

# **A study on the effect that V.M.D (Visual Merchandising Design) in store has on purchasing products**

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## **Abstract**

*Visual Merchandising Design covers every space, environment, and visually stimulating factor. This includes not only the architectural appearance but interior, graphic sign boards, window display, layout, store appliances, lighting, and even the looks and service attitude that sales employees have and show to customers. Even if good quality merchandise and design hit the shelf of the store, but customers don't visit the store, those merchandise are not sold. V.M.D aims to display merchandise in multiple ways; to heighten brand images; to steadily lure many customers to the store. One of the characteristics that V.M.D has is, that this abandons the previous design concept which solely puts stress on luxurious interior-focused display; that this displays merchandise in a rational and systemic way and induces customers to buy products. Furthermore, V.M.D intends to provide customers with information; to design the environment of store; to inspire customers to establish an impressive brand image. In this regard, the objective of this study is to study brand perception and effect of V.M.D displayed in the stores, on customers, and thereby to present the concepts of V.M.D, suitable for display in the stores, which can be used continuously in the future.*

**Keywords:** *V.M.D (Visual Merchandising Design), Advertising media, Interior Design*

## **1. Introduction**

V.M.D (Visual Merchandising Design) can be cited as the advertising media, which have effect on customers at the closest contact point. Evolving from pop, V.M.D was derived from a new self-service style retailer in American supermarkets in the 1930's. Self-service retailer means that consumers choose and buy merchandise, and it has been developed as a means of sales promotion, from the seller's viewpoint, which can save labor cost and has the goal of V.M.D. The word, V.M.D (Visual Merchandising Design), started to be used first and introduced as a differentiated strategy by Bloomingdale Department Store, under the awareness that merchandising alone could not raise sales, when American department stores were in the economic slump in the 1970's. In case of Korea, V.M.D started mainly with mobile telecommunication companies. In addition to major four media, V.M.D activities are being undertaken by them, in order to innovate the images of stores, where they have the closest access to customers. In an effort to strongly appeal to consumers, visually stimulating factors are being developed and applied as a strategy. Multiple ideas like merchandise experience are carried out by applying V.M.D.

## **2. Theoretical Background**

V.M.D, a kind of POP that visualizes merchandise planning, is new sales promotion media that approach consumers at the closest contact point in the purchase stage. It was introduced to Korea via Japan. In the U.S and Japan, it is defined as follows: "V.M.D is defined as a method that lets merchandising appeal to consumers, and increases merchandise display and sales for success. "Lea-Greenwood defined visual

merchandising as” the one that is integration of display function as well as part of whole design, and the visual communication tool for enhancing the image of stores and products, providing enjoyable shopping atmosphere, effectively organizing stores, improving sales effectiveness and utilizing differentiated strategies. 1) In addition, the environmental factor, which has visual characteristic among the physical environments of stores, can be the ingredient of V.M.D, and the ingredient of V.M.D has functional and aesthetic characteristic in the store environment, according to Lea-Greenwood. 2)

In Japan, it is more specifically defined as follows; “V.M.D is literally an activity of visualizing M.D (Merchandising), producing and managing the visual factors of merchandise in the distribution markets”.

In the 1990’s, V.M.D was defined as an activity of creating and maintaining customers or creating demand, or producing and managing the visual factors, based on MD, in the distribution markets. From the viewpoint of this definition, it can be said that V.M.D visualizes M.D and delivers it to the consumers. These visual factors include not only architectural appearance but also interior, sign boards, display, store layout, store appliances, lighting and even the looks and service attitudes that sales employees have and show to customers.

### **2.1. Objectives of V.M.D (Visual Merchandising Design)**

V.M.D aims to heighten the images of stores and merchandise, and also increase sales efficiency. To do this, it needs to establish a strategy different from other competitors’, create an enjoyable shopping atmosphere and organize stores effectively. The objective of V.M.D is to provide customers with popular and new merchandise; to increase sales volumes; to provide the chance that goods are sold well; to build up store identity. Show window, which is considered the representative ingredient of V.M.D, provides information on the displayed products, thereby increasing customers’ purchasing desire, leading customers into the store, making it actual sales. 3)

V.M.D plays a role in adding information values to merchandise, complementing images of certain merchandise, delivering merchandise message, and establishing an image delivery strategy. V.M.D also plays a key role in determining success or failure at the closest contact point of sales activity. V.M.D can be classified into the following three axes.

- 1) Axis of Marketing ..... by display inducing sales
- 2) Axis of Communication..... Forming identity in customer’s mind
- 3) Axis of Customer Satisfaction satisfaction by improving service in Sales environment

### **2.2. Expectation Effect of V.M.D**

Among the advantages obtained by conducting V.M.D, the largest expectation effect of V.M.D lies in changing the store into the one where customers can easily look around, select and buy merchandise, and in increasing merchandise appeal power and sales. This kind of change can vitalize the store, and it can be the sales manual for salesmen.

### **2.3. Difference between Display and V.M.D**

Display is the technique that puts weight on aesthetic sense, thereby decorates merchandise beautifully, and makes purchasing convenient. On the other hand, V.M.D is the technique or strategy that specifies the image customers want, and makes each function work systematically from merchandise planning to ad sales.

This kind of assessment for V.M.D ingredient is conceptually defined as “consumers’ recognition for assessment about store characteristics, which reflect brand image, such as

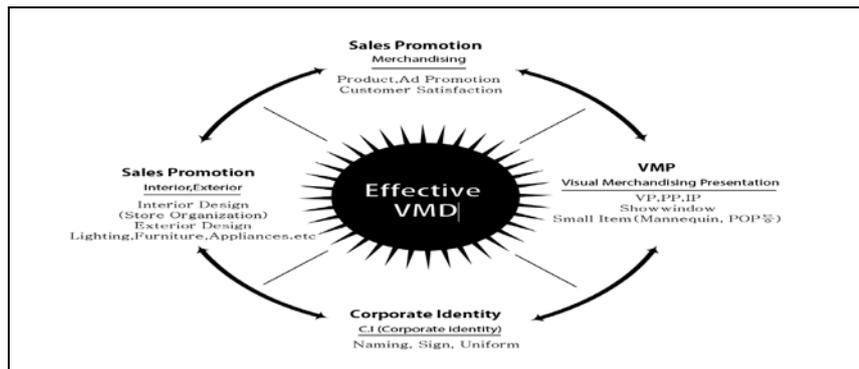
CI(Corporate Identity), BI(Brand Identity), color, interior, display, directing, POP(Point of Purchase), lighting and recognition about salesmen. 4)

V.M.D did not merely serve as a sales strategy targeting customers, but served as a factor that could improve salesmen’s sales activity, improve work environment and efficiency, and provide better service to customers.

V.M.D is specifically divided into three categories as follows;

**Table 1. Classification of V.M.D**

VP (Visual Presentation)	PR (Point of Sales Presentation)	IP (Item Presentation)
This plays a role in presenting life styles to the target customers and delivering messages of the store and merchandise, according to each seasonal theme. Show windows or stages, on which customers eyes fall, belong to this category.	This plays a role in showing sales points of merchandise. It is situated on wall sides or the upper sides of appliances in the store. To draw customers' attention, it highlights colorful coordination and styling.	As a display and sales space, it occupies most of the store space such as hanger, showcase and display stand. It enables customers to directly access to merchandise, according to the type of brand, color, price and kind.



**Figure 1. Relationship of effective V.M.D**

### 3. Research Method

The objective of this study is to suggest V.M.D’s effect and its improvement. The research work was done as follows;

We visited many mobile telecommunication stores, made interviews with consumers about V.M.D’s role and effect they actually feel, and analyzed the research data.

#### 1) Research Content

The objective of this research is to clarify the correlation between the following five factors, based on the research which asks consumers how they feel about each 5 factors, and to help to establish a strategy of introducing and implementing V.M.D.

- (1) Perception of V.M.D
- (2) Effect of V.M.D
- (3) Satisfaction of V.M.D
- (4) Store Interior Design
- (5) Store Exterior Design

## 2) Designing the Research in Detail

- (1) How to collect data: Face to Face Interview
- (2) Subjects: Consumers who visit mobile telecommunication stores
- (3) Sampling: Consumers who visit the stores around Seoul subway areas
- (4) How to extract sample: Random extraction for consumers who visit SK Telecommunication stores around Seoul subway areas.
- (5) Survey Area: Seoul (Gangnam/ Gangseo/ Gangbuk)
- (6) Survey Date: Nov 20 ~ 21, 2012
- (7) Sampling Error: 95% Reliability Scale,  $\pm 6.80$

### 3) Questions about V.M.D

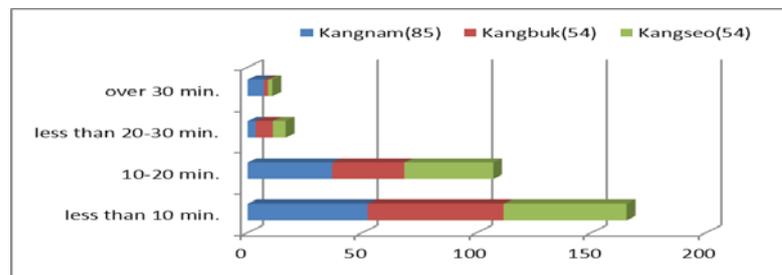
- (1) Satisfaction level by area
- (2) Satisfaction level by age
- (3) Evaluation on V.M.D usage and effect
- (4) VMD's main attribute (Satisfaction level by competing brand)

## 4. Analysis in Detail

### 1) Average time customers

Although the time customers stay at stores is not so different, the time customers of Kangnam area stayed at stores appears to be comparatively a little longer than that of customers of other areas.

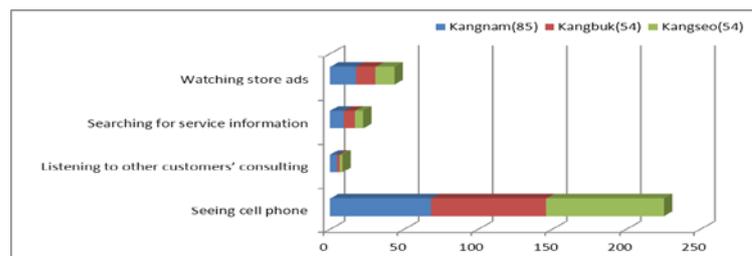
The average time customers stay at stores was less than 10 minutes, and therefore we need to make POP. The time by gender customers stay at stores had no particular difference, and if we looked into the range of age, it seemed that the age of 19-24 stayed for short time, whereas the range of other ages stayed for long time.



**Figure 2. Average Time Customers Stay at Stores**

### 2) Customers' Behaviors they showed while visiting stores and waiting

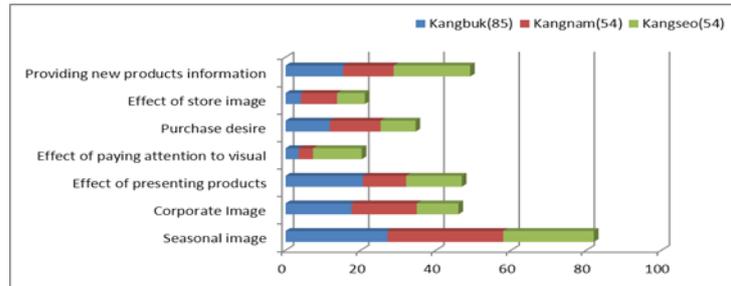
If we looked into the customers' behaviors they showed while visiting stores and waiting, it appeared that the visitors of Kangnam area had higher interest in store ads than that of the visitors of other areas. If surveyed by gender, it appeared that women had higher interest in store ads than that of men. It was found that the age of 13-18 had much interest in store ads. Since most visitors often look around store ads even if they see cell phone products while waiting, we need the PR strategy using POP.



**Figure 3. Customers' Behaviors they showed while Visiting Stores and Waiting**

### 3) Survey for the image theme in stores

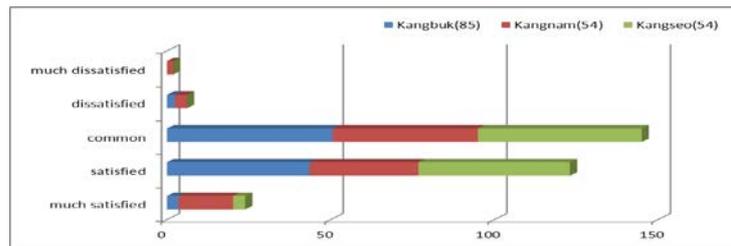
The preference for V.M.D theme installed in stores showed the following order, that is, seasonal image, providing new products information, and effect of paying attention to visual. In addition, it appeared that women showed higher preference for seasonal image than men, and that men had much interest in providing new products information. It appeared that the age of 25-35 was impressed by seasonal image, and that the age of 13-18 was more impressed by new products information and effect of paying attention to visual.



**Figure 4. Survey for the Image Theme in Stores**

### 4) Survey for satisfaction level with POP

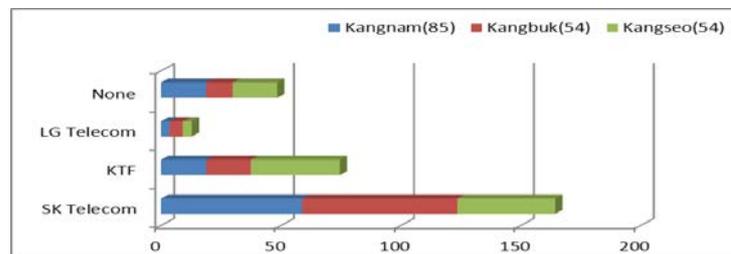
It appeared that the consumers of Kangbuk had high satisfaction level with POP.



**Figure 5. Survey for Satisfaction Level with POP**

### 5) Mobile telecommunication stores that showed the most impressive POP

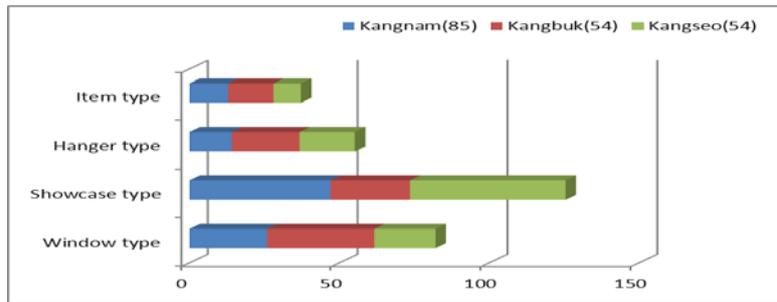
It appeared that the consumers of Kangbuk had preference for SK Telecom stores' POP, and that there was no difference between SK Telecom stores and KTF stores in Kangseo area. It also showed that there was no big difference between men and women.



**Figure 6. Mobile Telecommunication Stores that Showed the Most Impressive POP**

### 6) The type of V.M.D that was most remembered

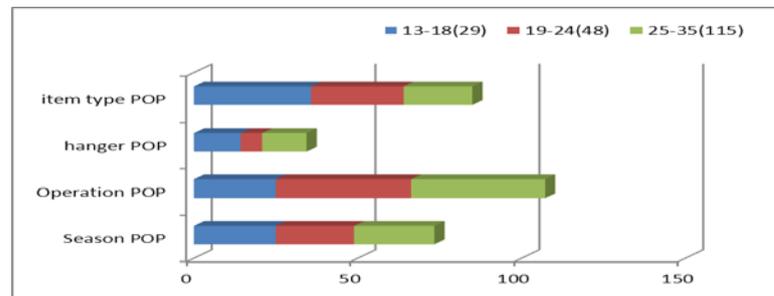
It was surveyed that Kangbuk area's most remembered V.M.D was window type V.M.D, and that Kangseo area showed high preference for showcase type V.M.D. It appeared that there was no big difference by gender and area. In the comparison by age, it appeared that the age of 13-18 had higher memory of POP than that of other age groups.



**Figure 7. The Type of V.M.D that was Most Remembered**

7) VMD type preferred to other V.M.D s

It appeared that the age of 13-18 had preference for item type V.M.D, and other age groups had preference for operational type V.M.D. Hanger type V.M.D showed low preference. Considering it on the whole, it is necessary for us to consider age groups when making POP.



**Figure 8. VMD type Preferred to other VMDs**

**5. Conclusion**

The stores play a role of the place where they meet customers' most closely, which caused stores to improve their prestige. It was found that this phenomenon is a kind of diversification for satisfying customers' needs, and that it is used as non-mass media and space communication. The ultimate goal of V.M.D is to enhance corporate brand image by visualizing merchandising at sales site, to establish an image through store display, advertisement and promotion, and to lead to purchase behavior by making customers have favorite attitude.5. Consumers identify their identity in the stores where their purchase behavior is made, and they want to actively acquire products information. This result is related with the change of store environment that reflects the trend in which consumers seek for sentimental values. After survey, it was concluded as follows; First: it was surveyed that mobile telecommunication stores play a role of a place where consumers experience in advance before purchasing products. They made their purchase decision after experiencing products when selecting their products, and they recognized stores as an important place for acquiring new products information. When applying V.M.D, this factor should be considered carefully since their preference for V.M.D varies, depending on age and area. Second: Self-satisfaction Consumers' satisfaction is important until they decide to purchase products when visiting stores and consumers want to make their identity or individuality clear. Especially, the young age group shows their strong self-assertion for V.M.D and products when visiting stores, which is different from other age groups. Third: Giving value to store environment.

A number of mobile telecommunication stores competing each other have high interest in store environment, and we can find the phenomenon that consumers' sentimental

purchase is made, depending on V.M.D display. In addition, consumers seek for the recreational factors pertinent to product attribute, and they want enjoyable purchase. Later on, store environment will not be just a sales space, but a space that will reflect consumers' rapidly changing consumption trend in their living pattern. V.M.D requires a strategic approach that it provides every consuming experience before purchasing and sets up the store environment which maximizes customers' value.

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