



HOW VISUAL MERCHANDISING CAN IMPROVE FASHION RETAIL STORES TO ADAPT THEMSELVES TO NEXT GENERATIONS

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ABSTRACT

Even though the digital market has grown on the last decade, the traditional store has been reinvented to offer a unique experience for the customers. On this way, there are many organizations in the world focusing their marketing researches to improve the “point of sales” (POS), they are very important to attract the consumer’s attention for the products of an organization. Over time, the POS has been changing and adapting itself to the different needs, and different desires, of new consumer generations (X, Y, Z). Therefore, the new generations are very different of the previous one, and the marketing researches needs to keep up with these new trends. Some marketing professionals were interviewed to presents in this article a diagnostic of some new practices that are being used by fashion’s retailers, to reach the new reality of consumers, using Visual Merchandising as a strategic tool to achieve success in sales.

Keywords: Point of sale, visual merchandising, generation Z, generation Y



1. INTRODUCTION

The companies look for the customers as important agents in the market, and it is essential to know them even better to be a successfully brand. (PWC, 2018). It's important to highlight that in this market segment, so competitive and constantly changing, it is needed to be always some steps ahead of the others players, knowing better the consumers.

Actually, most of all costumers with the real "purchasing power" is from "Y" or "Z" generations, known by: "Millennials" (BOX1824, 2017). The outstanding characteristics of these generations are: hyper connectivity, a new relation with the time, the focus on the experience and the physical/virtual limit disruption. In this way, companies need to rethink their actions to assertively reach this audience.

Visual Merchandising is a marketing's tool that allows the brand to create a better experience for the costumers inside the store, establishing a deep connection between brand and consumer (VIEIRA, 2018).

Therefore, the objective of this paper is to analyze the segment of fashion retail and propose modifications at the physical space of points of sale (POS), in order to adapt it to the new market requirements created from the new reality with the new generations.

2. THE CONSUMPTION AND THE CONSUMER EXPERIENCE

Since the creation of commerce until now, the market power has changed from the manufacturers and sellers, to the customers (PWC, 2018). Nowadays, the costumers are the most powerful changing agents, the relationship they have with the products and the way they consume, are new inputs for the marketing studies to create new positioning strategies and communication. Knowing the costumer is not an option anymore, but it's essential.

Analyzing the types of costumers, the group which is considered "young" is the one that deserves most attention on marketing planning. They are agents of change, most of them are influencers and could create new trends. These young people represents the actual workforce and the much longer economically active population, according to a study conducted by trend research firm Box1824 (2017).

New trends emerges, new groups turning up and new social contexts are being created. Analyzing and following up the costumer's transformations is the primary task on the dashboard of the big companies, so that the interaction between them will be more effective

and efficient. According to Sachs (2015), the youth represented the largest portion of the North American population at that time, larger than the Baby Boomers.

2.1. Consumer trends

The development of the studies about the relation of consumption of the people brought a lot of new marketing approaches, identifying the characteristics of these costumers, their shopping historical and social contexts. Philip Kotler (2006 apud CARVALHAL, 2014) argues that in Marketing 1.0, companies were motivated by the Industrial Revolution, the main objective was to sell products focused on their functional value. In this post-industrial revolution context, people began to consume more than just what was necessary for their existence and new demands were created.

With the consumption habit introduced in the society, new activities rised to foment the industry that grew rapidly. The initiative to offer credit for the clients and the advertising industry growth made the generation which was born between 1940 and 1950, known as the Baby Boomers, believe that acquiring material goods would be associated to their personal success.

After the Baby Boomers, the youths who ruled the market rules were those born between 1960 and 1980, known as Generation X. They came with new values about the society of consumer goods and abundance, the individuality and competitiveness were striking features of this generation, which aimed to build a career in large companies and be able to buy the various services and products available.

Until then, the characteristic that differ the generations was mainly the political and social issues. However, a historical milestone in the 1980s changed everything. The creation of the internet become the technology the most important differentiating factor between generations. The generation that formed from this point is known as Millennials, and it is composed of two groups: the digital migrants and digital natives. The first is known as Generation Y, which are those who have had contact with the Internet and technological gadgets since early, but lived a part of their lives without it. The second is known with Generation Z, which are those who have been born immersed in this world of internet and new technologies.

The Millennials represent a youth in force at that moment and, because of their peculiar characteristics, typify a great new challenge for companies. The fall of the barriers between

physical and virtual worlds brought several particularities, that requires a fast and continuous marketing adaptation. The plurality of Millennials reflects directly in their consumption habits.

For the companies, the communication progress and its incorporation into the people's life represents a new challenge for the decision making process and brand's positioning. "Retailers are in a difficult situation, as they face a situation of global competition, continuous technological revolutions, (...) today, competitors do not have to be on the same place. Which increases the quantity of competitors" (PWC, 2018).

As a consequence of Millennials' hyper-connectivity, social networks and other forms of communication have also become a major challenge for companies, as a strong feature among the generations who live on the market today is the exposure of their ideas and their reach.

This new generation had much more access to information than previous generations. They have knowledge about new subjects and connections with different cultures, creating a new type of customer. The empathy with causes around the world brought a new perception about the abundance of consumption, they were more interested in their experiences than in the material goods.

In this new scenario, the organizations need to be adapted and focusing their efforts to the quality of the relationship they will establish with these new customer. Customers are now seen beyond their wallets. Relevance becomes the key word for this new age of consumption. With the amount of information people have at the moment it is imperative to stand out and this is possible with real involvement and relevant discourses.

2.2. Omni channel

The practice of integrating multiple channels to create a consistent and seamless consumer experience is known as Omni channel marketing (KOTLER, 2017).

As customers become more and more connected, time becomes the scarcest resource in their lives. The criteria for selecting the brands they consume are tied to the convenience of access, and transactions, expecting to provide instant solutions to their needs. "Today's consumers want a multi-dimensional shopping experience that makes it easy to find and buy" (PWC, 2018).

In this new digital world, the customer's journey is not so simple to be tracked. There are many combinations of point of contact through which customers go on their way to



purchase. The big challenge is to drive consumers through all the stages on the physical and online channels, so that the brand is available wherever and whenever consumers want.

"Being relevant is having the ability to anticipate a need, or a desire, of the consumer," says Jeronimo Santos (2017 apud PWC, 2018). For this, it is necessary to invest in some technological tools to know the shopping journey of the customers and to understand their preferences and their desires. The goal is to engage these customers by offering the products and services they need, at the right time and on the channel they prefer.

"These new consumers expect to switch from one channel to another without realizing any change or gap" (KOTLER, 2017). The focus is not on the channel itself, but on the consistent and ongoing experience in the buying process. The empathy with the brand becomes greater when the customer can make the purchase at the time he wants and, consequently, the greater the loyalty of it.

The introduction of the Omni channel should be seen as an opportunity for retail growth, and not as a reaction to the development of the e-commerce. The Omni channel allows the customer to enjoy the immediacy of the online channels and the personality of the off-channel channels.

The concepts of web rooming and showrooming are discussed by Philip Kotler in the book Marketing 4.0 (2017), as they are common scenarios in the digital age. The first concerns the use of virtual spaces as a shelf for product exposure, means of communication between company and customer and exchange of information between users. All of these aspects culminate in the purchase of the item on an offline channel. A major advantage of web rooming is also the targeting of the product of interest to the customer, who does not waste more time physically searching the product among several others that do not interest him, taking up the question of the relationship with the time of the current consumers. In this model the store is seen as a new "screen".

The concept of showrooming is using the physical store to help the online sales. Thus, the customer has the possibility to explore the product in a physical space with human connection which the online channels do not allow. In addition, the physical space involves the activation of the five senses of the customer that allows a more complete and personalized shopping experience, since each one takes their own impressions of that moment and place. With a greater contact with the product, the customer easily takes to the purchase, being more assertive in his choice.



2.3. The importance of the physical store

With the emergence of ecommerce and its fast popularization among consumers, people believed that physical stores were bound to disappear. However, these forecasts did not happen, as a matter of fact there was a resignification of the physical spaces of sales.

Having a store means each time fewer to sell products. The physical store no longer intends to just sell, it now represents another channel of contact of the company with the consumer, where it can feel the experience with the brand. In this channel, the company can activate the five senses of the client - hearing, vision, touch, smell and taste - to take a more complete approach based on sensory elements that cannot be awakened in online channels. "We live in the 'Age of Experience', in which demonstrating the brand's purpose in service delivery, attendance and customer relationship over time is as relevant as the product itself." (PWC, 2018)

Although e-commerce is growing strongly and physical stores are not only selling, most consumers still prefer to shop some kind of products on that channel offline. In modern retail, the differentiation of the brands of its competitors is in the act of providing positive experiences and generating value for its customers through a seductive environment that is able to influence in the process of purchase and evaluation of the products, like an impulse for the decision making. "In the act of buying, the rational side in the consumer seeks the acquisition of goods and services that are necessary and present a good price, already the emotional side buys by sensorial stimulus". (LOURENÇO; SAM, 2011 apud ALMEIDA, 2015)

The traditional store is in fact one of the most important visual product marketing platforms. To define these physical spaces while maintaining the commercial objective and at the same time creating the maximum experience of brand interaction with its customers, fashion retailers use Visual Merchandising. Thus, the visual and strategic proposal of the brand is reinforced using the design and techniques of merchandising. According to Sarah Bailey and Jonathan Baker (2014), "The complexities of retail room design, the manipulation of the customer orientation, and the evaluation of the hierarchy of the space, all contribute to the Visual Merchandising strategy".

3. VISUAL MERCHANDISING

The valuation of the POS is present in the marketing strategies of several segments. The experience in a physical store gets more spotlight because it is one of the most important platforms for visual marketing of the product. Visual Merchandising is, especially for fashion's



retail, an essential tool for branding. The decision to buy or not something is directly related to the stimulus that costumers receive, especially the visual one. Working with sensory impulse is the role of Visual Merchandising at the point of sale, or any other space where the brand needs to be physically represented.

In addition, looking for the esthetics of the site, Visual Merchandising takes into account strategic decisions to be successful in sales and to take the best position for the brand in the market. For the marketing, Visual Merchandising is seen like a sales tool that combines design with strategic. The sum of the work of various sectors of the company lose strength when they are not in tune with the environment of the POS. The customer needs to feel everything that is “said” to him by the brand.

Checking the efficiency of Visual Merchandising for the sales growth of many fashion brands, the Retail Portal (2016) showed the growth of a network of national department stores by 10.8% in the year 2015 and 11, 1% in 2014 even with the market slowdown in the sector at the time. The justification for such growth, according to the president of this company, was the investments in the POS: “We bet a lot on visual merchandising, which generated more spontaneous purchases; we also expanded the tasters and updated the operation of the boxes, which reduced the waiting time in queues by 45%”.

When the customer will buy a particular product over others, it’s not always a rational decision. Particularly in the fashion market, the consumption is much more associated with his satisfaction and feelings about the product, than to the product itself. The visual presentation, the sensorial experiences stimulus and the projection of how the person can feel using that product are the main strategies of Visual Merchandising to conquer the customer's desire.

Visual Merchandising's activity aims to attract the customer to the store through attractive showcases, inspiring the desire in it; to make the customer stay in the store creating the most welcome place that is possible; and positively influencing the decision to buy, valuing the product and taking more spotlight on the store becoming more attractive to the consumer. These items are the main pillars of a Visual Merchandising project explored further: to attract, win, and retain the customer.

3.1. Strategic process

A POS needs to inspire desire on the customer, create a unique shopping experience, sell products and turn visitors into customers. For this, it is extremely important to know your target deeply to offer him exactly what he wants and promote the sale.



Another task for the process of visual merchandising's creation, and strategic definition, is the Branding. The brand identity is translated physically within the point of sale. The creation of a visual identity contributes to the reaffirmation of the message that the brand wishes communicate to its consumer, and still works for differentiation of the other competitors. "Marketing gives voice to the brand and makes campaigns, but the VISUAL MERCHANDISING is the way you materialize the soul of the brand" (VIEIRA during a interview for in this research, 2018).

Visual Merchandising works with very touchable elements like furniture, decoration, lights and products. But it also involves untouchable aspects like ideas, feelings, sensations and desires. The intangible value added into the product is able to motivate and influence a person to make a purchase, and the main role of Visual Merchandising is, in a physical way, to create the best scenario where the perception of this intangible value is noticed by the customer.

3.1.1. Product display strategy

Talking about the ambiance of the point of sale, another function of Visual Merchandising is the display of products focusing to highlighting it and improve the sales. Considering that the stores are dynamic structures, we can organize their strategies of exposition in about: store's zones, room arrangement and special dates.

- **Store's zones:** To get the better organization on the store, it can be divided into some "imaginary" zones that will guide the customers to the products. These zones are related with the customers' flow inside the store and with their familiarity with the products.
- **Room arrangement:** Although there is no official rule about the store arrangements, it's common in the market to follow some principles: based on the commercial strategy, the product's size influences a lot the storage display. At this time, it is important to leave some units together because when a piece is taken by the customer, the others one will be available to the next customers. Some stores that focus on the positive customer experience, often choose to take-off the products whose grids are incomplete, so there won't be a customer frustration when they do not find their number.
- **Special dates:** Christmas, Mother's Day and selloffs are some examples of these special dates that changes the natural flow of customers, and the focus is no longer the creation of desire, but it is only the sale. The arrangement of the



pieces into the store is planned to make it easy for the customer to find it, in other words, they are positioned by category to facilitate the sale. In addition, it is common to buy some "souvenirs" on these dates, which takes a spotlight on the lower value products, which are usually near the cash register, to stimulate impulse buying.

3.2. LAYOUT PLANNING

To make a good strategy for your point of sale it's important to determine what kind of store will be used in your marketing planning. The most usual, and its function, are in above:

Table 1: Store types. Font: self elaboration.

Store type	Function	Investment
<i>FlagShip</i>	It is the brand concept store and works as the brand reference to the others POS. They are usually a big place and has a strategic location for the company.	High
Regular store	Regular point of sale.	Medium
<i>PopUp</i>	Temporary stores are used on special dates, or to test the locality.	Medium
<i>OFF</i>	Stores for sale the products from old collections, or the others with incomplete grids, always with lower prices.	Low

In the planning of the physical space, it is important to differ between the function of the showcase and the hall (inside the store). The showcase have to attract the customer into the store, because it is the customer's first contact with the brand. There are also some conceptual showcases, that has the characteristic of promote an artistic view about the collection theme, or the communication that the brand wishes to establish. While the commercials showcases has only sales appeal where they often focus on price and expose a wide variety of products, all of them have essential part of brand positioning.

The layout planning should be nice for the client to cover as many exhibitors as possible. We can highlight that the balcony of cash register is located at the store background (BAILEY; BAKER, 2014). Usually cash register are located in this region - less profitable area - to stay out of the customer's field of vision and do not associate the purchase with the payment act. However the cash register desk is an opportunity to show some items for impulse buy, they are usually small objects with lower prices (about 10% of the total value of your purchase).

4. TRENDS AND FORECAST

The youth now are the Millennials that have their characteristics based on the advent of the internet. With this, drastic changes happen with the way of consumption that companies



were used to. We highlight as characteristics of this group, which has a big influence in the companies' behavior as:

- Fall of the virtual physical barrier;
- Plurality;
- Hyper-connectivity;
- Focus on experience;
- Engagement and
- Relation with time

These characteristics induced the companies to rethink their relationship with consumers, the relevance of their content and the quality of their products and services to be adapted to the new market requirements.

4.1. The proposal of intervention at the pos for fashion brands

In this section are showed some proposals that could be made for a fashion retail in their points of sales, considering all variety of brands sizes and targets segment:

- Co-production and Customization: Plurality

The co-production allows the customer to actively participate in the production process, so he feels part of the product creation and at the same time allows it to have a unique custom part.

This coproduction and customization of parts can occur in a variety of ways. For example, the creation of shirts stamps at the time of purchase using some machines installed in the stores, by the implementation of upcycling spaces and creation of an exclusive part from a catalog offered by the store. In this way, the plurality of customers can be manifested by themselves as the pieces will be unique and appropriate exclusively to them.

- Product Experimentation: Focus on Experience

Product experimentation is associated with the customer interaction with the brand's products, before purchase at the POS. From the moment that the consumer has physical contact with that product, their relationship begins and the possibility of purchase is even greater. A good experience with the product

before the purchase, could help the consumer to make a better acquisition of that product

- **Integration of Services: Fall of the Physical and Virtual Barrier**

The integration of services is characterized by do not realize the differentiation of online store and physical stores, creating a unique visual identity of the brand. This occurs when there is an integration of digital and physical in order to create a unique experience for the client.

Such integration can be as a complement, such as shopping in the online store and take of the product in the physical store, or just the purchase in one of the channels.

- **Showrooming: Focus on Experience**

Specifically in this case, it is characterized by not being only a product sales space, but by a place for the interaction of consumers with the brand. Usually the customer connects much more with the experience that the brand wants to provide closer relationships.

In this way, the customer can have a relationship with the brand beyond its products by creating stronger ties. The importance of focusing on the customer experience in this area makes the brand closer to another strong characteristic of Millennials, who do not want to buy just for buying anymore, they value the experience.

- **Decision to buy: Relationship with Time**

The last step of buying process is an important moment, because the decision has already been made by the customer and until the payment there cannot be any chance to customer give up.

For example, a big cashier's queue, or frustrations with the options, the distance between points inside the store of purchase, payment and product delivery.

Thus, in addition to the previous examples, the reduction of the time between purchase and payment decision, has a synergy with an important feature of Millennials, which is their relationship with time, because they don't have much patience and time availability.



- Sensory Identity: Engagement

The sensorial identity of a brand allows the customer to recognize it by the atmosphere surrounding the product. It could be by the smell, the colors, the materials used in the architecture and a lot of other factors that create the brand identity.

This identity makes the client, helps him to identify with the brand and his speech, becoming a customer influencer of it. Not just using their products, but also sharing the brand speech and advocating it.

Once the identity of the brand is well defined and the identification of the customer is already established, the engagement of this consumer occurs naturally. It is common for brands to sell perfumes used in the store to their customers, making it easy to identify.

- Interactivity: Hyper-connectivity

It is characterized by the relationship that the customer has with the brand, and its ability to be connected with it in addition to the purchase. Today's consumers do not want to be just a spectator of the brand but rather to be able to interact with it.

Due to the hyper connectivity of new consumers, brand interactivity allows it to be present a lot more time and times than just when the customer is looking for it.

5. FINAL CONSIDERATIONS

This article analyzed the characteristics of the new costumers, that belongs to the generation of Millennials, and their differences from previous generations. This gap is justified by the widespread dissemination of the internet and communication technology.

In this way, companies need to be adapted to be competitive in the market, by adjusting their points of sales and marketing strategic actions. Visual Merchandising is a tool that contributes a lot to this adaptation of the physical POS, especially on fashion retailers, so that there is a re-signification of these spaces serving the new consumers.



It is possible to observe that some brands already adopt, but punctually, some practices in their points of sale in order to adapt themselves for the new reality of the market, justified by the rise of Millennials as economically active population.

Taking into consideration the above, it is proposed: 1) that a greater number of fashion brands needs to check the possibility of adopting these practices to satisfy these consumers, who no longer want to buy just for buying, but they want to have an real experience with the brand; 2) it is recommended a deeper study and research about Visual Merchandising, especially about these generations, because it can improve the brands alignment with the new desires of these consumers, in search for the customer loyalty, brand perpetuation and a reflection on profits.

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