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The Essential Elements of Organized Retail Stores in Influencing Customers to Stores

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Abstract: *Purpose:* While elucidating the important elements of organized retailing, the study suggests that, visual merchandising would not only attract customers to visit the store but also would urge them for impulsive purchases. It conveys that, the store design and visual merchandising are complementary to each other. It elucidates that, the important aspects of visual merchandising, if are given priority by the retailers, would generate revenues to the business. The study also explains the importance of effective utilization of space management in retail store.

Methodology: Data for this study were drawn from a review of secondary sources. The literature of this study has been presented in three different sections, the first section deals with the purpose and aspects of visual merchandising. Next it explicates the store design and its essential elements. Finally, the study explains the significance of effective utilization of space in retail store.

Findings: The paper indicates pragmatic insights to organized retailers about attracting customers through visuals and effective designing of the stores and retail space management. Insistently, the study focuses on all the aspects pertinent to retail stores in attracting the customers into the stores and urges them for impulsive purchases.

Value: This study conveys that, the stock in the organized retail stores can be converted into sale only when the retail space is designed to promote a congenial atmosphere to the customers.

Keywords: Visual merchandising, Aspects of Visual merchandising, Store design, and Retail space management.

INTRODUCTION

The objective of every retailer is to convert the visitors into buyers. Retailers apart from serving the link between manufactures and consumers should also have to concentrate on improving the sales target so that the revenues are generated. Retailers in order to ensure the flow of revenues into the business, often

have to concentrate on many important aspects of retailing such as improving communication with customers, building a brand image among the general public and to providing efficient customer service. Retailers usually concentrate on these services to ensure customers are satisfied. But to convert the visitors into buyers or customers, retailers more specifically the organized retailers must and should have to concentrate on the most significant elements of retailing business. These significant elements of retailing are visual merchandising, store design and effective retail space management as these elements would not only attracts customers to retail stores but would also convert them from visitors to buyers. The purpose of visual merchandising is to attract the customers through effective display of merchandising in stores. Effective visual merchandising manages to attract customers and delivers a better engaging experience to the customers (Madaan, 2009, p. 202). Similarly, effective designing of the store is very essential to the retailers as it influences the decision of customers. Further, it is essential that, retailers should not leave any retail space left unused and should concentrate on the product display so that the right products are available in right space.

AN OVERVIEW OF ORGANIZED AND UNORGANIZED RETAIL SECTOR

Retail sector is divided into two sector i.e. organized and unorganized sector. Organized retailing includes corporate-backed hypermarkets and retail chains besides the privately owned large retail businesses. On the other hand, the unorganized retailing has been predominantly in the form of ‘independents’ or ‘mom-and-pop stores’ or convenience stores which are typically known globally as unorganized retail stores. Groceries, minimarkets, pure food stores, specialized food and non-food stores and bazaars are categorized as unorganized retail stores. In developed countries retail sector is organized and very rarely the term unorganized sector is used. Urvashi Gupta (2012 p.3) states that, “The proportion of organized retailing in US is around 80%, in Europe it is 70%, while as in Asia on the whole it comes to around 20%.” Although independent small conventional shops comprise the majority of all retail businesses in developing countries, and have always provided a social as well as economic function to the communities they serve, their share of retail sales has been eroding in favor of the major organized retail stores since the mid 1990’s. Retailers at present are becoming increasingly globalized and the percentage of unorganized retail in developing countries is declining.

THE ROLE OF EXTENDED P’S OF MARKETING MIX IN ORGANIZED RETAIL STORES

It is understood that, the four P’s of marketing mixtools i.e. product, place, price and promotion are significant as these tools are used by businesses and Marketers to help determine which product or brand to be offered to the customers so that the storeswould attract the customers and generate revenue to the business. However, the other extended P’s of marketing mix i.e. the people, processes and physical evidence are also too significant in attracting and influencing the customers. All retail companies are reliant on the people, the retail stores employees’ right from the front line sales staff, to the retail managing director. Essentially, the processes followed by the retail stores in delivering goods and services are too important as it is crux of retail stores service. The process followed by the retail stores to service the customers, right from the customers picking the product from the shelves, till the customers pays money at the payment counter, may appear to be the end of customer-service process. But in true sense, it is actually the beginning,

because a best service would eventually influence the customers to visit the stores again. Similarly the physical evidence, i.e. the image of the store or the physical visibility of the store is the most influential factor to attract the customers to visit the stores. The best store image of the retail stores contributes to the success story of the stores. The tangible and intangible attributes used in creating a store image attracts the customers to stores.

The extended Ps of marketing mix i.e. people, processes and physical evidence are also used by the unorganized retail stores but the attention to these tools of marketing mix are given more importance in organized retail stores.

Majority of the consumers' visits organized retail stores for various reasons and the motives that attract the customers to visit the organized retail stores are variety, easy availability, cleanliness with additional facility of entertainment for children and convenient parking facility and restaurant etc (Urvashi Gupta 2012, p. 17). These attractive factors that generate interest in customers are not available with unorganized retail stores.

The significant factor that determines customer preferences in visiting a retail stores is availability of variety of stock, and customers prefer that products should never be out of stock. Secondly, customers prefer the ambience of the stores such as cleanliness, attractiveness, layout structure and overall environment including music and location. In addition to this the availability of motivated sales people to assists the customers in locating the products in stores is also essential in attracting the customers. Further, the customers also give importance to price at which the product is offered. Discount on products and offers from retailers please majority of customers. Finally, the quality of the product and service also attracts the customers in addition to promotions and offers (Ankita Batra, 2012 p. 252 and 253). Often the mentioned factors are not available in unorganized retail stores. The organized retail stores in order to withstand the competitive environment gives priority to three important aspects of retailing they are through attractive product displays, optimum store design and effective utilization of retail space.

ECONOMIES OF SCALE ARE ASSOCIATED WITH ORGANIZED RETAILING

There could be many advantages associated with unorganized retailing particularly, the unorganized retailing is known for it is a low cost structure, low real estate and low labor cost. From the customers convenience often the unorganized retailing stores are located in proximity, further, it offers credit sales on personal bonding, there is possibility of home delivery to customers and it fosters the close familiarity with almost all its regular customers (Rupa Shah, 2015 p. 147). But yet the unorganized retailing cannot match the strengths, managerial capabilities and economy of scale that is what enjoyed by organized retailing. The main strength of organized retailers is their supply chain management, front end technology, marketing capabilities, economy of scale huge capital investment contributes to huge inflow of income and employing capable human resources (Veena *et al.*, 2010 p. 91).

Organized retailing is benefitted with the economies of scale. The organized retailing usually enjoys the cost advantage through its wide variety merchandise that is offered for sale to the customers. Large variety product offerings to customers often contribute to the inverse relationship between the merchandise offered for sale and the fixed cost per unit of the stores. As the fixed cost of the stores is spread to the large number of goods offered for sale to the customers this contributes to economies of scale to organized

retailing. However, the advantages associated with the organized retailing do not guarantee the inflow of income unless the management concentrates on how to attract the customers to the stores.

OBJECTIVES OF THE STUDY

The survival for any organized retail businesses in any competitive environment is possible only when the retailers could manage to attract customers to their stores. Attracting visitors to retail stores and converting them into customers is possible through proper management of essential elements of retailing. The elements of retailing are visual merchandising, store design and retail space management. Therefore, the crux of the study is to evaluate comprehensively the essential elements of retailing. The study conveys that, if retailers could efficiently manage these essential elements of retailing i.e. the visual merchandising, store design and effective retail space management, they would not only attract visitors but would also convert them into customers.

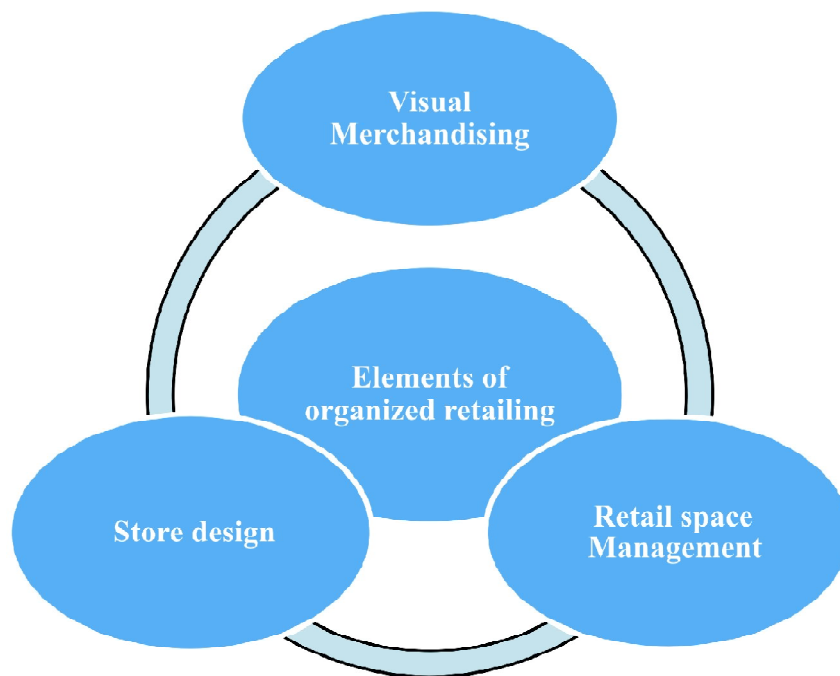


Exhibit 1: Essential elements of organized retailing

I. Visual Merchandising- Its purpose and aspects

Pradhan, S (2009 p.388) explicates that, the “Visual merchandising is governed by the common principles of design, balance, emphasis, proportion, rhythm and harmony. It works on attracting the attention of the customer, creating an interest for the product/service and creating a desire, to own the product and then, initiate the decision to make the purchase.” The attractive visuals combined with variety of products displayed in effectively designed stores are to increase the sales and this is referred to as visual merchandising (VM). Swati and Anuraag (2010, p.19) states that, “VM is the art of implementing effective design ideas to increase store traffic and volume of sales. Creating an attractive product display can draw the customer in, promote a slow-moving item, announce a sale, or welcome a season. VM is the art and science of displaying

merchandise on the shop floor to enable maximum sale.” Visual merchandising signifies effective visual display of the store. The purpose of Visual Merchandising is to attract the customers through effective displays. Visual Merchandising is often considered as a sales technique employed to increase the sales figures of retail business.

(i) Purpose of Visual Merchandising

The purpose of visual merchandising is to display the retailers’ products in such a way as they would be appealing to the prospective customers and further induce them to buy the products. The purpose of visual merchandising is:

- **To introduce and explain new products:** Visual merchandising assists retailers in promoting new products and fashion trends. Eundeok, Ann and Hyejeong (2011 p.91) “In addition to selling actual merchandise, visual merchandising can be used to introduce new products and fashion trends and to educate consumers about how the new apparel items can be worn and accessorized to complete the new look.” Attractive visuals will promote sales of existing products and create interest in new products.
- **To promote store image:** Visual merchandising develops a powerful image of the retail store through store layout, presentation, display, color, music, events and so on. This will assist retail store in standing out from the competition and attracting more footfalls and developing a retail brand image. Pegler, (2007 p.7) “The presentation of the merchandise and the displays that brings the shoppers into the store are very important in creating the retail brand image”
- **To satisfy the needs of the customers:** Retail store storing attractive branded products along with the attractive environment through visual displays will satisfy the needs of the customers. John Fernie *et al.*, (2015, p.275) says, “Visual merchandising is concerned with the creation of a store environment which, on the one hand, consistently represents the values of the retailer and their brand to consumers and, on the other satisfies the needs and expectations that the consumer has of the retailer”. The retailers shall know that their time, effort and money they invest on their business would go waste if they could not convince the customers to buy their products.
- **To convince the customers:** Once customers have entered in to the store it becomes imperative to the retailers to ensure that the customers’ enjoy the atmosphere first, only then there is a chance of creating sales in the store. Swati and Anuraag (2010, p.20) “Visual Merchandising is everything the customers sees, both in the exterior and the interior of a store, that creates a positive image of the business and results in getting the attention of the customer-creating interest and desire, convincing the customer of the value of the products and finally leads to a sale.” Visual merchandising is considered to be an effective tool to convince the customers.
- **To enable visual communication:** Visual merchandising does a visual communication with customers through signage and helps them in locating the products they desire to purchase in a short time. Dunne, *et al.* (2011, p.519) “Visual communications must be used throughout the store to provide direction, specific information and prices. A visual communications program begins with the store name and logo and includes a range of interior signage that walks the customer through buying experience.”

- **To enable maximum sales:** Visual merchandising means display of the store in a unique style that appeals customers to make purchases. Attractive displays would also increase the sales of slow moving goods. Swati and Anuraag (2010 p.19) says “Visual merchandising is the art and science of displaying merchandise on the shop floor to enable maximum sale.”

The main purpose for every retailer is to adopt measures to attract their customers. The retailers not only focus on attracting the new customers but also motivate existing customers to remain as loyal customers, through their effective services and attractive visuals. For the stores to have an attractive visual, the retailers should focus on the important aspects of visual merchandising.

(ii) Aspects of Visual Merchandising

The visual merchandising could include aspects like attractive display of fixtures and fittings, effective presentation techniques that present a congenial ambiance and mood augmentation approaches that induce customers to stay for more time and make more purchases.

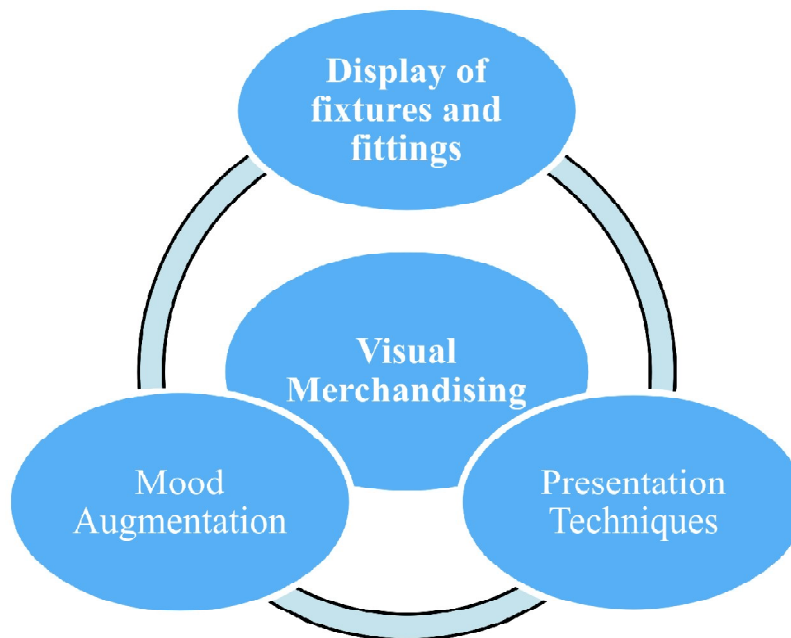


Exhibit 2: Aspects of Visual Merchandising

- Display of fixtures and Fittings:** Retailers shall first decide on the premise or idea for display, the idea for display could be family purchases; seasonal purchases; occasional purchases and so forth. Subsequently,retailers shall arrange for fittings in their retail store. For instance, if the retailer sells products that can be combined like shirts, pants, belts and shoes it will be an effective idea to keep fixtures and fittings closely arrange for the family shopping such as men’s, women and kids apparels as this would induce customers to make purchases for the whole family. Levy, et al (2008, p.586) explains the purpose of fixtures in retail stores, “the primary purpose of fixtures are to efficiently hold and display merchandise. At the same time, they must help define areas of a store and encourage traffic flow”.

Different types of fixtures and their uses

- **Rounder fixtures:** Each retail store has its specific purpose in using the fixtures for holding merchandise. Often, clothing businesses use rounder fixtures as it holds maximum amount of merchandise. It provides comfort to the customers in viewing the merchandise displayed on rounder but compared to other fixtures it does not give frontal view to the customers.



Exhibit 3: Rounder fixtures

Source: Carlson JPM Store Fixtures Blog, 2014

- **Four-way fixtures:** The uniqueness of this fixture is it not only holds large quantity of merchandise but also allows a perfect view of merchandise to the customers. The boutique stores usually use these fixtures for display of merchandise.



Exhibit 4: Four-way fixtures

Source: Accent store fixtures

- **Gondolas:** Gondolas fixtures are free standing units and favorite among retailers as it is easy to use and has the ability to hold lot of weight. These fixtures are available in different styles such as freestyle, wall gondolas and end cap gondolas. Free standing gondolas are usually kept in the center of the stores, wall gondolas are placed on the walls and end cap gondolas are used at the end of an aisle allowing the retailers to create special displays. Though these fixtures are all-purpose fixtures, however, retailers shall abstain from overstock the merchandise on it as this would discourage customers from viewing and merchandise would be indistinguishable.



Exhibit 5: Gondolas

Source: M. Fried store fixtures blog

- **Straight-line racks:** Racks comes in different forms, shapes and sizes, the straight line racks are either attached to a wall or a pipe is fixed on to the two other pipes standing on opposite sides.



Exhibit 6: Straight-line rack

Source: Ohio stores fixtures, wholesale retail consultancy

Andrew and Peter, (2002 p.262) “The simplest rack is the straight-line rack. This provides the greatest economy in terms of space. They can hold large quantities of the garments. However, the customer only sees the sleeve of a top or the edge of a skirt or trouser. So they are best used where they display one variety of garment ranged according to size.”

Retailers shall understand that the multiple displays with inaccurate fixtures and fittings will not serve the purpose of attracting the customers but rather it annoys the customers and this would adversely affect the sales. However, if the fixtures and fittings are accurately placed this will save the customer's (families) time to purchase their requirements and also delights the customers and would induce them for more purchases.

b) Presentation Techniques: Store presentation and interior displays are essential for the retail businesses. The retailers should develop desire among customers for purchasing merchandise of their retail store. To achieve the purpose of generating revenues, one of the essential aspects of visual merchandising, which can be used by the retailers', is store's presentation. The three important goals, the retailer shall focus, while deciding on selecting the presentation techniques for retail store presentation, is to motivate the customers for more purchases, to retain the image of the store and to control the stores expenses. The presentation techniques followed in stores presentation are the following:

- **Idea Presentation:** Idea presentation is a method of presenting merchandise in retail store based on a specific idea. Idea presentation denotes the types of color, theme used for display of products. The theme if presented creatively would catch the eyes of customers. The curiosity among the customers increase, the impulsiveness would urge them to go for making purchases. Customers will not hesitate to make purchases, if they find the merchandise presentation to be too attractive and amusing. For instance, while the soccer sports are happening, retail stores prefer to adopt the 'football theme' presentation for sale of not only sports items but also electronic goods like Television, mobile phones and so forth.
- **Price lining presentation:** Price lining presentation by the retailers indicates the presentation of merchandise according to price level of the merchandise. Price is one of the important factors for the customers to get attracted towards purchasing the product. This price lining presentation gives ample opportunity to customers to make a comparison of price of products available on display. Varley, (2001 p.179) conveys that, “Retailers may group merchandise together according to price levels or even sizes. Many variety stores use a system of price lining where merchandise is selected to fit into key price points, for example, men's ties at £ 7.99, £ 9.99, £15.99 and £ 19.99.”
- **Frontal Presentation:** Is a method of displaying merchandise by exposing merchandise as much as possible to the customers to attract them. The prerequisite for this presentation is the retailer shall have enough space for display. As space management is one of the crucial issues in retail businesses. The retailer can take the advantage of this presentation during joyful occasions such as festivals and celebrations as customers would be impulsive for making purchases.
- **Vertical Presentation:** Attractive vertical display by the retailers will allow the products visible even from far and would converts customers enquiry into tangible purchases. In this presentation, retailers often use walls and elevated gondolas. Merchandise items, if are displayed vertically

arranged by different colors exhibited in different sizes would create a strong visual effect that shoppers are exposed to more merchandise (Dunne *et al*, 2014 p. 563).

- **Tonnage Presentation:** This technique allows the retailers to display large quantities of merchandise. But this technique would work out only in case of few products. Particularly, grocery department of the retail stores adopt the strategy of tonnage presentation of fruits and vegetables.
- c) **Mood augmentation:** Mood augmentation refers to all those tangible and non-tangible elements of a store that can be organized to augment the moods of the customers as well as of employees of the retail stores. These elements present in many possibilities including lighting, color, music and fragrance and so forth used in the store to create a desired retail display.
- **Lighting:** Lighting is essentially an important element of visual merchandising. Effective lighting and luminous environment will delight the customers. Therefore, retailers shall focus on effective lighting particularly focused on main products for more sales. Purpura (1993, p. 203), suggests that, “Lighting and its fixtures play a dominant role in highlighting the materials and colors in a store’s interior, and help focus the attention of shoppers on select merchandise. Proper lighting attracts customers, holds their attention, and assists them in making decisions on merchandise.” Effective lighting in retail stores often converts the prospective customer into a delighted customer as the lighting holds customer’s attention.

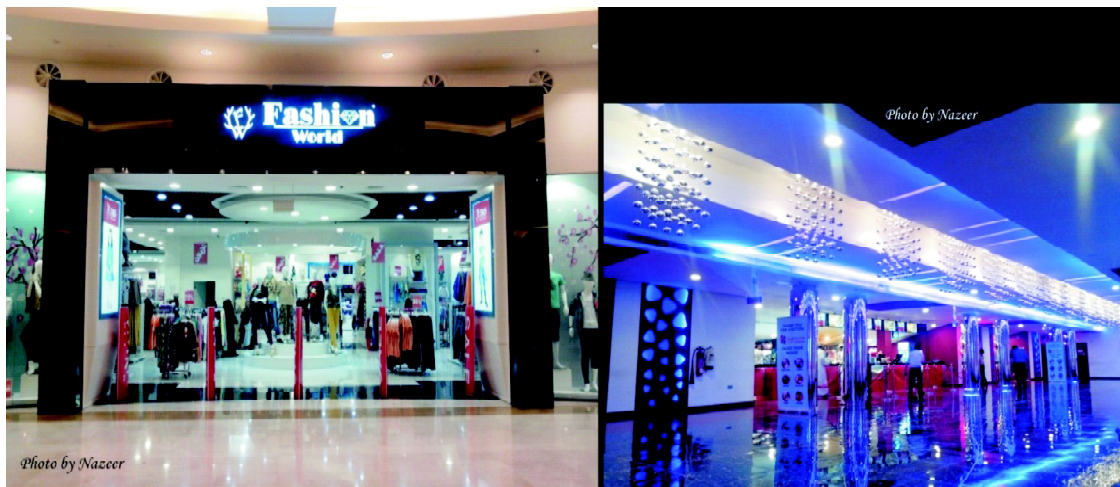


Exhibit 7: Images depicting lighting used by retail stores to attract customers:

Source: Images captured on camera.

- **Color:** In visual display, color is often considered to be an attractive element, because color not only influences customers’ choice it also gives decent meaning to the products offered by the retailers. During new year celebrations if the store is decorated with vibrant colors with meaningful designs will excites the customers as this attempt will result into gaining customers attention not only on the colors used at lobby but also on the products used in display. Gregory Hamel, Demand Media (2008), opines that colors have the ability to command attention from customers, elucidating the importance of colors he suggests that “Beyond their ability to command attention,

colors can have an emotional effect on customers and portray meaning about the goods a business offers."Pleasing color combinations used in- and- out of the store would have a pleasing impact on the passer-by to become a customer.

- **Fragrance:** Retailers shall focus that every visit of their customers into the retail stores should be a memorable one. For an impressive experience of customers, savvy retailers focus on the important sense of their customers i.e. smell, Charles *et al.* (2010, p. 456) recommends that, "Research suggests that people evaluate merchandise more positively, spend more time shopping, and are generally in a better mood when an agreeable odor is present. Retailers use fragrances as an extension of their retail strategy". With regards to fragrance retailers shall understand that, the floral scents would work well in women's fashion boutiques while the mannish scents are effective in men's clothing apparel store.
- **Music:** Selection of an appropriate music to lighten up the mood of customers is another means that would induce the customers to stay longer in the retail stores. Playing right music not only attracts the customers but also enhances the interest of the employees to perform better. Salomão (2014, p. 91) suggests, "Playing the appropriate background music can help retailers develop a desirable atmosphere, which contributes to the image of the store and consumer choice." Further, music not only creates store image it also gains the customers attention. Charles *et al.* (2010, p. 456) opines that, "Music can control the pace of the store traffic, create an image, and attract or direct the shopper's attention." Often it is witnessed that, the restaurant owners play slow music because when the slow music is playing the customers mood is lighten they prefer to stay for longtime and would order more and enjoy the ambience.

II. STORE DESIGN AND ITS ESSENTIAL ELEMENTS

The primary purpose of retail space is to stock the retail products for its sale to customers. According to generic understanding of marketing-mix principles related to product, price, place and promotion, it is concluded that, the stock can be converted into sale, only when the retail space is designed to promote a congenial atmosphere to the customers. Research studies have shown again and again that shoppers make up to 80% of their purchase decisions right in the store. The reasons for the customers could be many; some are unclear as to what they want to buy before entering a store. Few customers, decided on a particular product beforehand, but they aren't sure about the specific brand or style. But they are the impulsive buyers, who decide spontaneously after viewing the visibly attractive product in the store, this is because of the impact of attractive display in stores through effective designing of stores (Ebster and Garaus, 2011 p.2). Effective designing of the store is very essential to the retailers as it influences the decision of customers. The store design and visual merchandising are complementary to each other.

- (i) **Store Layout:** Store layout is the technique adopted by retailers in arranging the merchandise for the accessibility of customers. Store layout not only determines the image of the retail store but also encourages the sales to customers.

Different types of Store Layout: *Grid Layout, Racetrack layout & Free form layout*

- **Grid Store layout:** In this layout the merchandise are arranged in a very logical format which is easily predicated by the shoppers through signage. The signage indicates categories such as grains

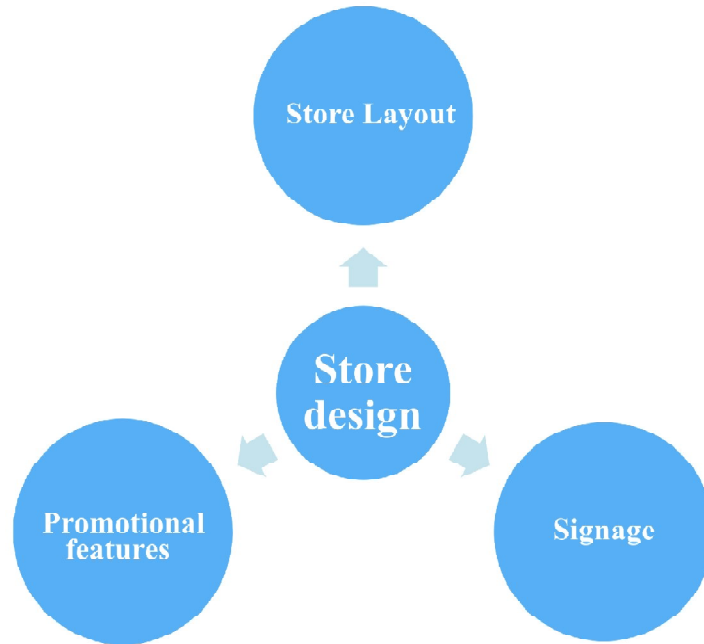


Exhibit 8: Essential elements of store design

and pulses, toiletries, toffees, dry fruits, milk and milk products and so forth. Pradhan, S (2009 p. 383), “The grid layout is the one most commonly used in supermarkets and discount stores. While one area of display is along the walls of the store, the other merchandise is displayed in a parallel manner. It allows for movement within the area and uses space effectively. It is therefore, a preferred layout in many retail stores that adopt self-service”.

- **Racetrack form:** Racetrack layout is also called as loop layout. This layout encourages the customers to flow from the entrance point to the entire store and then returns them to the place

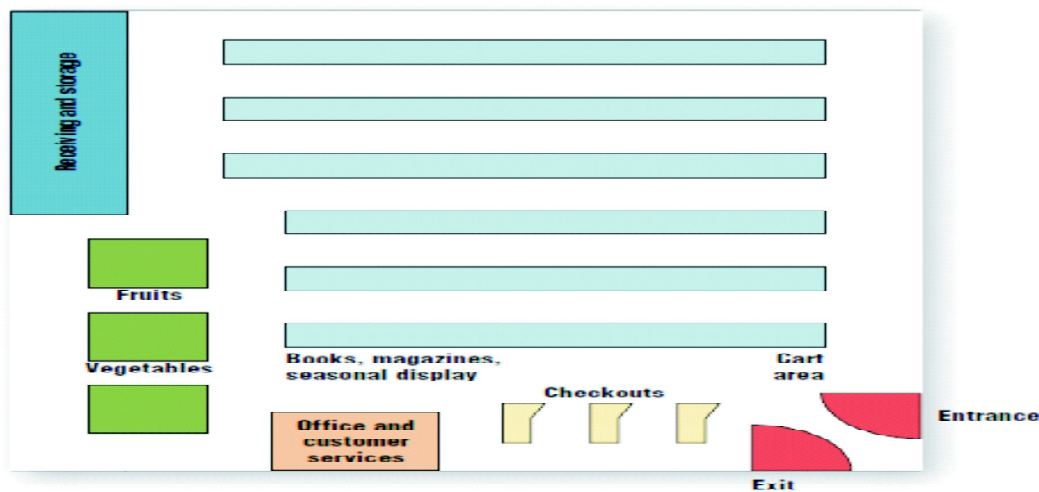


Exhibit 9: Grid store layout

Source: Levy, Weitz, and Ajay, “Retail Management”, 2008 page 572.

where they started from. The customers are lead through the store along the racetrack following displays placed deliberately for the customers viewing. Swati and Anuraag (2010 p. 118) views that, “A racetrack layout is used in larger or wider stores where customers are encouraged to circle around the floor (s) and to return to where they started from-usually the lift or lobby area- to then move to the next level in the store”.

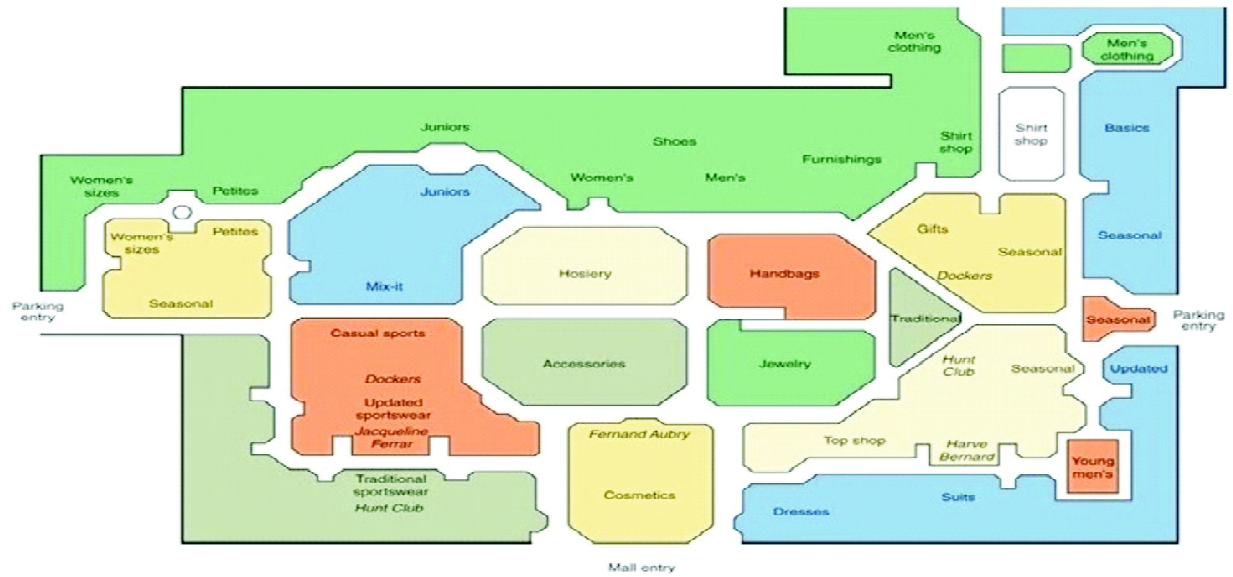


Exhibit 10: Racetrack layout

Source: Levy, Weitz, and Ajay, “Retail Management”, 2008 page 573

- **Free flow layout:** This layout is very operative in specialty stores this layout communicates on its own the design of the merchandise and the benefits of competitive prices. This layout does not specifically direct the customers to any specific part of the retail store but rather allows them to flow freely for viewing the merchandise displayed around. Patrick & Robert (2008, p.447) “The simplest type of store layout is a free-flow layout, in which fixtures and merchandise are grouped into free-flowing patterns on the sales floor. Customers are encouraged to flow freely through all the fixtures, since there are usually no defined traffic patterns in the store.”

There are different types of layouts available for retailers to plan for their retail stores, but one single universal layout for all the businesses is difficult to imagine. Therefore, retailers shall analyze the nature of their store and shall plan and adopt an optimal layout. An optimal store layout would allow customers spending more time in the store and would have sufficient walking space to induce the customers to purchase more products.

- (ii) **Signage:** Signage refers to the use of signs and symbols to communicate a message to customers particularly for the purpose of marketing the store products. Further, displaying proper signage in the retail store would provide self-direction to the customers. While narrating the significance of displaying goods and signage in a retail store to attract customers, Suriano, (2014, p.111) elucidates that, “A retail store, for example, must train employees on how to properly arrange merchandise on shelves or in

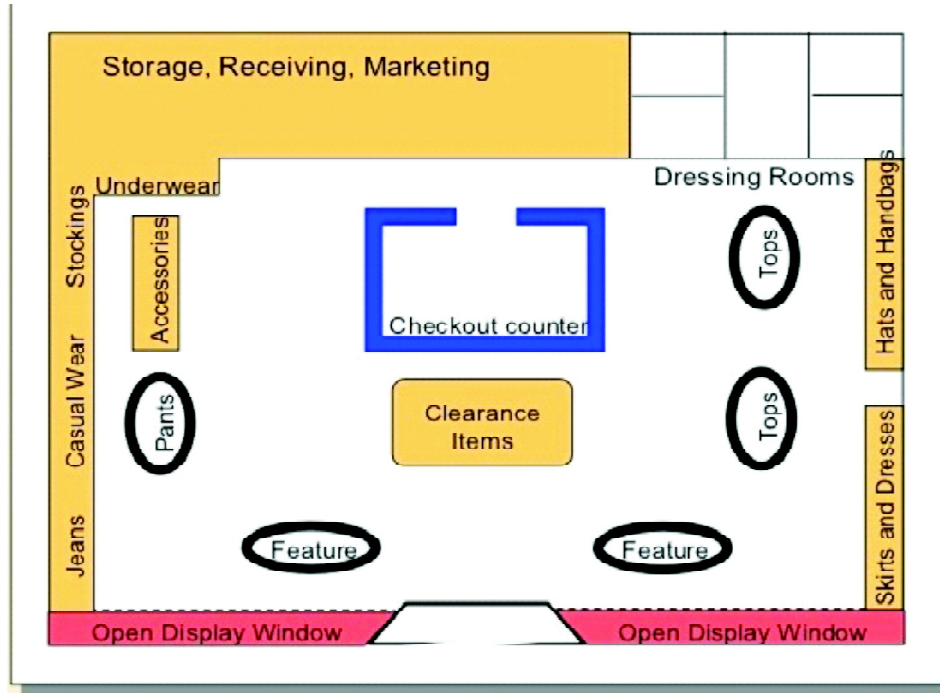


Exhibit 11: Free-form layout

Source: Levy, Weitz, and Ajay, "Retail Management", 2008 page 575.

window displays. Merchandise also needs to attract customers so they will be enticed to make purchase. Employees need to also learn how to correctly tag or sticker items, price them and arrange promotional signage." Signage in true sense add value to the retail services as it conveys the importance the retail store gives to the customer as well as brand image to the stores.



Exhibit 12: Signage

Source: Brandon Blair, 2013, <http://www.speedysigns.com/>

Uses of Signage to the retail stores are

- **To draw attention of customers:** The signage should be attractive enough to draw the attention of the customers into the stores and shall provide directions through in-store display. Kasser, (2013 p.171) suggests the retailers about the requirements of in-store displays, according to him, “In-store displays must make an impact. Effective displays often turn the “just looking” customer into one who makes a purchase. The main focus of the display should be the product.” Signage for sure draws attention of customers.
 - **Product location:** Signage would help retailers in representing their store visually to the customers and helps customers to locate products in stores through directional signage. Sajal and Gurpreet, (2008 p.224) says “Large stores need to display directional signage in order to guide customers round the store and from one area to another.” Directional signage assists customers in identifying the product in stores.
 - **Promotional activities:** Signage assists in promoting retailers’ campaign as it communicates information to the customers both outside and inside the retail stores. Eleonora, (2015, p. 8) explicates that, “Many department stores follow a different strategy due to the fact that their display space is more compromised: they convey very different brands so generally each brand display its own screens with its collections, advertising or promotional campaigns. In retail stores often, a mere mention of the word ‘discount’ displayed on digital screen could create wonders in promoting products and increasing the sales.
 - **Point of sale (POS):** Retail businesses are increasingly adopting POS system. Patrick, Robert & James (2014, p.572) explains that, “The next level of signage-even smaller and placed closer to the merchandise- is known as *point-of sale* (POS) signage. Because POS signage is intended to give details about specific merchandise items, it usually contains more words and is fixed directly to fixtures.” POS helps customers in identifying the aspects of their interested products such as special offers, prizes and discounts benefits.
 - **Creating mood of customers:** Signage helps in creating unique shopping experience for customers. Patrick, Robert & James (2014, p.457) conveys to the retailers that, “There are literally hundreds of details in a store’s design, and all must work together to create the desired store ambiance, which is the overall feeling or mood projected by a store through its aesthetic appeal to the human senses.” With the advent of latest technologies i.e. the digital signage has proven to provide retailers with unlimited opportunities to enhance the atmosphere of their store such as store navigation which is used to locate in and out of retail stores.
- (iii) **Promotional feature areas:** In addition to the store layout and signage, the feature areas are used in stores by the retailers to promote products and to get attention of the customers. Milady, (2013, p.204) elucidates that, “Features areas are areas within the retail environment designed to get the customer’s attention. They include end caps, promotional aisles or areas, freestanding fixtures, and mannequins, windows, point-of-sale checkout, and walls.”

Promotional features in retail stores

- **Free-standing displays:** Free-standing displays are fixtures located on aisles/lane areas in retail stores holding products, primarily used in stores to attract customers’ and these displays are designed to

increase the product visibility and to maximize brand impact. The purpose of using these eye-catching displays is to increase the stores sales.



Free standing Shelving

Wall mounted Shelving

Exhibit 13: Free-standing display images

Source:<http://www.simplifiedbuilding.com/> 2016

- **Promotional aisle (passageway):** Promotional aisle is the space used to display merchandise. These displays are the core fixtures of promotional programs. These displays are strategically placed in retail stores to promote the sale of selected products.



Exhibit 14: Promotional aisle image

Source: KristianeHenney, 2015

- **Window display:** An exclusive window display would attract more customers. Window display is believed by many retailers as a unique form of advertising. Window display gives an idea about the retail stores to the customers; it gives an impression as to what the retail store is for the customer. A retailer selling kids products uses mannequins to showcase the apparels; this would give idea to the parents as to how their kids would appear wearing those apparels placed on mannequins.



Exhibit 15: Window display Images

Source: Images captured on camera.

III. RETAIL SPACE MANAGEMENT: SIGNIFICANCE OF EFFECTIVE UTILIZATION OF SPACE IN RETAIL STORE

One of the complicated decisions retailers encounter in their businesses is managing the retail space. For the retailer one of the greatest resources is retail space. The retail space need to be well managed because the amount of space the retailers has in retail store is finite and tangible which cannot be used inappropriately. Therefore, retailers shall not leave any space left unused and the product display should achieve the objective of right products are available in right space. The following are the essential matters to be considered to ensure that, retail space is utilize effectively. This subsequently, would assist the retail stores to enjoy benefits from effective retail space management.

1. **The store space planning:** The space planning requires seeking solution by the retailers to the relevant questions such as what items should be displayed, how much quantity of the items related to the specific vendors to be carried out in the retail stores, how much space should be allocated to different merchandise and where should the merchandise to be displayed. Levy and Weitz (2003, p. 598) suggests that, retailers for the successful retail space management must seek answers to four questions, the question are “1. What items, vendors, categories and departments should be carried? 2. How much of each item should be carried? 3. How much space should the merchandise take? 4. Where should the merchandise be located?”
2. **Assortment planning:** While planning the space management at stores, the retailers shall also initiate an appropriate assortment planning. Assortment planning is essential as it cater to the changes occur because of seasonal impact, appearance of new products in the market both

because of technical developments in the product and also due to the changes in taste and preferences of customers. Gurhan et al (2006, p.2) explains, “Retailers engage in assortment planning because they need to periodically revise their assortment. Several factors require a retailer to change their assortment, including seasons (the fall assortment for an apparel retailer will be different from the spring assortment), the introduction of new products and changes in consumer tastes.” It is eminent that, because of the ever changing taste and preferences of customers, the retail market has transformed from a fragmented business into an organized form of business. Suzanne Fernie et al (2013, p.10) explicates, “The retail marketplace has been transformed in the space of 50 years. Instead of classic proximity retailing, where consumers shopped at their nearest, most convenient store, the emphasis has moved to destination retailing, where the consumer is willing to travel further to get the best choice at lower prices.”

3. **Allocation of selling space for fast and slow selling goods:** For managing the retail space, the retailer essentially needs to measure the total amount of space available in the retail store and then divide the available space into the selling areas, semi-selling areas and non-selling areas. The selling areas have to be used effectively as once the products are displayed in the given area cannot be moved immediately while the customers are already in to the stores for purchase. While deciding the selling areas the retailer should be aware of fast selling goods and slow selling goods. Sufficient space should be allocated for fast selling goods as this would generate the revenues to the business. Similarly, reasonable space should also be allocated to convert the slow moving goods into fast moving goods through effective promotional campaigns and attractive displays. With the effective management strategies the semi-selling areas can be effectively utilized to generate revenues to the retail stores. The semi-selling areas such as the space around the escalators can be effectively utilized for advertisements of private-labels (PL) and also the products of vendors’ i.e. national labels (NL). A proper space management with a focus on gaining higher profit margin is essentially required as proper arrangement of both the private and national labels on shelves enhances brand image of the store. Hashim et al (2012, p. 364) says “Retailer places private labels in the shelves for gaining higher margins. While the purpose of placing national brand is to enhance the brand image of PL, and store. Retailer places PL near the national brands so that customers perceive it of high quality.”
4. **Managing shelf:** Vendors would be eager to display their advertisements in reputed retail stores for ensuring the speedy sales of their products. In return the retail stores can have their share of revenue from such advertisements. But, the expectations of retailers and vendors are subject to how well the retail stores is managed particularly the retail shelf. When space is managed efficiently it would benefit both the retailer and vendor and also result in to satisfying customers. Dr. ShwetaChoudhary, (2014, p. 32) opines, “ A well-managed shelf space not only helps in building tough rapport with vendor but also result in higher amount of customer satisfaction”.
5. **Allocation of space for complementary products/brands:** Retail space management also includes ensuring the products displayed in the stores complement each other for example display of cutlery (knives and forks) and crockery (plates and dishes) placed appropriately in shelves would increase the sales of both cutlery and crockery as both are used in kitchen. M.S.S. Jajja (2013, p. 104) observes that, “When two brands complement each other, the increase in sale of

one brand may increase sale of the other brand.”Retail Space Management helps retailers increase profit margin, maximize sales, improve customer satisfaction and enhances the inventory productivity by aligning store space allocations and shelf assortments with consumer demand. The solution enables retailers to maximize returns from their two biggest investments – store space and inventory. (SAS Institute, 2011 p. 1).

CONCLUSIONS

The study suggests that customers can be attracted through visuals and effective designing of storesto make impulsive purchases. The effective store design and visual merchandising are complementary to each other as its effective management influence the decision of customers.In this study efforts are made to provide insights to know the true purpose of visual merchandising. The designing of a store is explained by focusing on the three important elements of store design they are store layout, signage and promotional features followed in a retail stores. Through effective designing of the stores the customers are not only attracted to stores but are also motivated to purchase more.The study suggests that, the retailers shall focus on placing accurately the fixtures and fittings in the store as handling it efficiently will display merchandise attractively and help define areas of a store and encourage traffic flow.The study advises the retailers that, store presentation and interior display are essential for the retail businesses. Effective store presentation develops desire among customers for making purchases and this would achieve the purpose of generating revenues to the store. The study also focuses on augmenting the moods of the customersas it would create a desired retail display.Finally, the paper advises the retailers that, the retail store space should have to be managed effectively through logical and sensible offering of products to customers. The retailers need to plan effectively that no space is left unused so that the right products are available at the place. The study concludes that, the effective store design combined with attractive visual merchandising and efficient retail space management would result into generating revenues to the business.

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