Role of Visual Merchandising on Impulse Buying Behaviour of Customers With Regard To Coca-Cola in Tirupur

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Abstract

The carbonated beverages market forms a large and significant part of the global soft drinks industry. The worth of Indian carbonated industry is worth Rs 60 billion and growing at a rate of 5% annually where coke and pepsi has the majority of market share. India has been one of Coca-Cola's fastest-growing emerging markets. Coca-Cola said it expected to save $1 billion annually through productivity improvements by 2016 .Carbonated soft drinks have a good future where visual merchandising is used as a tool to motivate customers to buy soft drinks. Due to cutthroat competition and the similarity of merchandise, visual merchandising is used as a tool by the retailers to differentiate their offering from others. Visual merchandising is a marketing tool used by retail outlets in order to make their products attractive and engaging. Visual merchandising helps the retailers to provide positive image in the minds of customer. The objective of the study is to discuss role of visual merchandising on impulse buying behavior of customers with regard to coca-cola in tirupur. Primary and secondary research is used for the purpose of the study. Data's are collected through structured questionnaire. The study reveals that customers are more attracted to displays in the shops, floor merchandising, and arrangement of merchandise in the coolers, point of sale material which makes them to do impulse purchase.

Keywords: Visual Merchandising, Impulse Purchase, Floor Merchandising.

Introduction

Across the globe, soft drinks are among the most popular beverages. These drinks primarily consist of carbonated water, sugar and flavorings. Nearly 200 nations enjoy the sweet, sparkling beverage. Soft drinks have become world's largest beverage sector. Indians on average consume only 12 eight-ounce bottles of Coke a year .Coca Cola owns over 400 brands that appeal to many different people all throughout the world. It sells beverage concentrates and syrups to bottling and canning operators, distributors, fountain retailers and fountain wholesalers. Though advertisement plays a major role for reminding the customers about the existence of product in the market and to increase the sales, retailers are using some new techniques to persuade customers to make impulse purchase. The visual merchandising display process is often referred to as the "silent sales person" by providing the consumers with information through visual mediums, as well as by suggestive selling - suggestions to add items to a consumer's original purchase (Bhalla & Anuraag). Soft drink industry now uses visual merchandising as a tool to increase the sales. There are various factors affecting the buying behavior. For impulse purchase store environment and product characteristics like product quality, new products, popularity of the product, and packaging of the product attract the customers for immediate purchase. Coke Company has implemented RED or 'Right Execution Daily' in 2006. It helps Coca-Cola to increase the sales. The RED plan covers visi-coolers, the availability of beverages and activation. The sales persons organize the coolers in such a way it attracts the customers to make impulse purchase. The strategy is visibility and availability. Apart from ensuring availability of all its beverage brands, the sales team also sees that Visual indicators like signage are as per a plan. For example, in an eating outlet, as in this biryani restaurant, there would be combo shots of food and a sparkling beverage to induce customers. Maaza is the most noticeable brand in juice category which is the product of Coca-Cola. Pepsi concentrates mainly on youth category. They capture malls and theatres where more youngsters wander. Pepsi is associating its brand mainly through cricket. Eg: pepsi IPL.

Brands and Market Share

Various brands of Coca-Cola are coke, maaza, fanta, sprite, limca, thumsup, minute maid, Kinley soda and kinley water bottle. Various brands of pepsi are pepsi, slice, mirinda, 7up and Tropicana, lehar soda and aquafina. In Tamilnadu coca-cola ranks the number 1 in market share. In tirupur market share of pepsi is more compared to coca-cola. Market share of pepsi is 38%, market share of coca-cola is 29%. Other beverages are kalimark bovanto, parle frooti, fizz, delmonte and podaraan which contributes to the remaining market share .Coca-cola concentrates more on availability of products and visual merchandising to attract customers and to increase market share than its counterpart in tirupur region.

Coca-Cola Events to Attract Customers

1. College Activation: Coca-Cola tries to capture college students by activating exclusive coke outlets in campus where they used to sell only coke not even other brands of Coca-Cola. They also sell coke and other brands of coca-cola in canteen.
2. Pouring Activity: Van specifically designed for coca-cola with attractive designs to attract customers goes to a particular place and give free coca-cola products to customers. It is like giving free samples. They mainly target bottom of the pyramid in the pouring activity.
3. Hogo (Happy on the Go): A van specifically designed with fountain move to different places to sell products as like ice creams. The strategy is instead of customer reaching the company, the company moves towards the customers.
4. BOP Splash Bar: To target the bottom of the pyramid coca-cola has launched a vending machine to give products of Coca-Cola for Rs.5 in paper cups.

Impulse Purchase

Impulse purchase or impulse buying is an unplanned decision to buy a product or service, made just before a purchase. Impulse buyer is a person one who tends to do such purchases. Every store, whether organized or unorganized, attempts to attract customer towards its products and services. Abratt and Goodey (1990) define impulse buying as a decision made in-store with no explicit recognition of a need for such a purchase prior to entry into store. In simple terms, impulse purchase or impulse buy is an unplanned purchase. Common type of decision process that has a strong affective component is impulse purchase. In impulse or emotional buying, the consumer may not undergo the usual process of carefully searching, evaluating and then deciding on the brand outlet to purchase from. Rather customer is more likely to purchase the product (brand) based on impulse. When purchasing cool drinks 60% of customers tend to purchase on impulse and other 40% purchase it for some occasions and for quenching the thirst. Impulse purchase is characterized by an intense or overwhelming feeling of having to buy the product immediately. It has been estimated that anywhere from 27 to 62 percent of consumer purchases can be considered impulse buys. Retailers try to increase the number of impulse purchase by using visual merchandising techniques such as design of the store, product display, package design, store ambience, merchandise arrangements, colors and lighting. The income of the consumer has increased more which is also adding to the increase in impulse purchase by the customers. Coke products offer merchandising at the point of sale.
 Coke support market execution by conducting regular customer satisfaction surveys and by developing innovative materials for retail sales activation, including new racks, point-of-sale visuals and sales aids for our customers. Retailers can help customers to find the right products through focused merchandising, intelligent store design and layout, and other visual merchandising practices, such as product displays, packaging, and signage (Abrams, 1996; Baker, Grewal & Levy, 1992).

Visual Merchandising and Customer Buying Behavior

The participants' perceptions of the impact of visual merchandising displays on their buying behavior varied, as evidenced by their attention or lack of interest to visual merchandising displays when they first walked into a store. Consumer behavior is influenced by a limited extent as visual merchandising displays guide consumers in the direction of the products as well as in product choice. Consumer behavior will also be influenced by their personal preferences and the quality of the displays. It was noted   that

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the consumers' attention is drawn to certain aspects (such as color and breathing space in the store) of visual merchandising displays which creates a space where their shopping experience can be positive. The participants tend to be attracted to visual merchandising displays that are well designed and logical. This illustrates that visual merchandising displays influence buying behavior. The research study suggests that women are more attracted to visual merchandising displays compared to men.

Visual Merchandising Success Factors
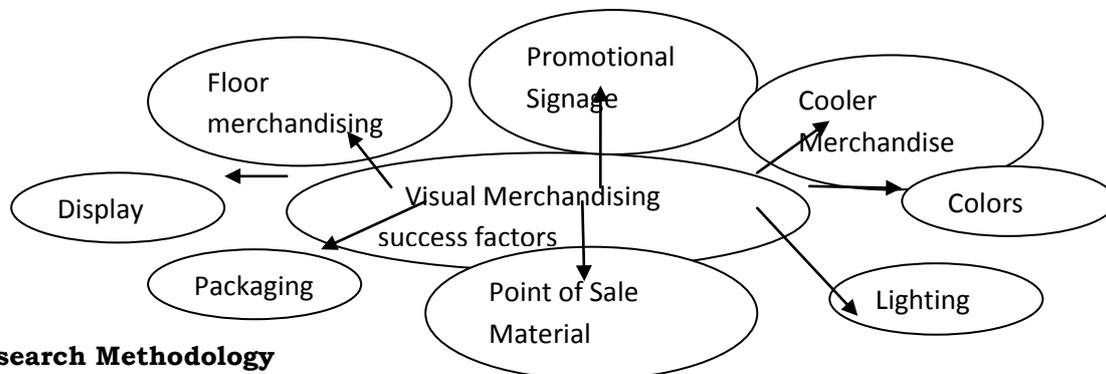
Research Methodology

a. Research Design

A research design is the specification of methods and procedures for acquiring the needed information. Descriptive research design is used for the purpose of the study.

b. Objective

The main objective of the study is to find out the role of visual merchandising on impulse buying behavior of customers with regard to coca- cola in tirupur.

c. Sample Size

Sample size: 200, Customers visiting the stores and bakeries present at different locations at tirupur city.

d. Data Source

Both primary and secondary data were used for the purpose of information generation. The inferences were drawn mainly from primary source by filling the questionnaire. Percentage Analysis and friedman test is used as a research tool.

Analysis and Interpretation

Table 1 showing type of customers for coca-cola and pepsi

Coca-Cola Products	Pepsi Products	Customers
Coca-Cola	Pepsi	Youth and college goers
Fanta	Mirinda	Ladies and family people
Sprite	7up	All ages for the purpose of digestion
Maaza	Slice	Kids and female
Thumps Up, Limca	Mountain Dew	Unique Customers
Minute Maid	Tropicana	High Class people

Table 2 Analysis using friedman test

Table 2.1 factors which contribute to purchase decision of Coca-Cola products

H0: There is no significant mean difference in the mean ranks of the factors that contribute to purchase decision of coca-cola products

H1: There is significant mean difference in the mean ranks of the factors that contribute to purchase decision of coca-cola products

Table 2.1.1 Test Statistics

N	200
Chi-Square	80.706
Df	5
Asymp.Sig	.000

Table 2.1.2 factors contributes to purchase decision of coca-cola

Particulars	Mean Rank	Rank
Cooler Arrangement	2.03	1
Point of Sale	2.68	3
Floor Merchandising	2.12	2
Promotional Signage	3.45	4
Others	4.15	5

The Significance level that is Asymp.Sig (.000) is less than nominal value (.05). Hence we reject null hypothesis H0 and accept alternate hypothesis H1. This confirms that there is significant difference between mean ranks of factors that contribute to purchase decision of Coca-Cola

The table clearly shows that most of the respondents rank Cooler arrangement as the major factor that contributes to purchase decision of Coca-Cola. Floor Merchandising is the 2nd place as per the study. Point of sale and promotional signage are 3rd and 4th place respectively.

Findings of the Study

1. Among the male visiting to retail shop 79.2% of them have the habit of drinking soft drink. Among the female visiting the retail store 60% have the habit of drinking soft drinks.
2. Among the customers having the habit of drinking soft drink, 24.8% are of age below 15-25 years; 34.6 % are 25-35 years; 25% are 35-45years; 15.6% are 45-55years.
3. About the consumption of soft drinks by customers. Daily 4.6% customers are consuming soft drinks. Alternate days 17% of customers are consuming soft drinks. Thrice in a week 38.4% customers are consuming soft drinks. Twice in a week 24.4% customers are consuming soft drinks. Once in a week 14% customers are consuming soft drinks.
4. Maaza is the most preferred brand by customers in coca-cola products because of its colour and taste which appeals the customers.
5. About 50.4% customers are brand loyal among the carbonated soft drink preference.
6. The customers predetermined to drink soft drink in retail shop is only 40%, other 60% do impulse purchase.
7. Displaying of price make the customer to consume the soft drink is agreed by 30% of customers
8. 72% of customers agree that promotional material influence customer to buy soft drink.
9. 56% of customers agree that packaging influences customer buying decisions for soft drinks.
10. 69% of customers strongly agree that display arrangement in retail shop attracts customers to do impulse purchase.

11. 65% of customers strongly agree that effective visual merchandising induces impulsive buying.

12. Point of Sale: Point of sale is the place where retail transaction is completed. It is the point at which a customer makes a payment to the merchant in exchange for goods or services. Point of sale is one of type of merchandising technique where the coca-cola products are displayed near the counters to increase the purchase. 58% of customers agreed that they tend to purchase soft drinks at the point of sale. Point of sale materials used in the store is posters, banners, buntee and danglers.

13. Cooler Arrangement: Visi – Coolers are arranged in an attractive manner to increase the sales. Coca-cola has implemented 'Right Execution Daily' for arranging the products in coolers in the colourful manner and arranging the merchandise daily. When the stock is reduced, company sales people fill the coolers immediately. Sales people used to Check product position (must be close together with the label well visible,tidy); The coolers will be placed in the prime position of the store where there is more customer attraction. Visibility of the products helps customers to purchase more products. 76% of customers agree that availability of coolers in the store make them to purchase more coke products.

14. Floor Merchandising -Retail floor displays are central to the visual merchandising strategy. Tables, shelves, racks, end caps and wall fixtures showcase the products features and benefits. But creating an inviting, fully integrated look to generate product appeal, customer engagement and increased sales is no easy task. When there is more aisle customer have some breathing space inside the store and they move freely inside the store resulting in impulse purchase. Display of small sized coke bottles in the shelves attracts customers. 55% of customers agree that they tend to take products from retail shelves when it is arranged in an attractive and neat manner and 60% of customers agree that they tend to have a look at products resulting to impulse purchase when there is more aisles in the store. Company people generally make sure products are on specific shelves, in fridges or in consumer recognisable containers (with predefined backdrops and pictures).

15. Promotional Signage: Wording used either alone or in conjunction with in-store display to convey product or promotional information to customers with the purpose of informing and creating demand for the merchandise. Special promotion sign tends to attract the customers. 55% of customers agree that they tend to buy a product when they see an interesting promotional offer like reduced price, sales promotion and in-store signs and banners about the product.

Relationship between Visual Merchandising and Impulse Buying

During the study, it was found that 65% customers said that effective visual merchandising induces impulsive buying. Retail setting, such as visual merchandising reminds customer's needs and produces optimistic feelings. The results proved that the consumer impulse buying behavior was significantly influenced by the floor merchandising, promotional signage, cooler merchandising and point of sale. This study denotes that the consumer impulse buying behavior has a strong relationship with the display and promotional signage because the study says when the products are visualized by the customer they gets motivated to purchase the product and do impulse buying. Good visual merchandising helps in impulse purchase and also differentiates between customers who make multiple purchases and those who wander inside the store empty handed.

Results and Suggestions

In today's scenario, customer is the sovereign because he has got various choices around him. If the company does not provide him the desired result he will definitely switch over to the other provider. Therefore to survive in this aggressive competition, you need to be the best. Customer is no more loyal in today's scenario, so the distribution channels have to innovate starting from production to display to increase the sale of the product. The customers say that visual merchandising displays aid in the final stages of decision-making regarding the purchasing of a specific product. However, there are other factors, like price, bottle size, availability that also affect the final decision. When visual merchandising displays are well designed and logical, the participants tended to be attracted to the section of products that were emphasized in the display. Coca-Cola products are popular and moving faster mainly because of its taste, Brand name, innovativeness, availability and

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merchandising, thus it should focus on good arrangement and availability on product on retail shop and make the consumer to buy the cola product so that it can capture the major part of the tirupur market than its counterpart. The study also indicated that the consumers are satisfied with the Coca-Cola products and purchase them without any specific occasions. Women tend to be more attracted towards visual merchandising displays when compared to men. Coca-cola can differentiate gender and can concentrate more on women segment in terms of merchandising to increase impulse sales.

Conclusion

Visual Merchandising is a creative tool used nowadays to attract customers. A good visual merchandising helps the retailers to differentiate loyal customers and customers wandering inside the shop empty handed. Great visual merchandising can spell the difference between customers who make multiple purchases and those who wander in and out of your shop empty-handed. Set up the area so that products are highlighted by posters, rotaries, multicolored arrows and cardboard shapes. Effective merchandising also benefits a sales outlet by helping the manager increase space value: fully functioning modern equipment, hostesses offering free product samples, clean, tidy, loaded shelves, the chance to have branded chairs, tables and sunshades and material created specifically for the outlet gratifies the end consumer, but also increases sales outlet value - an important partner, not just a distribution channel.

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