual merchandising elements identified from the theory, and 22 items had to be categorised within new visual merchandising elements. After careful analysis and consideration, four new visual merchandising elements were identified encompassing the 22 new items. Thus, when combined with the items identified from the literature review, a total of 21 elements were identified (17 elements from the literature and 4 new

elements) incorporating a total of 176 items (70 items from the literature and 106 new items from in-depth interviews and focus groups.

The results generated from in-depth interviews and focus groups are shown in the tables below, giving each visual merchandising element together with its respective items as identified from the research. As qualitative research was, in-depth interviews and focus groups verbatim quotations are given to provide evidence and justify the inclusion of items within each element.

Table 1 lists the additional visual merchandising items that were added to the theorised element of floor layout.

Table 1. Visual merchandising items added to floor layout element

Floor Layout (existing element)
1.   When the focus areas are to the left of the entrance.
2.   When there are separate entrances for women's and men's departments.
3.   When there isn't any shoppable merchandise close to the entrances.
4.   When merchandise is categorised according to style, occasion, etc.
5.   When new merchandise is displayed at the store entrance.
6.   When new items are merchandised between older items throughout the store.
7.   When supporting merchandise is grouped with each other.
8.   When lifestyles are created by means of displays on the main aisles to identify the different departments.

As listed in Table 1, an additional eight items were added to the element of floor layout. The additional items relating to floor layout revolve around merchandise placements, the store entrances and the different groupings of merchandise. Some quotations have been taken verbatim from the transcriptions to show why these items were added to the element of floor layout:

- "…it depends with the layout, I often end up walking this side to the left, then I go to the far right and go back to the left and I often struggle because I don't understand floor layouts so that is an obviously, well focal, a focus point then it makes it a lot easier if I know the shop obviously
- "…needs to be at least two entrances, separately for the women and men, I think it should be, which I think is very important for me…"
- "…important is that the merchandize must be categorized together."

Table 2 lists the additional visual merchandising items that were added to the theorised element of Graphics.

Table 2. Visual merchandising items added to graphics element

Graphics (existing element)
1.   Making use of digital/electronic screens with changing images.
2.   When graphics are displayed on a shelf together with merchandise.
3.   When lifestyle graphics are used to illustrate a specific look or style.
4.   When graphics are used to illustrate to me how to wear certain items or how to use different items together.

From Table 2 it is clear that the items relating to graphics revolve around the placement of the graphics in the store, the different formats of graphics as well as the message portrayed by the graphics used. A total of four items were added to the existing element of graphics. Some quotations have been taken verbatim from the transcriptions to show why these items were added to the element of graphics:

- "…quite important for me personally when I walk into a Store is to see pictures of a lifestyle somewhere. In other words, there is a mom and a dad and kids having a picnic, that type of lifestyle, probably with Graphics, to also, is depict daily lifestyle experiences…"
- "…use electronic versions to display their things, which is nice, because it is always up to date and it looks nice and it looks professional to me, which I quite like…"

- "…the Graphics must be visible, clearly visible, it can't sit on the shelf where the clothes are…"

Table 3 lists the additional visual merchandising items that were added to the theorised element of signage.

Table 3. Visual merchandising items added to signage element

Signage (existing element)
1. When merchandise prices are communicated in the window.
2. When digital signage is used.
3. When the signage used is hanging from the roof.
4. When signage is at eye level.
5. When sale signage is used to block sale items together.
6. Signage indicating the location of the fitting rooms should be clear.
7. When the signage on swing tickets (garment tickets) includes information such as fit, fabric and style.

Table 3 lists an additional seven items added to the existing element of signage. The seven additional items relating to signage revolve around the use of signage as a communication medium and the placement of signage throughout the store. Some quotations have been taken verbatim from the transcriptions to show why these items were added to the element of signage:

- "Signage and then the Floor Layout again, with the Fitting Rooms, must be a little bit bigger…"
- "…hanging from the roof, Yes, It is easier visible."
- "…sometimes they miss the spots and the items will be twenty percent off but that signage is not there…"

6. CONCLUSIONS AND RECOMMENDATIONS

In the background discussion it was alluded to that a carefully planned retail strategy can influence the purchase decisions of consumers and ultimately determine the long-term success or failure of a retail store (Gauri, Trivedi & Grewal 2008). As the environment in which a retailer operates is ever changing and competitive in nature it is imperative that the retailer have a clearly defined retail strategy that indicates how they plan to offer their products or services, as well as how they plan to influence the purchase decisions of their consumers. Consequently, the best place to get input from is their customers, and the retailers themselves. It was also alluded to in the background discussion that retailers should know which retail features are important to consumers so that the appropriate retail strategy can be developed based on consumer preferences.

Cant and Van Heerden (2013) highlight the fact that the customers' orientation and the aims of the retailer form part of a retailer's retail strategy – indicating the fact that both the retailers and customers perspective matters. Levi and Weitz (2009) propose that in order to implement a retail strategy, retailers have to develop a retail mix that will ensure that they satisfy not only their own needs, but also those of their customers.

It was therefore deemed appropriate to gain further insight into the identified visual merchandising elements, not only from the retailers' perspectives, but also from the consumers' perspectives to identify and synthesise any visual merchandising items not covered by the existing theory.

Based on the insight from the consumers and the retailers, 106 visual merchandising items were added to the existing list of 70, bringing the list of visual merchandising items to a total of 176 items. Of the 106 items, 84 items could be categorised within the existing visual merchandising elements identified in the theory, whereas the remaining 22 had to be grouped into new categories. After careful analyses, these 22 items were grouped into four new visual merchandising elements.

The four new visual merchandising items (items that were not covered in the theory) that were identified by the consumers and the retailers were the following:

1. Pay points. The pay points are the areas in the store where consumers go to pay for the items they have selected. The content analysis indicated that the items that made up the new element of pay points revolved around the location of the pay point within the retailer. Consumers indicated that they would like to have different pay points per department. Consumers further highlighted that they would like to see pay points in different areas in the store, not just in one specific place.
2. Fitting rooms. A fitting room is a room located inside a retail store where consumers can try on clothing in private before deciding whether to purchase it or not. The content analysis indicated that the items that made up the second new element revolved around the furniture included in the fitting room, the design, style and size of the fitting room, its location as well as the type of flooring used. Consumers specified that the fitting rooms should be large enough to be able to move around comfortably and that they should be fitted with large mirrors. They further discussed the different floor types used within fitting rooms as well as the furniture used and information conveyed by means of signage and graphics.
3. Staff. This involves the human factor and includes the people that are employed by the retailer. The items that made up this specific element revolved around the skill of the staff member, their training in terms of the art of visual merchandising to replenish and maintain where necessary, as well as staff hygiene. The research indicated that the staff should fit the store's image and that the staff's personal look is important to the store. It was further highlighted that the personal hygiene of staff as well as their friendly- ness are also important, as these are aspects that are visible.
4. Mirrors. A mirror is a smooth surface that forms images by reflection. The content analysis indicated that the items included in this new element revolved around the placement of mirrors in different departments, as well as the size of mirrors used in store.
5. From the research study it became clear that there are additional elements of visual merchandising that retailers can integrate in their retail strategy to attract customers to their store and in the process enhance sales and by implication profitability.

7. LIMITATIONS OF THE STUDY AND AREAS FOR FUTURE RESEARCH

The primary limitation of the study lies in the generalisability of the findings. While the sample may be representative in terms of the demographics of the population of shoppers who frequent the retailers included within the study, the majority of the respondents were from the Gauteng area and may thus not be representative of the broader South African population. Further investigation may thus be required to gain insight into the demographics of the actual population of shoppers to ascertain the generalisability of the findings.

8. SUGGESTIONS FOR FUTURE RESEARCH

Some suggestions for future research include the two new visual merchandising elements as identified in this research study – staff and fitting rooms. There is very little theory, if any, on these two topics and they would therefore benefit from deeper exploration. In a similar way the long-term effect and implications of a change in store environments can be further investigated. Throughout the current study it was noted that apparel retailers intermittently have to update their stores to keep them up to date and renewed. However, there is little quantitative research about how such changes in the store environment affect different variables such as purchase behaviour, consumer loyalty and sales. Lastly as this research study focused on listed apparel in South Africa, this study could be adapted to include smaller retailers in South Africa – and elsewhere in other countries.

AUTHOR BIOGRAPHIES

Prof Cant specialises in retail and small business marketing. Over the years his focus has been on all areas of small business marketing and is also actively supervising students in the fields of branding, social media and retailing. He has authored and co-authored over 40 prescribed textbooks and is the editor of over 12 academic marketing textbooks. Prof Cant has published more than 60 articles in academic journals internationally and is the editor of the Retail and marketing Review, an accredited academic journal. Email: cantm@woodlandsnet.co.za

Prof Wiid has a strong interest is research and focusses on retailing and strategic marketing. During the past years his post graduate students focused on retailing, branding and strategic marketing. Prof Wiid has published more than 20

articles in international academic journals and has authored or co-authored more than 25 chapters in academic textbooks. Email: jwiid@unisa.ac.za

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