

## Role of Visual Merchandising in Customer Store Engagement in Retailing: An Empirical Study in the Indian Context

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### Abstract

The main purpose of this study is to investigate the role of visual merchandising on consumer engagement within retail environments. Visual merchandising, a strategic technique aimed at enhancing a brand's appeal and showcasing its unique features, plays a key role in shaping the shopping experience. Employing dedicated marketers versed in visual enhancement, brands seek to create attractive store atmospheres conducive to positive shopping encounters. Visual merchandising includes a range of tactics, from compelling window displays to digital signals and stylish store layouts. These elements collectively aim to induce potential customers, transforming them from browsers into active purchasers. This shift in approach has redefined the shopping process, transitioning from mere verbal interactions to immersive sensory experiences. A sample of 239 respondents was collected from people working in retail industry as well as customers. The variables that identify the role of Visual Merchandising in Customer Store Engagement in Retailing are Creating an Attractive Store Layout, Enhancing Brand Image and Identity, creating attractive Ambiance, and Highlighting Key Products and Promotions.

**Keywords:** Visual merchandising, Retail store, customer engagement, Store layout

### Introduction

The art of displaying the product in such an aesthetic manner that it stimulates the desire of purchase among consumers is known as visual merchandising. This technique helps in creating larger store traffic increasing the sales of the products eventually. Customers are highly creative and develop a certain image of a store in their minds. It is the primary responsibility of the management to ensure that both the exterior and interior of their store is designed keeping in mind the image that their target market has developed in their minds. The viewpoint of the store should be design in such a way that it is not only appealing but is highly convenient for the customers as well (**Soomro, Kaimkhani & Iqbal, 2017**). Retail businesses must develop a clear and consistent identity that extends throughout their service and product offerings, leaving a lasting positive imprint on customers. This refined image plays a critical role in inspiring impulse purchases by reinforcing advertising initiatives aimed at boosting sales. As highlighted in this work, one effective method for retail stores to cultivate a positive customer perception and drive impulse buying behavior is through strategic visual merchandising communication (**Hashem, 2019**). The findings shows that promotional signage is playing an important role in shaping the image of a store.

In-store signage and product information strategically placed throughout aisles and shelves serve as effective tools for attracting customers and driving sales. Visual merchandising appears as a crucial element that make contribution towards the formation of an image of the store, with businesses prioritizing displays to showcase the latest trends and new arrivals. A majority of consumers shows a positive response to in-store signage, noting its assistance in selecting products accurately, streamlining the shopping process, and enhancing overall comfort. Remarkably, many customers are drawn into stores and prompted to make purchases after being captivated by visual displays and mannequins. In the domain of apparel, mannequins play a crucial role in conveying the latest trends and presenting the visual appeal of merchandise. In-store displays serve as primary drivers of purchasing decisions, compelling customers to explore creatively presented products showcased within the outlet (**Sreedhara & Agarwal, 2014**). In today's dynamic consumer landscape, traditional selling techniques have given way to the power of visual showcases. Visual merchandising has emerged as a highly relevant and widely discussed topic in response to developing global trends. Acting as a silent yet convincing salesperson, it communicates sales messages through visual attraction rather than verbal signs. Businesses of all sizes, from small enterprises to industry giants, actively engage in promotional activities through captivating presentations in their outlets. These include attention-grabbing window displays, product showcases, attractive sales promotions, and clearance signs, employing a blend of color, lighting, scent, and sound. Rapid advancements in technology have facilitated the transition from traditional to contemporary designs in fashion stores, reflecting changing consumer preferences. Intensifying competition and shifting consumer habits necessitate the introduction of innovative designs to attract and retain customers. Effective visual merchandising not only enhances a store's brand image but also drives sales. An apparel outlet's design should exude an inviting ambiance, particularly catering to the comfort and enthusiasm of female customers, thereby encouraging purchasing behavior (**Jain, 2013**). Retailing has revolutionized the way businesses operate, particularly in terms of managing shop inventory disposition. Various methods and techniques have been developed to enhance sales, drive profits, and elevate a company's overall value. Visual merchandising plays a pivotal role in achieving these objectives. It requires a collaborative industry approach that emphasizes quality retail coverage, including in-store advertising integrity, price monitoring, stock rotation, new product introductions, and related operational strategies (**Thakur & Harsolekar, 2022**).

### Literature Review

**Basu, Paul, & Singh (2022)** found that visual merchandising has become increasingly significant in modern retail research and application. While originally viewed as a fundamental aspect of retail store atmospherics, its scope has expanded far beyond mere visual stimuli. Research indicates that visual merchandising, initially perceived as a product-centric display function, is intricately linked to store atmosphere, which encompasses a broader spectrum of store-wide display functions. It's noteworthy that elements of visual merchandising in online and offline stores cannot be seamlessly interchanged. While many offline visual merchandising tactics may retain relevance in the online realm, there are notable distinctions between the two.

**Kumar (2014)** stated that visual merchandising serves as a crucial tool for retailers to stand out amidst competition. Whether operating in physical stores or online platforms, every retailer must effectively utilize visual merchandising to remain profitable. While both formats compete in their own ways, they often target different product or service categories and thus work independently, focusing on their core business strategies. Retailers, whether engaging in physical or online marketing, are increasingly employing diverse display methods to maximize the exposure of their merchandise and drive revenues. The evolution of visual merchandising has transcended beyond traditional apparel displays, reaching various levels of innovation. As a result, current display tactics are subject to rapid obsolescence, giving way to more efficient and unconventional methods. These evolving techniques will continue to integrate with online portals, shaping the future landscape of visual merchandising in retail.

**Cuong (2019)** highlighted the significance of visual merchandising in comprehending consumers' impulse buying behavior while also providing a concise overview of its impact on customer engagement. Moreover, it furnishes valuable insights derived from customer experiences, serving as a valuable resource for industry professionals in making informed decisions. Presently, retailers deploy a plethora of merchandising techniques to distinguish themselves from competitors and secure market dominance by effectively attracting customers. The findings reveal significant associations between window displays, fixtures, colors, lighting, and consumer buying behavior. Consequently, to thrive in an intensely competitive market landscape, retailers must employ creative designs to adeptly showcase their stores to customers.

**Nyagba & Tsetim (2022)** studied that visual merchandising is a pivotal retail strategy aimed at enhancing product aesthetics to drive sales while also contributing to the overall brand identity and culture. Author investigated impact of visual merchandising on consumer buying behavior within retail stores. Key elements of success that are identified include window displays, lighting, and signage. It is found that buying behavior of consumer is significantly impacted by window displays, lighting, and signage. These elements act as potent stimuli for purchases in retail settings. When effectively combined, they not only showcase the brand but also enrich the experience of customer, fostering an encouraging shopping environment. Retailers are advised to comprehend shopper expectations and tailor their displays accordingly to attract customers. Additionally, retailers must ensure that lighting complements interior of store increase purchases. Furthermore, retailers are encouraged to assess various forms of signage and prioritize the most effective ones for maximum impact.

**Naveena & Suganya (2018)** found that in today's market, visual merchandising holds tremendous promise with ongoing exploration and innovation in creativity, displays, and presentations. Through effective display marketing, retailers provide customers with insights into new product arrivals and emerging technologies, thereby facilitating informed purchasing decisions. Visual merchandising serves as a dual platform for both the purchase and sale of products, offering a compelling avenue for customers and retailers alike to engage in the buying process. Looking ahead, visual merchandising is poised to remain a robust platform, enhancing the overall shopping experience for customers while driving sales for retailers. It continues to grow as a highly regarded profession within the industry. The primary objective of this research is to analyze customer attitudes and satisfaction levels regarding product purchases facilitated through visual merchandising in retail stores.

**Jaini et al. (2021)** revealed that a well-executed visual merchandising arrangement can significantly enhance the appeal of a store and effectively encourage customers' impulse buying behavior. The key elements of visual merchandising encompass various components such as window displays, which incorporate lighting, color, materials, artistic compositions (such as mannequins and graphics), props, product presentation, store layout, interior design, and promotional signage. Additionally, music, floor displays, utilitarian features, signage, logos, banners, landscapes, store fixtures, and decorations contribute to the overall visual appeal. Beyond product presentation, elements such as the color scheme within the store environment, background music, lighting ambiance, and cleanliness also play pivotal roles in attracting customers' intention to patronize.

**Shilpa & Jayalakshmi (2018)** studied that in today's rapidly evolving and intensely competitive technological landscape, the traditional concept of retailing as a mere platform for selling products or services has undergone a profound transformation. Now, it is heavily influenced by the virtual experience of products and services, necessitating that shoppers adapt to the latest offerings to ensure an enjoyable retail experience. The convergence of the physical and virtual worlds has become increasingly inevitable, with the virtual realm evolving at a much faster pace due to its close association with technology. Experiential retailing has emerged as a powerful strategy for delivering enriching and personalized experiences that resonate across age, gender, and cultural boundaries, catering to both Generation C and the newly born Generation Z.

**Thomas, Louise & Vipinkumar (2018)** highlighted that visual merchandising works as a silent yet persuasive sales person, which conveys its sales message solely through visual appeal. To meet the evolving expectations of today's customers, retailers must prioritize the presentation of merchandise. Understanding the significance of shopper expectations is paramount, as retailers strive to create environments that attract and engage them effectively. Researchers have explored whether consumers who frequently engage in impulse buying behavior share common personality traits. Additionally, external factors influencing impulse buying behavior have been investigated.

**Panchadurga, Abinaya, Gayathri & Banu (2024)** found that visual merchandising serves as a technique aimed at visually enhancing a brand's attractiveness and highlighting exclusive features of store. Brands often enlist dedicated vendors to enhance brand and crafting a positive experience of shopping for customers. It's a critical retail strategy intended to enhance the aesthetics of products with the ultimate goal of maximizing sales.

**Rema & Deepchand (2018)** revealed that in today's competitive retail landscape, visual merchandising plays a crucial role in attracting consumers and enhancing their shopping experience, ultimately leading to increased sales. Retailers must strive for creating an enticing design of store and employ inventive techniques of merchandising to entice customers to visit their stores. Study highlighted several key facets of visual merchandising driving customers to buy products at stores. These include display of product, well-designed layout of store, window displays, lighting, ambience of store, products accessibility, visibility from shelves, and colorful product assortments. Retailers should focus on presenting food products in vibrant and appealing displays to capture consumers' attention and ultimately boost sales. A well-planned store layout

with ample space and proper aisle spacing simplifies the shopping process, reducing the time required for consumers to find the products they need and indirectly contributing to increased sales.

**Objective**

For identifying “Role of Visual Merchandising in Customer Store Engagement in Retailing”.

**Study’s Methodology**

239 respondents are considered for this study which was collected from people working in retail industry and customers. Random sampling method was used to collect data and examined by “Explanatory Factor Analysis” for results.

**Findings of the Study**

Below table shows demographic details of participants it shows that 51.46% are male, and 48.54% are female participants. Regarding age of the respondents, 32.22% are between 30 to 35 years, 37.24% are 35 to 40 years, and 30.54% are above 40 years of age. About Types of Stores, Clothing & Footwear are 24.69%, Grocery is 25.52%, Electronics are 28.87%, and others are 20.92%.

**Details of Participants**

<b>Variable</b>	<b>Participants</b>	<b>% age</b>
<b>Gender of Participants</b>		
Male	123	51.46%
Female	116	48.54%
<b>Total</b>	<b>239</b>	<b>100</b>
<b>Age in years</b>		
30 to 35	77	32.22%
35 to 40	89	37.24%
Above 40	73	30.54%
<b>Total</b>	<b>239</b>	<b>100</b>
<b>Types of Stores</b>		
Clothing & Footwear	59	24.69%
Grocery	61	25.52%

Electronics	69	28.87%
Others	50	20.92%
<b>Total</b>	<b>239</b>	<b>100</b>

**“Factor Analysis”****“KMO and Bartlett's Test”**

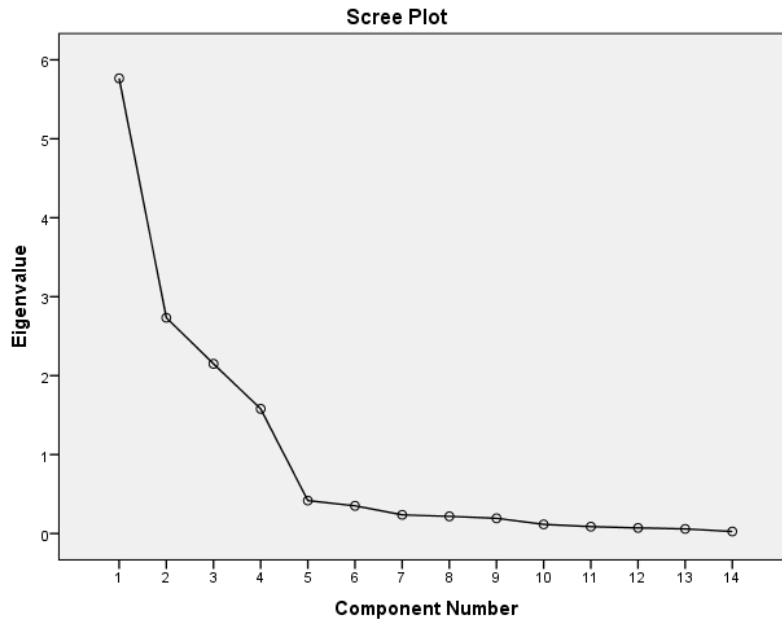
“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.800
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	3787.007
	df	91
	Significance	.000

“KMO and Bartlett's Test”, value of KMO is .800

**“Total Variance Explained”**

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	“Cumulative %”	“Total”	“% Of Variance”	“Cumulative %”
1.	5.765	41.180	41.180	<b>3.782</b>	27.014	27.014
2.	2.733	19.520	60.700	<b>3.585</b>	25.607	52.621
3.	2.150	15.355	76.055	<b>2.470</b>	17.642	70.263
4.	1.579	11.281	87.335	<b>2.390</b>	17.072	<b>87.335</b>
5.	.417	2.981	90.316			
6.	.351	2.506	92.822			
7.	.237	1.689	94.511			
8.	.218	1.554	96.065			
9.	.193	1.379	97.444			
10.	.116	.826	98.269			
11.	.087	.619	98.889			
12.	.071	.508	99.397			
13.	.058	.417	99.814			
14.	.026	.186	100.000			

All the four factors are making contribution in explaining total 87.335% of variance. The variance explained by Creating an Attractive Store Layout is 27.014%, Enhancing Brand Image and Identity is 25.607%, Creating attractive Ambiance is 17.642%, and Highlighting Key Products and Promotions is 17.072%.



**ScreePlot**

**“Rotated Component Matrix”**

S. No.	Statements	Factor Loading	Factor Reliability
	<b>Creating an Attractive Store Layout</b>		<b>.979</b>
1.	VM helps in arranging products, fixtures, and displays in an appealing and organized manner	.959	
2.	A well-designed store layout attracts customers, encourages exploration	.954	
3.	Effective store layout makes it easier for them to find what they need	.940	
4.	A well-planned store layout with ample space and proper spacing simplifies the shopping process	.938	
	<b>Enhancing Brand Image and Identity</b>		<b>.959</b>
1.	Effective visual merchandising not only enhances a store's brand image but also drives sales	.950	
2.	Visual merchandising communicates the brand's identity, and values	.923	

3.	Brand image and identity is enhanced through use of colors, and signage	.897	
4.	Consistent branding helps in building customer trust and loyalty	.895	
	<b>Creating attractive Ambiance</b>		<b>.888</b>
1.	It can evoke emotions and create a certain ambiance that resonates with the target customers	.899	
2.	Through lighting, music, or décor, retailers can create a welcoming and inviting ambiance	.869	
3.	Attractive ambiance encourages customers to linger and explore	.852	
	<b>Highlighting Key Products and Promotions</b>		<b>.859</b>
1.	Strategic placement of products and promotional displays capture customer's attention	.906	
2.	VM ensures that key products and promotions are prominently featured to drive sales	.888	
3.	Highlighting key products and their promotions influence purchasing decisions	.807	

### Factors and the associated variables

The first factor of the study is Creating an Attractive Store Layout, the variables included under this factor are VM helps in arranging products, fixtures, and displays in an appealing and organized manner, A well-designed store layout attracts customers, encourages exploration, Effective store layout makes it easier for them to find what they need, and A well-planned store layout with ample space and proper spacing simplifies the shopping process. The second factor of the study is Enhancing Brand Image and Identity, the variables it includes are Effective visual merchandising not only enhances a store's brand image but also drives sales, Visual merchandising communicates the brand's identity, and values, Brand image and identity is enhanced through use of colors, and signage, and Consistent branding helps in building customer trust and loyalty. Creating attractive Ambiance is the third factor of the study, the variables it includes are It can evoke emotions and create a certain ambiance that resonates with the target customers, through lighting, music, or décor, retailers can create a welcoming and inviting ambiance, and Attractive ambiance encourages customers to linger and explore. Highlighting Key Products and Promotions is the fourth and last factor, it includes variables are Strategic placement of products and promotional displays capture customer's attention, VM ensures that key products and promotions are prominently featured to drive sales, and highlighting key products and their promotions influence purchasing decisions.

### “Reliability Statistics”

“Cronbach's Alpha”	“Number of Items”
.881	14

Total reliability of 14 items that includes variables for Role of Visual Merchandising in Customer Store Engagement in Retailing is 0.881

## Conclusion

Visual merchandising plays a pivotal role in both planned and non-planned purchases, offering customers a visual guide to desired products while also prompting impulse buys. When shoppers encounter these visual inducements, they are extra inclined in making spontaneous buying decisions, highlighting the significant influence of visual merchandising on impulsive buying behaviour. In-store product browsing is positively impacted by tendency of customers towards impulsive purchasing, that ultimately, heightens positive feelings and urges to make impulse purchases. Marketers must leverage these findings effectively to boost sales and continually innovate their display strategies. An attractive window display can increase foot traffic, while promotional signages and floor displays helps in enhancing the overall experience of shopping. Creative use of these dimensions is essential for marketers to capitalize on visual merchandising's effectiveness. Retailers, like Reliance Trends, are increasingly prioritizing visual merchandising to set themselves apart from competitors. By embracing these insights and assessing performance, companies can anticipate a prosperous future ahead. The variables that identify the role of Visual Merchandising in Customer Store Engagement in Retailing are Creating an Attractive Store Layout, Enhancing Brand Image and Identity, creating attractive Ambiance, and Highlighting Key Products and Promotions.

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