Today’s severe competition and the similarity of merchandise force each segment of the retail industry to utilize visual merchandising to improve the desirability of products. Apparel retailers, especially, place more importance on visual merchandising to differentiate their offerings from others’. Visual merchandising is a marketing tool used by retailers to make their products attractive and engaging. It has the ability to sway consumers into buying a product, and thus is a useful tool in today’s competitive market.

The purpose of this thesis is to examine the impact of visual merchandising on young customers’ apparel impulse buying behaviour. To attain this objective a study was carried out among shoppers in the age group of 16-35 years. Hypotheses were developed to investigate relationships between the customers’ tendency to purchase on impulse and four parameters of visual merchandising viz. window display, mannequin display, floor merchandising and promotional signage. Questionnaires were administered to 677 shoppers who constituted the sample. These were shoppers who were visiting retail outlets at various shopping malls in different parts of Bangalore, India. Analysis of the data was done using SPSS applying various statistical tools. The results of the study show that there is a directional relationship between young customers’ impulse buying tendency and three visual merchandising techniques: eye catching window display, in-store/mannequin display, and promotional signage. The association between customers’ demographics and their impulse buying tendency was also studied. In addition to this, 43 apparel retailers in Bangalore were surveyed to find how important visual merchandising is to their business. The consensus was that visual merchandising is an important segment of their business and it is one of the most effective tools to attract the customers. The findings are useful for retailers to perceive the nature of impulse and gives insights as to which visual merchandising techniques can significantly influence young customers’ impulse buying behaviour. This study also provides information about the techniques that should be part of retailers’ marketing and retailing strategic planning. Through the information provided by the retailers and data gathered from the customers, it has been concluded that visual merchandising plays a significant role in apparel retailing.

**Keywords:** Customer behaviour, Impulse buying, Visual merchandising, Apparel retailing

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