

Best Visual Merchandising Strategies- An Indian FMCG perspective

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Abstract - A Visual Merchandising is "a presentation of a store and its merchandises in such a way such that it attracts the attention of potential customers" or "is the activity and profession of developing a floor plan and 3-dimensional displays in order to maximize sales." [1] (Kunal, 2019)

The elements of Visual Merchandising to be studied under this project include:

- The location of a display or merchandising window/shelf/gondolas in the retail store.
- The colours used in the displays.
- The size of the materials used in the merchandising put up in the retail stores.
- The different kinds of designs used for different categories of products in retail.
- The incentive scheme that companies run in lieu of the merchandising put up inside the store.

The research methodology that has been used for collecting data included observation of the retail stores visited in the market, detailed interviews with the retailers and the customers who visited these retail stores.

The goal of the study is to find out the major beneficiaries of the schemes that are run by the companies for attracting customers and if it is helping companies to increase the pace with which the products moves into the market. One more aspect that has been focused to understand by this project is if the merchandising also helps the company to introduce new products into the market and increase its trials.

The major stakeholders in this project have been identified as the retailers, customers and the merchandising company.

Key Words: Merchandising, Gondolas, Schemes, Interviews, Stakeholders

1. INTRODUCTION

Visual Merchandising is a very important tool for the firms to make their products visible and increase the sales of different lines of products. It helps the customers to know about, understand and try newer brands. It not only pushes the customer to purchase a product but also creates a feel-good factor about the brand in the minds of the customer. It provokes the impulse buying in the customers. While developing a communication strategy, companies must plan to utilize VM at the stores efficiently.

Customers usually have only a few seconds to view and be attracted by POSM displays, Thus, different industries adopt different means of attracting customers through smart and effective visual merchandising strategies. FMCG industry is the front runner when it comes to POSM displays and visual merchandising tactics. However, here too we see varied Visual Merchandising strategies in play. Given the crores of money spent on such strategies alone, it is imperative to understand which strategies and which display is most effective when it comes to grabbing the attention of the consumer. In fact, without understanding how the consumer perceives each POSM display and visual merchandising strategy, a company cannot hope to gain the traction for its products that it wants.

In each different industry and even across different categories, distinct Visual Merchandising tactics and strategies are being used to garner attention of the new age consumer who has limited time to spare.

1.1 LITERATURE REVIEW

It is of utmost importance to develop an efficient plan on how to cover and reach every customer possible. Whether a small kiosk or a large outlet, every outlet needs to be visited for two reasons- availability and visibility check.

While availability refers to the stock check and how much needs to be re-ordered by retailers, salesmen are also responsible in the company for visual merchandising- whether it is hang- sells, free standing units as well as checking for the expiry of existing products.

Visual Merchandising may be likened to a language- just as we communicate with words, this is how the company and retailer communicates with its consumers. [2] (Chadha, 2014)

Chocolates are an impulse buying product and visual merchandising affects it hugely. With huge cutthroat competition and the most direct mode of communicating as well as a source of on-the-spot decisions. Research has shown that impulse buying accounts for substantial purchases in categories like chocolates and affect the strategic marketing plan. [3] (Khurram L Bhatti, 2014)

Visual merchandising is even impacting the apparel industry, chocolates involve much lesser of an investment.

Thus, most companies follow the concept of weekly visits to retailers. In this way, it keeps the retailer satisfied as well as the salesman gets into a routine for his visits. To ensure harmony in visits, a effective VM needs to be made for every sales territory. This is to be done in a way that increases productivity and reduces burnout. [4] (Schiffman, 2005)

To start with, let us first understand what Visual Merchandising is and what is its purpose in an FMCG industry. VM is “a presentation of a store and its merchandises in such a way such that it attracts the attention of potential customers” or “is the activity and profession of developing a floor plan and 3-dimensional displays in order to maximize sales.” [5] (Francisco Martins, 2012)

The purpose of VM is to attract, engage, motivate the customers to making a purchase. The goods are displayed to highlight their features and benefits.

The following are some elements that the visual merchandising must have:

- The colors should be used such that they are catchy to the eyes of the customers and draws them towards itself.
- They should be placed such that the customers can easily locate them in the outlet and can easily view the hotspots and merchandise.
- The customers must be exposed to the maximum amount of merchandising while avoiding a sloppy mess.
- Using powerful and sales enabling signage to display the advantages of buying the product.

Strong visual merchandising has a huge impact on the customers inside the retail store.

1.2 RESEARCH OBJECTIVE

The aim of this research is to:

- a) identify which POSM displays are the most effective when it comes to attracting the consumer eye;
- b) identify the trends in Visual Merchandising strategies across categories in the FMCG industry; and,
- c) to propose which strategies are the best suited, thereby suggesting improvements in current visual merchandising and POSM strategies while also ensuring they are cost effective to the companies.

1.3. RESEARCH METHODOLOGY:

Since this project revolved around Visual Merchandising strategies, our focus was both on General and Modern Trade outlets which sold different product categories of FMCG goods. We took into consideration different categories such as Chocolates, Mints, Soaps, etc.

Owing to certain logistical issues and time constraints involved in this research project, the outlets were chosen basis ‘Convenience Sampling’. However, we ensured that we visit a fair number of both General and Modern Trade outlets, the number of general trade outlets visited were more in number than modern trade outlets.

This project has three major components:

1. Identify which POSM displays are the most effective when it comes to attracting the consumer eye;
2. Identify the trends in Visual Merchandising strategies across categories in the FMCG industry; and,
3. To propose which strategies are the best suited, thereby suggesting improvements in current visual merchandising and POSM strategies while also ensuring they are cost effective to the companies

Thus, in order to garner fair amount and relevant insights, we created a Questionnaire- for Retailers. Through the Questionnaire for the retailers, the intention was to understand how Visual Merchandising plays an important role in retailing. However, to understand the efficacy of the VM installed, we also interviewed some customers we met while on the field, visiting the stores. The intention of this was to understand which VM strategy was the most effective in the sale of goods and which for which category.

Given the limited time available with Retailers, apart from the questionnaire, we used the technique of ‘observation’ to understand product placements, store layout and design and how VM had been carried out. Through this, we were able to understand and identify some common VM strategies for certain product categories, for example, Trees for chocolates, etc.

The questionnaires created for Retailers has been attached as annexure.

1.4. FINDINGS AND ANALYSIS:

The elements of Visual Merchandising that were studied under this project included:

- The location of a display or merchandising window/shelf/gondolas in the retail store.
- The colours used in the displays.
- The size of the materials used in the merchandising put up in the retail stores.
- The different kinds of designs used for different categories of products in retail.
- The incentive scheme that companies run in lieu of the merchandising put up inside the store.

The study was extensively carried out in the general as well as modern trade stores. The findings for these stores were different and were dependent on the store format. As it is known that a general trade store has a considerably smaller size than a modern trade store, also the way merchandise is arranged in a modern trade store is totally different than a general trade store. Some of the general trade stores were found to have a very cluttered organization of merchandise and in those stores the level of merchandising done by the companies was also lesser than the organized general store.

Coming on to the location of displays of visual merchandising, the hot spot rankings (1 being the top) identified in the stores by interviewing the customers are as follows:

For General Trade:

1. Windows behind the shopkeeper
2. The gondolas at the point of sales
3. Windows in line of sight of where the customer stands
4. Dealer Boards
5. Branding at the counter

For Modern Trade:

1. The Endcap
2. Floor Stacking Units
3. Floor Merchandising
4. Eye Level Shelves
5. Knee Level Shelves

According to the survey conducted among customers, these are the spots where they recognize specific brands to be placed and they recall some new brands that they were not aware of earlier.

Use of colours in the visual merchandising helps in catching the attention of the customers as per the survey conducted for the study. The colours used in usual merchandising are mostly the colours of the brands. For example, for Colgate it is Red, Orange for Santoor, White for Sensodyne, Pink for Fair and Lovely, Yellow for Giffy, Green for ENO, etc. The colours are such that they associate deeply with the brands. The differentiating factor that was observed in the study was the tone of colour used in the merchandising. According to the survey, bright and shiny colours were better perceived by the customers than a dull tone of colours. For example, the respondents remembered the silvery white used in Sensodyne over dull red used in Colgate better. They remembered the golden colour of Santoor Gold over simple plain white of Lux.

The respondents clearly remember the violet refrigerator of Mondelez as it has been the first mover in the world of merchandising and it has been a long time that it has stayed on the counters of the retail stores but it was not strange to notice that they also remembered the bright colorful gondola of Kinder Joy placed at the sales counters of a store.

In some modern trade stores, the floor stacking units had bright shiny lights in them, and the customers easily perceived the brands there and had a better recall of those brands. For example, the FSUs of Wipro Garnet LEDs, Philips Hues, Kellogg's etc.



Fig -1: Use of Bright Lights in Merchandising

Size of merchandising also has an effect to enhance the final recall of the brand among the customers mind. In general trade stores it was observed that the more windows that a company had for a single brand, the more the recall was among the customers. For example, 3 windows side by side for Sensodyne by GSK had more recall than 3 windows side by side for Lux, Pepsodent and Dove in a General Trade store.

The size of the point of sale gondola also made it easier to perceive the brand. The bigger the size, the more it was perceived. Though it was strange to notice that people did not recall the brands that were mentioned on the dealer boards of the general trade retailers.

In case of modern trade outlets, most end caps held a single brand and the customers were able to perceive and recall those brands easily. And it has been noticed by interviewing the retailers as well that this spot is the most expensive for a company to take in the entire store. The different floor stacking units for bulbs, chocolates, etc. that are placed apart from the shelves in the modern trade store were less remembered by the respondents.

Also, the respondents easily remember the Surf Excel Matic, Ariel and other merchandise that have been showcased as floor merchandising in the free space available inside the store.

To make the merchandising more interesting and eye catching the companies have not only resorted to bright colours and different sizes, but they have hired merchandising agencies that take care of different designs to

be incorporated in the visual merchandising. In general trade it has been seen that the standard visual merchandising designs are augmented by generally placing an image of celebrities endorsing the brand to catch the eyes of the customers. For example, Yami Gautam can be seen in the display windows of Fair and Lovely. A Taj Mahal with a female model can be seen in the display window of Santoor Gold. Virat Kohli with his stance of hitting the ball can be seen in the display window of Boost. A doctor can be seen in the display window of Sensodyne. Aishwarya Rai can be seen in the display window of Loreal.

In the modern trade stores, the brands use floor merchandising to use different designs to attract customers. Usually this kind of merchandising is utilized in the washing and personal care category. Brands like Surf Excel, Ariel, Rin, Santoor, Godrej No.1 are seen to be doing such kinds of marketing to attract the customers. The customers surveyed also have a high recall of these types of activities done by the merchandisers inside the stores.



Fig 2: Santoor Merchandising

During the festive seasons companies like MTR come up with gates of large sizes outside the retail outlets. Also, companies like OPPO, VIVO, etc. have their mascots stand outside the electronics stores as well.

After talking to a lot of retailers among general and modern trade, we tried to understand the motivation among them to make the companies put over these kinds of different merchandising in their stores. By interacting with them, we realised that each and every company which is involved in in store visual merchandising has an incentive program associated with it that provides different benefits to the shopkeepers and helps brands in introducing new brands and products as are specified in the contract for visual merchandising signed between the retailer and the company.

2. RECOMMENDATIONS:

The Clutter:

There is a clutter in the Visual Merchandising market where each company is indulging in the same practices- Free Standing Units, Displays, shelves etc. without looking at a change in concept altogether. Instead of focusing on Where, there should also be a focus on HOW? i.e. there can be a change in the merchandising methods- For example, in the FMCG Industry the retailers clearly believed that Tic Tacs are noticed and sold the most if they are placed in a Tree- In the Plain followed by Colour mechanism which captures the eye of the consumers. However, these Trees were only introduced in the market by Ferrero recently as shown:



Fig 3: Tic Tac Merchandising

There needs to be disruptions in the market of new forms of merchandise stackers- those which are easy to fix, display as well as manufacture. [6] (Bureau, 2010) Consumers vividly remember the audio advertisement Volkswagen did earlier:



Fig 4: Volkswagen Newspaper Ad

It would be extremely interesting to see companies like an HUL which already have famous jingles give CDs to retailers with existing famous music with their jingle playing once every 1/2hours. The Maggi Jingle, for instance could be kept in devices, a prototype of which is shown below to serve as a surprise element.

This is less of visual and more of audio merchandising but could prove to be extremely helpful.

Secondly, there is also a clutter in the posters which are stuck- they are extremely generic and are replicate of the products with maximum one line. There are so many posters

stuck next to each other that the consumer does not pay attention to anyone. The focus here should be on creating the maximum out of the least, i.e. minimalism. In the recent campaign of Cadbury which has got them immense traction, their packaging did not have a single word [7] (Abernethy, 2019), which highlighted the problem of loneliness:



Fig 5: Cadbury Advertisement

Such eye-grabbing and attention increasing merchandising should be focused on. There is no need to clutter merchandise with immense information but simply act as a means of call-to-action. Other suggestions of visual tactics to win over retailers and customers include exclusive toys, and gifts to the retailers to increase their motivation.



Fig 6: HUL Packaging Innovation

The HUL innovations (above) for VM which was recently seen at their Expo is something which many retailers are aware of. None of these are currently being applied in the spectrum, and focus should be made on the same. The keychain carousel mover could also be used for products like mints, chocolates and soaps

This requires the co-existing of competitors, which is another key issue. Merchandising grabs the attention of children as well- the outer of Kinder Joy for instance and hence, movable fixtures which can be played with but not damaged would interest them.

Another suggestion we would like to give is donation boxes- A lot of conglomerates are standing up for social causes and these are remembered by consumer, for example BookASmile digital campaign- why not bring them face to face, which is predominantly being done in restaurants and malls. If Donation boxes are kept at grocery shops which simply brands the organization as well as mentions the cause, it will generate a lot of goodwill and maybe not an instant purchase but long-term retention of the company in the consumer's mind. Cadbury practices this abroad, not as much in India.

Co-existing of competitors:

Multiple retailers spoken to stated that if, say an HUL person puts up 2 posters of Lux, The P&G Sales Officer comes and sticks his posters on them or removes the HUL Posters on the pretext of stopping distribution and perks at that retailer if he shows preferential treatment to HUL. Hence, for merchandising to flourish there should also be co-operation amongst the bigwigs.

The main aim of merchandising is to INFORM customers and grab attention, they could even be done at one common spot-liking each retail (GT/MT) store to be a sort of trade fair or expo where we are putting on our best show, just like the other competitors

The recent Non-Alcoholic Beer disruption in the market is a key testament. While CoolBerg is providing fridges, ABInBev is providing FSU's at MT stores which usually cover these fridges. The issue that arises is that people are already aware of CoolBerg, and finding it becomes an issue, also Bud 0.0 and Hoegaarden 0.0 are not picking up much because people yet associate it with beer.

Time Taken:

At times, the retailers (especially in the Balewadi area, Pune) stated that Merchandising becomes a time-consuming exercise where the retailer must pay attention to other things- if customers are present in the store, or admin work when they aren't. Thus, training is essential to ensure that merchandising is a time-bound process that does not exceed and respects the valuable resources of the merchandiser and retailer both.

Constants:

What needs to be kept constant is the imagery and the colours being used per brand to avoid overlaps, also practices such as cleaning, checking and constantly updating and upgrading the merchandise units/fixtures etc. should

not change as they are expected and appreciated by the shopkeepers, aiding them in their efforts of hygiene as well as stock keeping at the store.

Revamp the Star Outlet Concept:

Two key factors need to be looked at here, the concept of exclusivity should be removed and the rewards and incentives (monetary and non-monetary should be increased). Visual Merchandising is Definitely thought of to be a 'task' by retailers and they need to be rewarded adequately for it. Companies like UNIBIC and Ferrero provide 2-4% of the additional sales incentive to the retailers which come out to be a paltry 200-300Rs. Hence, a proportionately high fixed component should exist at star outlets, which acts as a motivator. Surprise checks must be made by superiors at such outlets because VM is only done for a customary weekly picture and then the products are stocked in a haphazard manner, and the Distribution Officers (salesmen) end up pocketing this additional bonus from the star outlets. This concept needs to change and is rampant Pan-India which was validated in our work stints and in every area of Pune we visited for this project.

Dealer Board and Store Boards:

Although the first point of contact of the consumer with the store, he/she is preoccupied after having parked/on their phone/recollecting what to purchase. Again, it needs to be minimalistic yet powerful- could be a quirky one-liner or the image of the brand ambassador of the company. Also, dealer boards as well as interiors of shops could be focused on Moment Marketing [8] (ExpertsSpeak, 2019)- i.e. Ganpati or Diwali specific outers/fixtures. Shopkeepers said that they anyway decorate their stores and if their work is reducing as well as attracting customers- it would be a win-win for consumers. This was a live case seen in the Sangli district where Ferrero Rocher boxes were adorned with Ganpati lights at the mall there and they recorded a massive increase in sales last year. Similarly, Philips Lighting emphasized on their multi-colored bright lights in the Ganpati Pandal they set up at Amanora Mall, Pune



Fig 7: Festival Merchandising

3. CONCLUSION:

Thus, the focus should be on maintaining an intricate balance of disruption while sticking to traditional practices, revamp norms and slowly break out of the clutter, not by emerging as the sole victor but through a channel of co-operation and co-existing within the company, with the family of retailers (whether in GT or MT) as well as with competitors in the same direct or indirect division. VM should be thought as an avenue of creativity and innovation rather than a cumbersome task which compulsorily has to be performed. The need of the hour is new methods of stocking products (as suggested above- carousels, jingle merchandising) along with a clear set of objectives and messaging to be achieved in order to reach the customer best.

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