ABSTRACT

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

xxi
1.1 Background of the study:

India is one of the most desirable retail destinations in the world. Its twin growth engines of economic growth and demographic profile, set it apart from other nations and present a compelling business case for global retailers looking to enter the market. Retailing industry is the second largest employer after agriculture, has witnessed significant transformation since 1995. Traditionally, the Indian retail sector was characterised by the presence of a large number of small family-owned mom-and-pop stores. With the liberalisation of the economy in the 1990s, modern retail formats began to develop, and Indian business houses and manufacturers started investing in this sector, which enjoyed double-digit growth in the past 15 years. The growing Indian market has attracted many foreign retailers and Indian corporate to invest in this sector. With growth in modern formats, traditional retailers are quickly changing their business models, implementing new technologies and modern accounting practices to face the competition.

According to IBEF (2015) report, India's retail sector has seen many changes in the last decade and is regarded as one of the pillars of the economy. It accounts for 14-15 per cent of the GDP and employs about 40 million people. The retail industry has been significantly contributing to the GDP, employment and the economy. India remains an appealing, long-term retail destination for several reasons, starting with its demography – half of India’s population is less than 30 years of age and roughly one-third of the population lives in cities. The disposable income of Indians is increasing – allowing them to spend more and try new products, brands, and categories. With the growth in the retail industry, the corresponding demand for real estate is also being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international.

India’s retail sector has been undergoing structural changes for the last two decades. Shopping malls, lined with specialty retailers, started dotting the retail markets of the country’s top cities during mid-1990s. Since then, the ‘mall culture’ gradually pervaded the population, especially in the metros and mini-metros, heralding the beginning of the modern movement in India. The trend that has
become conspicuous since the last couple of years is the transformation of non-modern stores into modern formats. This trend is likely to gain momentum in times to come because of the prevailing consumer preference for modern amenities, such as air conditioning and formal billing systems even in shopping streets. Presently, the modern retail penetration in India is low compared to the developed and emerging economies. While the share of modern retail is 84%, 71%, and 53% in the US, Singapore and Malaysia, it is only 19% of the value of the total retail spending in the NCR, Mumbai, Kolkata, Chennai, Bengaluru, Pune and Hyderabad cumulatively. In fact, the degree of penetration in the whole of India is even lower, since the presence of modern retail in smaller cities and rural areas is not significant. Going forward, the share of modern retail in these top seven cities will be a quarter of the total retail spending by 2019.

The Indian retail market witnessed an enormous change in the last few years. Evolving consumer spending patterns and increasing disposable income levels are redefining the country’s retail landscape. There is ample dynamism at present, with a number of international brands entering the market. The existing brands are also working towards reinventing ways to keep up with the pace of growth in the sector. Currently, the total retail spending in the top seven retail markets of the country amounts to Rs. 4172 bn ($62 bn) and this is projected to reach Rs. 8762 bn ($132 bn) by 2020. The penetration of modern retail will also witness a substantial rise, from the current 19% to 24% in the next five years in the top seven retail markets.

India is one of the important retail markets for global retailers. Other than the fact that it is one of the biggest economies of the world, its demographics also work in its favour. Mumbai, Bengaluru and NCR are at the epicentre of this retail wave. The majority of the global retailers planning to enter the country is considering these three locations in the first phase. Nearly 400 international brands are already present in India; some of the recent entrants in the Indian market include Ikea, Gap, Aeropostale and Maimo Dutti. Recent initiatives, such as the FDI retail policy and state level policies, are a step in the right direction. The government is taking the role of a facilitator to create an environment conducive to the retail business.
The next big wave that has changed the skyline of the retail sector in India and accelerated the presence of modern retail is e-tailing, or the sale of products and services through internet, telephone and television. This trend started in 2010 and has become prominent in the last three years. It is believed that the modern retail segment in India will be driven by e-tailing as well as the brick-and-mortar modern retail format through an integrated approach called ‘omnichannel’ retailing.

Until a few years ago, shopping meant a visit to a mall or high street. With advancement in the technology and its increasing usage by consumers and retailers, shopping options are not restricted to physical stores anymore. E-tailing is not only a reality: it is evolving constantly to create synergies with other retail channels. Interestingly, India is the second largest smart phone market globally, and is expected to witness fast-track growth in the next five years. More consumers are connected and socially active with the use of such technology. E-tailing is much more convenient through smart phones, and is accessible to all age groups across all geographies.

Although it may seem like e-tailing is the new way of shopping, brick-and-mortar is also here to stay. Indian consumers continue to find physical stores appealing, and shopping is a form of recreational activity for them. Brick-and-mortar stores provide consumers with a physical experience that allows them to touch and feel the products. Retail stores also employ personnel to attend to customer requirements and suggest options, which is important to a high percentage of consumers even today.

Organized retailers are putting efforts to add value to consumer’s shopping experience through malls which provide the right mix of shopping, eating joints and entertainment. Thus, the end result is a great and complete shopping experience for the entire family in an environment, where there is variety and choice. Malls, through value addition in terms of customer care initiatives, special offer, events and promotions are able to add to the shopping customers’ delight. Malls and stores will have to adapt to the changing consumer requirements. Shopping at a mall will not be a necessary in the coming years. Purchases can be made anywhere and at any time with the ease and at the consumer’s convenience. Hence, malls have to provide
much more than shopping to be able to attract the customers. Retailers need to innovate in order to cater to the shopping needs of the new-age consumer who has limited time and a plethora of options to choose from. It is said that with the rise of the mall format the incidence of impulse buying has also increased among customers and estimated that a major proportion of sales in malls is through the impulse buying.

The ability to modify in-store behaviour through the creation of an atmosphere is recognized by many retail executives and retail organizations. Retailers must continually strive to meet increased competition and changing consumer preferences. As a retail business is moving towards new phases, the emphasis is slowly changing from the product to the space—the store—where all the things happen. The shopping ambience becomes so important now, with retailers being interested in giving their stores a contemporary and consumer-friendly design. A store has to display the product in a way that it attracts the customer. In today’s keen competitive environment store image and atmosphere are recognized by retailers as important factors influencing customers’ decision making processes (Hartman and Spiro, 1995). Kotler (1973) was the first to define the term atmospherics as “the conscious designing of space to create certain effects in buyers. More specifically, atmospherics is an effort to design buying environment to produce specific emotional effects in the buyer that enhance his purchase probability”. Moreover, the term atmospherics refer to the stimuli in the store environment which have a direct influence on customers’ purchase behaviour (Akther et al., 1987).

Retailers are constantly working to attract consumers into their stores, to facilitate them during purchases, and to provide the best experience possible for consumers. As consumer behaviour has evolved, so have retailers’ merchandising strategies. They are realising that visual merchandising is essential to the health and well-being of their businesses. The evolution of visual merchandising brought about a new process of shopping. The field of visual merchandising is growing very fast as the Indian retail is making its presence felt in the national and international arena. It resulted in a shift from verbal engagement between retailers and customers to a sensory experience. With increasing competition, retailers today are using the
merchandising tools to differentiate themselves from other competitors in a prominent way. Visual merchandising is an art of presentation, which puts the merchandise in focus. It is everything the customer sees, both exterior and interior, that creates a positive image by generating attention, interest, desire and action on the part of the customer. It includes window displays, signs, interior displays and any other special sales promotions taking place. Visual merchandising today forms a critical element of retailing, regardless of the kind of products and services offered. Besides the facade and windows, there is also in-store decor that is designed to enhance the customer’s comfort and convenience and enhance their shopping experience. Visual merchandising is also a powerful marketing tool as an external motivator in the consumer’s impulse buying behaviour.

Indeed, impulse buying is significant for sales revenue; in fact, it represents a substantial volume of goods sold every year (Bellenger et al., 1978; Clover, 1950; Cobb and Hoyer, 1986; Kollat and Willet, 1967). Generally, impulse buying can be defined as “any purchase that a shopper makes and has not been planned in advance” (Bellenger et al., 1978; Stern, 1962). The power of impulse buying is immense and retailers have long recognized the same. In fact, this is indeed a central point in many purchasing activities. This phenomenon has been progressively increasing during the last decade and a reason could be attributed to the relationship that exists between visual merchandising and impulse buying. Visual merchandising has provided a favourable environment for impulse buying; and in turn, impulse buying has shaped the development of certain visual merchandising techniques. Many researchers have actually studied the effect of store atmosphere on consumer behaviour (Solomon et al. 2004, Espinoza et al. 2004) but only a few of them (Rostocks, 2003) emphasized on visual stimulation as one of the factors that motivate impulse buying. Therefore, this research aims to be a complement to the existing studies in this area.

Apparel retailing is a mature and extremely competitive arena which has to deal with demanding, diverse and well-informed consumers. The changing retail landscape is now adding more pressure on the retailers to retain their slice of the pie in the global, as well as the domestic market. Apparel retailers require a proper understanding of the consumers’ psychology and act accordingly. Attracting
shoppers and converting potential customers into long term and loyal customers depend upon how the retailer is able to portray his merchandise, and the quality of his customer service. Therefore, it is more important for a retailer to make optimum utilization of the space available in his store so as to create an appealing in-store arrangement.

The purpose of this thesis is to analyze the effectiveness of visual merchandising through different techniques on young customers’ impulse buying behavior in apparel retail stores. Today, retailers started targeting the youth as this group of consumers are highly influenced by the globalization and this generation is also making money at a younger age. The study area selected is Bengaluru, as it houses large-format retail malls, targeting both the luxury segment and value shoppers, while providing for modern retail space in shopping streets as well. Fuelled by the advent of the IT/ITeS sector, which witnessed the proliferation of a large number of people from other regions, Bengaluru is the third most populous city of India today, supporting a diverse demography.

1.2 Need of the present study:

The behaviour of consumers and their involvement in retail stores have gained significant importance for marketers as they have growing purchasing power and their money attitude also has been changing with relatively easy access to credit cards. Based on the literature review, it is reasonable to expect that visual merchandising, a common external factor that encourages consumers’ urge to buy, can affect consumers’ impulse buying decisions. Therefore, the behaviour of retail customer in conjunction with visual merchandising is worth to be researched. The study explores visual merchandising, which has, till now, received limited attention in the literature. Buttle (1988) referred to visual merchandising as a neglected area in fashion marketing research. This neglect does not signify that this area is unworthy of academic research, but may indicate that visual merchandising concerns perception of creativity, an area which is difficult to test; researchers may have difficulty in analysing it meaningfully and gaining the important insights. Therefore, this study will provide information on why visual merchandising should be considered as an important component of a strategic marketing plan in support of
revenue increase, creating positive store image and influencing impulse buying. This study focuses on the apparel context, partly because apparel purchases may be associated with consumers’ emotions (Kim, 2005). That is, apparel not only conveys functional attributes (e.g. quality), but also elicits positive or negative emotional responses from consumers (Zhou and Wong, 2004). Young consumers are chosen for this study because they are more likely to make impulse purchases than aged when it comes to fashion or apparel products. They are influential consumers with increasing spending power, much of which is spent on their wardrobe and fashionable apparel plays a significant role in their daily lives.

The emphasis of the present study is to find the influence of visual merchandising on young customers’ impulse buying behaviour with respect to apparels in Bangalore city. Specifically, there are three purposes. First, this research attempts to contribute to a better understanding of the effect of apparel stores’ visual merchandising activities on impulse buying behaviour. Second, this study is designed to identify whether and how consumers’ demographic characteristics are influencing impulse buying behaviour. Third, it aims at finding out how important visual merchandising is to apparel retailers. The purpose of this research is to examine the relationship between consumers’ impulse buying behaviour and common external factors that trigger impulse buying. The external factors that the current study will examine are the various attributes that are likely to be encountered in many retailing contexts, such as visual merchandising. The research, therefore, will focus on the effects of four types of visual merchandising on impulse buying behavior. The types of visual merchandising activities used as predictors in this study are window display, in-store form/mannequin display, floor merchandising and promotional signage.

1.3 Statement of the problem:

The retail sector is one of the fastest growing sectors in India. Increase in per capita income, growing urbanization, and economic reforms are some key factors that have propelled its growth. The growing Indian market has attracted many foreign retailers and Indian corporates to invest in this sector. Retailing in India is still dominated by unorganized retailers. However, organized retailing or modern formats of retailing is growing at a faster rate. Organized retailing in India is defined by modern retail formats, namely malls and supermarkets. It is witnessing a radical
transformation in India. The increase in the number of retail chains across the
country is an indication that organized retailing is emerging as an industry and will
boom in a big way in the near future. Changing lifestyle, increased rate of literacy, a
growing number of working women, excessive urbanization, high rate of media
penetration, growing young population, tendency to ‘spend now’ and favourable
demographic patterns act as the key in the recent spurt of the organized retail sector
in India. The increased sophistication in the shopping pattern of consumers has
resulted in big retail chains coming up in most metros; mini metros and towns. The
past decade has witnessed a proliferation of organized formats in most major cities
of the country.

The intensive competition among malls in the major cities of India has raised
an important question of their viability and profitability. In this booming retail
market in India, it became inevitable for the companies to learn how to retain their
market share as well as to enhance it. With the entry of bigger players, the retail
market is getting more and more organized and structured. Clothing and fashion
accessories stand to be the largest category followed by food and grocery, footwear,
and consumer durables in organized retailing. Past studies have indicated that the
apparel store format and store ambience are also important in attracting customers.
The competition in apparel retail is intense with several organized and unorganized
retailers trying to get a share of customer’s attention and share of the customer’s
wallet.

In today’s Postmodern Era shopping has become a social and leisure activity,
reducing the number of cognitively planned purchases made by consumers. Most of
us are familiar with returning home with products we never intended to buy in the
first place. Indian consumers have diametrically changed in terms of their shopping
behaviour and impulse buying is emerging as a highly noticeable behaviour. Impulse
buying is an important aspect of buyer behaviour which is of significant interest to
researchers and retail management alike. The importance of understanding impulse
purchasing in retail stores was first identified in the marketing literature over fifty
years ago (Clover 1950). Impulse purchasing, accounts for a substantial percentage
of the products sold across a broad range of product categories (Cobb and Hoyer
Merchandising on Impulse Purchase of Apparel by Youth in Bangalore has been undertaken. Therefore the purpose of this study is to analyse customers' attitude

Retailers have long realized the power of impulse buying, which is indeed a central point in many purchasing activities. Although the topic has received considerable research interest in the marketing literature (Beatty and Ferrell, 1998; Rook and Fisher, 1995; Jones et al., 2003), little is known about how visual stimulus in a store influences impulse purchases. Much of the work on impulse buying has been concerned with defining and measuring the concept. Less effort has been directed towards determining the factors that underlie the tendency to buy impulsively. Even though, most impulse decisions are made when consumers are inside the store, the effect of in-store stimuli on such decisions has not been adequately explored. This has led to the purpose of this research which is to understand what triggers impulse buying and how does visual merchandising aid impulse buying behaviour.

The research started with reading literature on modern formats of retailing. The review of literature reveals that the conventional visual merchandising elements (store design, lighting, product placements, atmospherics, fixtures and permanent props) are of high importance to the retail industry (Levy and Weitz, 2009). The review of literature also reveals that no study has been undertaken in relation to impact of visual merchandising on impulse buying behaviour in Bangalore, in recent years and thus this research will contribute to a more complete understanding of this important consumer behaviour. Hence, the present study entitled “Impact of Visual Merchandising on Impulse Purchase of Apparel by Youth in Bangalore” has been undertaken. Therefore the purpose of this study is to analyse customers’ attitude towards visual merchandising displays in the Indian apparel retail industry, with the purpose of providing the apparel retailers with the necessary information regarding the visual merchandising displays used in store.
1.4 Objectives of the study:

The purpose of this study, as stated above, guided the development of research objectives that served to provide direction to the research process. The aim of this research is to examine the relationship between young customers’ apparel impulse buying behaviour and common external factors that trigger impulse buying. The research focuses on the following objectives:

- To analyze the impact of window displays on customers’ impulse buying tendency.
- To investigate the role of mannequin displays on customers’ impulse buying tendency.
- To evaluate the relationship between floor merchandising and customers’ impulse buying tendency.
- To examine the association between promotional signage and customers’ impulse buying tendency.
- To analyse the influence of demographic variables on customers’ impulse buying tendency in organised apparel retail outlets.
- To evaluate the role of visual merchandising in enhancing store atmospherics and customer shopping.

1.5 Significance of the study:

With increasing competition, marketers strive to ensure that their stores are appealing to their target customers. Retailers find it very difficult to create a differential advantage on the basis of merchandise alone and thus the store ambiance plays an important role for market differentiation. Since many retailers use visual presentation of the store offering in order to encourage customers’ buying behavior, this fact was expected to be found in the consumer and marketing literature. First impressions are often important indicators for apparel outlet footfalls and thus visual merchandising, particularly window displays play an important role in a consumer’s decision that is to enter or not to enter a store. This study provides insights as to why visual merchandising should be considered an important component of any marketing plan and how visual merchandising enhances the time span at an outlet and induces impulse buying behaviour of young customers. The research will be useful
to organized apparel retailers in Bangalore as well as other metropolitan cities in India. This research intends to help the organized apparel retailers to understand their customers better. The organized apparel retailers can concentrate on the important factors which will lead to more customer footfalls and which will actually enhance the impulse buying of customers. The study will benefit apparel retailers in India as customers’ attitude towards visual merchandising displays and the effect these displays have on customers’ impulse behaviour will be uncovered. The outcome of the research study can be considered by the apparel retailers in framing their strategies. The present study is also useful to consumers as it gives them insight into their own buying behaviour as well as the buying behaviour of other shoppers in Bangalore. This study will also be useful for organized apparel retailers who are planning to open new apparel outlets.

1.6 Scope of the study:

In the present study, the researcher wants to foray into organized retailing in the Indian sector in order to explore the different aspects of visual merchandising that have an impact on young customers’ impulse buying behavior. Retailing covers a very wide range of products and services; hence the researcher has decided to focus only on the organized apparel segment. Among various product categories, apparel has been a main target for impulse buying. According to Bellenger and Korgaonkar (1980), when consumers shop in a large department store, 50 percent of impulse purchases were for apparel, where impulse purchases range from 27 per cent to 62 per cent of the total sales. There have been a few studies in the past which have concentrated on organized apparel retailing in different cities in India. However the researcher found that there was a gap in understanding the impulse buying behaviour of customers with respect to apparels in organized retail outlets of Bangalore. Organized retail outlets are largely present in urban areas. Metropolitan cities in India have a relatively much larger proportion of organized retail outlets as compared to the rest of India. Hence the Bangalore city was chosen for conducting the study as it has a wide spread of malls and stand-alone organized apparel retail outlets. Bangalore has a sizable population of young IT and ITeS employees as well as a significant population of college students. This young crowd is interested in buying the latest trend of apparels, is fashion conscious and has good purchasing
power. Since Bangalore is a Metropolitan city, the findings of this study can be useful for organized apparel retailers in other metropolitan cities of India. The study involves two points of view: customers’ and retailers perspective. The customers are asked to give their opinion about the influence of visual merchandising on their impulse buying tendency. The impact of visual merchandising can only be judged on the basis of customers’ perspective. The retailers are asked to give their opinion about the role of visual merchandising in apparel retailing.

1.7 Research Hypotheses:

According to Selamat (2008), hypotheses are tentative, intelligent guesses posited for the purpose of directing one’s thinking and actions towards the solution of a problem. A research hypothesis can be defined as “a prediction or conjecture about the outcome of a relationship among attributes or characteristics” (Creswell, 2005). Moreover, Glassmann (2007) state that hypotheses derive from theory and are used, whether to validate, revise or invalidate theories through research. Hypotheses guide the study in terms of methodology and research design, data analysis procedure, arrangement of research sections, discussions of research findings, etc. In this study, customers’ impulse purchase tendency and selected visual merchandising techniques are meant to be the variables which allowed the researcher to define the hypotheses of the research. After reviewing the literature, it is noticed that the chosen four visual merchandising techniques are influencing customers’ impulse buying to a certain extent. Therefore, the following hypotheses have been stated which will enable us to investigate the relationships between the two variables: customers’ impulse buying tendency and selected visual merchandising techniques, i.e. window display, mannequin display, floor merchandising and promotional signage in apparel retail stores. The objectives of this study are met through the following formulated research hypotheses.

Statement of hypotheses for visual merchandising activities:

The following hypotheses have been developed which will enable to examine the relationships between the two variables: buyer’s impulse buying tendency (dependent) and the four visual merchandising activities (independent variables).
**H1:** Window displays influence and increase the customers’ impulse buying tendency.

**H2:** Mannequin displays influence and increase the customers’ impulse buying tendency.

**H3:** Floor merchandising influences and increases the customers’ impulse buying tendency.

**H4:** Promotional signage influence and increase the customers’ impulse buying tendency.

Hypothesis 1 aims to discover whether there is a significant relationship, correlation between customers’ impulse buying behaviour and the window displays in stores and if this visual merchandising technique enhances this behaviour.

Hypothesis 2 plans to find out whether there is a significant relationship, correlation between customers’ impulse buying behaviour and the mannequin displays in stores and if this visual merchandising technique enhances this behaviour.

Hypothesis 3 has as purpose to discover whether there is a significant relationship, correlation between customers’ impulse buying behaviour and the floor merchandising in the store and if this visual merchandising technique enhances this behaviour.

Hypothesis 4 intents to find out whether there is a significant relationship, correlation between customers’ impulse buying behaviour and the promotional signage displayed in stores and if this visual merchandising technique enhances this behaviour.

**Statement of hypotheses for demographic factors:**

In this study demographic analysis is also done to test if there is any difference in the impulse buying tendency of the customers due to age, gender, marital status, income, education and occupation. The following hypotheses have been developed which will enable to analyse the difference in the customers’ impulse buying tendency on the basis of demographic characteristics.

**H5:** Impulse buying tendency varies significantly among the customers of different age groups.

**H6:** Impulse buying tendency differs significantly between male and female customers.
**H7**: Impulse buying tendency varies significantly among the customers with different occupational status.

**H8**: Impulse buying tendency differs significantly between single and married customers.

**H9**: Impulse buying tendency varies significantly among the customers with different educational qualification.

**H10**: Impulse buying tendency varies significantly among the customers of various income groups.

### 1.8 Research Methodology:

**Research design:**

The study was intended to focus on the impact of visual merchandising on young customers’ apparel impulse buying behaviour in organised retail outlets of Bangalore. It was, therefore, decided to use descriptive design, which befits into the pattern of investigation. The research started with the collection of secondary data from various sources and then personal interviews with practitioners and academicians to state the research problem. A structured questionnaire was developed to gather the primary data.

**Sources of data collection:**

In the present study, both primary and secondary data are utilized. Primary data were collected through administering the questionnaire among customers and retailers. The secondary data has been collected from different journals published in EBSCO, Emerald, ProQuest, etc. Apart from this, relevant information has been collected from published reports in World Wide Web. The secondary data helped in identifying the unaddressed areas in retail customer behaviour. Moreover, it helped in creating the constructs that may have influence on customers’ impulse buying behaviour.

**Instrument design:**

The questionnaire consisted of six sections. The first section of the questionnaire measured age, gender, occupation, marital status, educational qualification and individual monthly income of the respondents. The second section
consisted of seven items for measuring impulse buying tendency; the third section with eight items measured the influence of window displays; the fourth section with five items measured the influence of mannequin displays; fifth section with three items measured the influence of floor merchandising; the sixth section with four items measured the influence of promotional signage. Altogether there were twenty seven scale items drawn from the existing literature (Rook and Fisher, 1995; Beatty and Ferrel, 1998; Youn and Faber, 2000; Rook and Hoch, 1985; Weun, Jones, and Beatty, 1997; Han, 1987), to measure respondents’ attitude towards various visual merchandising activities (independent variables) and impulse buying tendency (dependent variable). The items were, however, refined so that they could fit the present study. The responses were measured using a five point Likert scale anchored by 1 (never) and 5 (always) and a score of above 3 on this scale was considered to support the scale item.

The questionnaire for retailers consisted of seven demographic questions to gather information about the name of the respondent, designation, category, name of the retail firm working for, years of experience, gender and qualification. Fourteen multiple choice questions (related to visual merchandising), thirteen dichotomous with probing questions and two open ended questions (taking their views related to this field) were asked.

Sample Design:
All the actual buyers and retailers in any organized retail outlet (shopping mall) make the population for the research where the sampling unit is a customer and apparel retailer in a mall. The extent of the sampling process is limited to selected malls in Bangalore only. It was quite difficult to identify the sampling frame. Unlike other researches where a telephone directory or a map can be the sampling frame, in this case the frame was a little blurred as a retail outlet can invite customers from other localities other than its location also. So broadly the outlets (malls) were defined as the sampling frame. It is difficult to undertake a probability sampling design as the customers are scattered and no concrete information is available on the demographics of customers. So non-probability sampling was preferred over probability sampling. Young customers ranging from 16 to 35 years
old were selected for the survey. The main motive to choose this age group was influenced by the high tendency of impulse buying showed by customers under the age of 35. The young are said to show more impulsiveness than older people who are likely to be calmer and control their urges to make spontaneous purchases (Bellenger, Robertson and Hirschman, 1978; Rawlings, Boldero and Wiseman, 1995). Besides the age determinant, customers having purchased in large quantities with recognizable attributes such as carrying heavy bags, pushing a shopping cart outside stores right after the shopping process were surveyed with the help of a structured questionnaire. Thus the survey method used was a mall-intercept method to collect the data in fourteen malls ranked on the basis of number of visitors covering all parts of Bangalore city and the sampling methods are convenient and judgement sampling. Equal number of male and female customers were chosen and thus gender uniformity has been taken into account in order not to affect the result in a negative way, favouring one gender over the other. The questionnaires were filled in approximately 15 minutes and support was provided for better understanding of the different questions. Retailers working for apparel retail outlets across Bangalore city were surveyed. Thus, sampling procedure is purposive sampling. For retailers, the reason for the survey was explained briefly.

Determination of sample size can be made either by ‘Practical Approach’ or ‘Statistical approach’ (Beri, 2008). The best method of determining the sample size for Factor Analysis is subject to item ratio (Costello, Osborne 2005) as shown in table-1.1. As per Costello and Osborne, “A large percentage of researchers report factor analyses using relatively small samples. In a majority of the studies in our survey (62.9%) researchers performed analyses with subject to item ratios of 10:1 or less, which is an early and still-prevalent rule-of-thumb many researchers use for determining a priori sample size. A surprisingly high proportion (almost one-sixth) reported factor analyses based on subject to item ratios of only 2:1 or less”.
To test the proposed hypotheses, data were collected from 700 customers decided on a priori sample size out of which 677 were applicable for the final analysis. Remaining 23 questionnaires were discarded as they were incomplete and illegible. At a subject size of 677 for 18 items under investigation, the subject to item ratio stands at 38:1. So this falls under 20:1 to 100:1 as per the above table justifying approximately 97.0% of the factor analysis is done with this or lower subject to item ratio. Strict rules regarding sample size for exploratory factor analysis have mostly disappeared. Studies have revealed that adequate sample size is partly determined by the nature of the data (Fabrigar et al., 1999; MacCallum, Widaman, Zhang, and Hong, 1999). In general, the stronger the data, the smaller the sample can be for an accurate analysis. “Strong data” in factor analysis means uniformly high communalities without cross loadings, plus several variables loading strongly on each factor. The sample size for retailers was 50 retailers, but 7 retailers were outliers. Hence, the revised sample size was 43 retailers.

Data Collection:

An individual customer being the sampling unit and the shopping mall being the sampling frame, the first task in data collection was to list down the shopping malls from where the data is to be collected. The study involved a field survey conducted across different shopping malls in the city of Bangalore, in Karnataka. The population of interest in the current study was visitors who actually shopped products from the shopping malls. To reach to respondents, we utilized exit interviews whereby visitors who shopped products from the malls were approached.

Table 1.1: Sample size in Factor Analysis:

<table>
<thead>
<tr>
<th>Subject to item ratio</th>
<th>% of studies</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2:1 or less</td>
<td>14.7</td>
<td>14.7</td>
</tr>
<tr>
<td>&gt;2:1 to 5:1</td>
<td>25.8</td>
<td>40.5</td>
</tr>
<tr>
<td>&gt;5:1 to 10:1</td>
<td>22.7</td>
<td>63.2</td>
</tr>
<tr>
<td>&gt;10:1 to 20:1</td>
<td>15.4</td>
<td>78.6</td>
</tr>
<tr>
<td>&gt;20:1 to 100:1</td>
<td>18.4</td>
<td>97.0</td>
</tr>
<tr>
<td>&gt;100:1</td>
<td>3.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Costello and Osborne, 2005
to check whether they were willing to participate in the survey. When visitors were found cooperative, they were provided with a questionnaire and asked to fill it out right away. It was felt that mall intercept (exit interviews) would capture the mindset of the customers effectively. There was a risk that an interview away from the mall might bring only “visualized perception” and not the real experience. The respondents were administered a structured questionnaire. The responses were recorded using a set of twenty seven statements measured on the attitude scale in addition to other relevant demographic information. Bangalore was divided into different zones and care was taken to cover respondents from all the zones, so that the study will be representative of entire Bangalore. The table-1.2 gives a list of major malls surveyed in Bangalore having organized apparel retail outlets.

For each group, i.e. customers and retailers a separate questionnaire was designed. The impact of various visual merchandising activities on the impulse buying behaviour of young customers with respect to purchase of apparels in organized retail was probed and some important factors were identified. The influence of demographic variables on impulse buying behaviour was also investigated. In addition to this, the view of retailers on the role of visual merchandising in apparel retailing was also studied. The questionnaire was personally administered by the researcher.

The present inquiry is a scientific investigation into the field of consumer behaviour for apparels in the organized retail sector and hence the data collection was undertaken in two stages namely:

- Pilot study
- Main study
Table-1.2: Size and location of major malls surveyed in Bangalore

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Mall</th>
<th>Size (Sq. ft.)</th>
<th>Location</th>
<th>Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Forum</td>
<td>625,000</td>
<td>Adugodi</td>
<td>Central</td>
</tr>
<tr>
<td>2</td>
<td>Garuda Mall</td>
<td>280,000</td>
<td>McGrath Road</td>
<td>Central</td>
</tr>
<tr>
<td>3</td>
<td>Bangalore Central</td>
<td>275,000</td>
<td>Commissariat Road</td>
<td>Central</td>
</tr>
<tr>
<td>4</td>
<td>Bangalore Central</td>
<td>225,000</td>
<td>J P Nagar</td>
<td>South</td>
</tr>
<tr>
<td>5</td>
<td>Mantri Square</td>
<td>1,700,000</td>
<td>Sampige Road, Malleswaram</td>
<td>West</td>
</tr>
<tr>
<td>6</td>
<td>Orion Mall</td>
<td>850,000</td>
<td>Malleswaram-Rajainagar</td>
<td>West</td>
</tr>
<tr>
<td>7</td>
<td>Phoenix Marketcity</td>
<td>700,000</td>
<td>Whitefield</td>
<td>East</td>
</tr>
<tr>
<td>8</td>
<td>Royal Meenakshi Mall</td>
<td>600,000</td>
<td>Bannerghatta Road</td>
<td>South</td>
</tr>
<tr>
<td>9</td>
<td>Park Square Mall</td>
<td>400,000</td>
<td>Whitefield</td>
<td>East</td>
</tr>
<tr>
<td>10</td>
<td>Total Mall</td>
<td>225,000</td>
<td>Madivala</td>
<td>South</td>
</tr>
<tr>
<td>11</td>
<td>Inorbit Mall</td>
<td>339,000</td>
<td>Whitefield</td>
<td>East</td>
</tr>
<tr>
<td>12</td>
<td>Gopalan Arch Mall</td>
<td>163,000</td>
<td>Raja Rajeshwari Nagar</td>
<td>South</td>
</tr>
<tr>
<td>13</td>
<td>Gopalan Signature Mall</td>
<td>300,000</td>
<td>Old Madras Road</td>
<td>East</td>
</tr>
<tr>
<td>14</td>
<td>Gopalan Mall</td>
<td>280,000</td>
<td>Mysore Road</td>
<td>West</td>
</tr>
</tbody>
</table>

Pilot study:

The newly designed questionnaire was tested on a sample size of 50 customers and 10 retailers on a pilot basis to validate the questionnaire and to check the time taken to complete the survey. Pilot study also paved way for further exploration of new areas and few areas of insignificance were ignored.

Main study:

The revised structured, pretested and validated questionnaire was administered focusing on all valid areas of visual merchandising and impulse buying behaviour. The participation in the survey was completely voluntary and anonymous. Data administering of the selected sample was a difficult process. Retailers resisted their support to conduct the survey after reading some of the sensitive questions. In addition to this, the data collection took a longer time and the average response time to receive the filled questionnaire from the retailers was more
than three days even after making reminder calls. The survey questionnaires are enclosed in the Appendix of the thesis.

**Period of Study:**

The total span of time utilized to collect actual data for the present study was six months. The actual data were collected during the year 2014. The prior three months were spent undertaking the pilot study. The literature review was done over a period of one year and many factors were identified. These factors were put to test in the pilot study, and were more elaborately tested in the actual study.

**Data Analysis Methods:**

Prior to questionnaire administration, statistician was consulted to ensure that the questions would be applicable for analysis and also to determine the suitable statistical tools to be used for data analysis. Data collected were entered into an Excel file. The data file was imported from Excel to the Statistical Packages for Social Sciences’ (SPSS) software for analysis. Statistical methods used in the data analysis in this study were descriptive statistics and frequency tests, principal component analysis and reliability tests, Pearson correlation test, multiple regression analysis, one-way ANOVA and independent sample t-test. The significance level chosen for this study was 0.05.

The outline for analysis is as follows: Descriptive statistics were carried out for demographics and the scale items (dependent and independent variables). Exploratory factor analyses with Varimax rotation were used for multi-item scales. Items with factor loadings of at least 0.50 were retained to ensure the presence of reliable items (Nunnally, 1978). Items which were cross-loaded on more than one factor were discarded from further analyses. One-way ANOVA and independent sample t-test is used to test the differences in customers’ impulse buying tendency on the basis of various demographic factors. The Pearson correlation test is used to check the correlations between impulse buying tendency and each of the visual merchandising practices. Finally, Linear Regression Analysis is conducted for hypothesis testing to find out the relationships between impulse buying tendency and each of the visual merchandising practices.
1.9 Profile of Bengaluru:

History of Bengaluru:

The city of Bangalore has quite an interesting history attached to it. Right from its name to its becoming the IT Capital of India, each stage in the history of Bangalore is worth mentioning. There are numerous versions related to the naming of the city as 'Bangalore'. As per the information available in the Gazetteer of India, the term 'Bangalore' is an anglicized version of "Bengalooru," a Kannad term. The word Bengalooru was in turn derived from the phrase 'bende kaalu ooru', meaning 'the town of boiled beans'. There is a story behind naming the city as the 'town of boiled beans'. It is said that King Ballala of the Hoysala dynasty once got lost in the jungle and was very tired and hungry. In the jungle, he came across a poor and an old woman, who offered him some boiled beans. As an expression of his gratitude towards the woman, the King named the place as 'bende kaalu ooru'. However, there are other historical evidences that reveal that the name 'Bengalooru' was recorded much before the reign of King Ballala.

The time of Kempe Gowda:

Kempe Gowda, known as the founder of Bangalore, played a very important in the shaping of the city. A feudal lord himself, he used to serve under the Vijayanagara Kings. A hunting enthusiast, Kempe Gowda once saw his dog being chased by a hare. Amused as well as impressed up, this incident, he started calling Bangalore as 'Gandu Bhoomi' (heroic place). He, with the help of King Achutaraya, built a mud fort in Bangalore and inside it founded the towns of Balepet, Cottonpet, and Chickpet. Later, his son got the four watchtowers erected on the boundaries of the city, visible even today.

Reign of the Sultans, Marathas and British:

In the year 1638, the Vijayanagara Empire fell to the Sultan of Bijapur, Mohammed Adil Shah. For the next sixty years, the city was under the rule of the Sultans. Thereafter, Mughals took over the city. However, their rule did not last too long and in 1687, they sold the kingdom to King Chikkadevaraja Wodeyar of Mysore. He got another fort built in Bangalore, to the south of the one built by Kempe Gowda. Hyder Ali received Bangalore in the form of jagir in 1759, from
Krishna Raja Wodeyar II. He converted the city into an army town. In the year 1799, when Tipu Sultan died, the British returned the kingdom back to the Krishna Raja Wodeyar III. However, the British again took over the kingdom in 1831, citing misrule by Krishna raja Wodeyar III as the reason. It was under the British rule that Bangalore started developing into a modern city, with all the contemporary facilities like railways, telegraphs, post and telegraph, etc. The city was again given back to the Wodeyars in 1881. However, since the British Commissioners were based in Bangalore, its development into a contemporary city continued unabated.

**Post-Independence:**

After India gained independence in the year 1947, Bangalore became the capital of Karnataka. From then onwards, the city has witnessed large-scale development and has grown in leaps and bounds.

**IT Capital of India:**

The introduction of information technology in Bangalore, somewhere around the year 2000, led to the development of the city as the IT Capital of India. Today, it has become the hub of IT professionals in India. There are numerous other names given to Bangalore, like 'India's Silicon Valley', 'The Fashion Capital of India', 'The Pub City of India', etc.

**Renaming as Bengalooru:**

The city of Bangalore got renamed as Bengalooru in the year 2006. Even though the term 'Bangalore' is still very common, now the official name of the city is Bengalooru.

**Geographic location and climate:**

According to GAIN report (2015), Bangalore, the fifth-largest city in India, is a fast growing and emerging market. Located in southern India on the Deccan Plateau, Bangalore, officially known as Bengaluru, is the capital of the southern Indian state of Karnataka. The population of Bangalore has grown by 47 per cent to 9.6 million in 2011 from 6.5 million in 2001. Over 90 per cent of the population (8.7 million) lives in urban areas of the district, making Bangalore one of the fastest
workforce. Bangalore’s annual real GDP growth rate of 8.1 per cent from 2007 to 2012 was higher than the rest of the country (6.8 per cent).

The state of Karnataka is home to more than 80 Fortune 500 companies and over 700 multinationals. It has been consistently rated as one of the best places to do business by organizations like the World Bank, the Federation of Indian Chambers of Commerce and Industry (FICCI), and The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

The city is India's fourth largest fast moving consumer goods market and with a per capita income of U.S. $16,000, it is the third-largest hub for high net worth individuals. Moreover, the city is home to over 10,000 millionaires. Bangalore, referred to as the “Silicon Valley of India” by some in the information technology (IT) sector is well known for the large number of international and domestic IT companies calling the area home; including, Dell, IBM, Intel, Oracle, Accenture, Wipro, and SAP Labs. Since 2007, the city has attracted 474 investment projects, creating more than 110,140 jobs from foreign direct investment.

Bangalore attributes its productivity premium over the rest of India largely due to its well-developed infrastructure which hosts large innovation centres and centres for learning. Many prominent higher education institutions such as the Indian Institute of Management Bangalore; National Law School; Indian Institute of Science; and, numerous biotechnology schools and engineering colleges have campuses in Bangalore. Also, on infrastructure, Bengaluru International Airport served 12.9 million passengers and transferred 242,000 tons of cargo in fiscal year 2013/14.

Immigration stands as a key driving force in population growth. Due to its thriving high-tech industry, Bangalore is attracting migrants, both from within and outside of Karnataka state. During the 2007 to 2012 period, an average 186,000 annual net migrant arrived in Bangalore. According to a study published in 2013 by
the Centre for Policy Research in New Delhi, 48 per cent of migrants to Bangalore are university graduates and post-graduates. This has created a class of young consumers with high disposable incomes. The people of Bangalore are considered warm, hospitable and welcoming. English is broadly spoken by all Bangaloreans for business communications. Bangalore also sees a rise in the number of premium shopping malls which attracts niche and middle income consumer groups.

Bangalore lies in the southeast of the South Indian state of Karnataka. It is in the heart of the Mysore Plateau (a portion of the Deccan Plateau) at an average elevation of 920 m (3,020 ft.). It is positioned at 12.97°N 77.56°E and covers an area of 1741 km² (673 mi²). The Bengaluru district is bordered by Chikkaballapur and Kolar to the northeast, Tamil Nadu and Mysore to the south, Ramanagaram and Mandya to the southeast, and Tumkur to the northwest. The majority of the city of Bangalore lies in the Bangalore Urban district of Karnataka and the surrounding rural areas are a part of the Bangalore Rural district. The region comprising the Bangalore Urban and Rural districts is known as the Bangalore (region). Bangalore is 998 km from Mumbai (Bombay) and 562 km from Hyderabad. Due to its elevation, Bangalore enjoys a pleasant and equable climate throughout the year. The climate here is moderate. In summer it receives a good amount of sunlight. In winter, it is not very cold. The lowest average temperature here is about 16–18 °C (61–64 °F). The city experiences southwestern monsoon rains in June-August. In May 2012, Lonely Planet ranked Bangalore 3rd among the world's top 10 cities to visit.
Population:

According to the 2011 census, Bengaluru Urban district has a population of 9,621,551 of which male and female were 5,022,661 and 4,598,890 respectively. The district has a population density of 4,381 inhabitants per square kilometre (11,340/sq mi). Its population growth rate over the decade 2001-2011 was 46.68%. Bangalore has a sex ratio of 916 females for every 1000 males, and a literacy rate of 87.67%. According to recent estimates, population of Bangalore is 11,556,907 in 2016. Due to urbanisation issue, Bangalore is witnessing a huge growth in its population and is ranked at number three spot in terms of the most populous city of India after Mumbai and Delhi. As the city represents the modern face of the developing Indian economy, it is also home to a large number of people
who have migrated from other states to Bengaluru. Bengaluru has witnessed a huge growth in its population between the years 2001 to 2016. From a small figure of 5.1 million in 2001, its population has grown to 11.5 Million in 2016. One of the main reasons behind this huge growth is the cosmopolitan nature of the city. Being a major IT hub of South India, the vibrant city of Bangalore invites people from far and wide. Over the years, it has attracted millions of people from India and abroad who have settled here permanently due to various reasons. Better standard of living and infrastructure are the primary reasons for the growth of population in Bangalore. In spite of various Government planning and research, population in Bangalore is growing at a very fast pace. A survey conducted by the Hindustan Times and CNN-IBN (carried out by MaRS-Monitoring and Research Systems) on the 18-35 years population spread across major cities in India has thrown in some very interesting statistics and reflection of the mind-set that youth in a city share and accordingly youth in Bangalore (64.2%) spends the most.

**Lifestyle:**

Bangalore, the fastest growing city of India, comprises of a dynamic blend of people, belonging to various religions, castes and communities. With the introduction of information technology in the city, it has assumed an international character. IT professionals not only from the various parts of India, but also that of the world, are migrating to the city. This has led to Bangalore becoming more like the melting pot of various cultures. Bangalore has also acquired the status of an educational city. Thousands of students come to the city every year to study at the undergraduate or the postgraduate level. In short, the city has become an amalgamation of people, belonging to different cultures, educational backgrounds, economic background, etc.

**Retail Business:**

In the past few years, Bengaluru’s retail journey has been escalating with several international and national brands setting-up their retail stores in the city. Favourable demographics, robust economy, rising per capita income, easy availability of credit and large scale retail developments have fuelled the growth of Bengaluru’s retail market. According to Knight Frank research report (2016),
Bengaluru has the highest per capita annual modern retail expenditure, at Rs.16,191, across all seven urban centres, making it an ideal catchment for retail. Shopping malls across the city are essentially anchored around a department store and / or a hypermarket or super-market chain. Until a few years ago, entertainment in the shopping malls was limited to multiplexes however; entertainment is now growing to a status of being an important anchor. Bengaluru today houses large format retail malls catering to the luxury segment as well as value shoppers. Wholesale retail is one of the emerging formats in Bengaluru. Conducive Government regulations have led to the entry of many Cash and Carry players in the city and several new brands are progressively venturing into the city’s retail market. Bengaluru today houses neighbourhood, community and regional malls. Mantri Square at Malleshwaram, Phoenix Market City at Whitefield and Brigade Orion at Dr. Rajkumar Road are key regional malls while The Forum at Koramangala and The Royal Meenakshi Mall on Bannerghatta Road are prominent community malls in the city. Locations on Mysore Road, Bannerghatta Road, Tumkur Road and Hosur Road are in a balanced state with retail activity in these locations complementing the residential activities.

Rental values across shopping malls in the city are expected to witness a steady growth within 1 - 3 years, owing primarily to a healthy increase in the metropolitan population and relaxation of FDI norms. High-street locations will continue to coexist with the malls in the city despite infrastructure issues and increase in mall space. Rental values across high-street locations are likely to witness nominal growth in the short term.

The city houses large-format retail malls, targeting both the luxury segment and value shoppers, while providing for modern retail space in shopping streets as well. Fuelled by the advent of the IT/ITeS sector, which witnessed the proliferation of a large number of people from other regions, Bengaluru is the third most populous city of India today, supporting a diverse demography. During the last decade (2001-2011), the population growth was observed to have been significant, at a decadal growth rate of 33%. With an estimated population of 10mn as of 2015, a sizeable 54% of the city’s population comprises household earning above Rs. 300,000 per annum, thereby translating into 5.2 mn people that play a major role in Bengaluru’s modern retail growth story.
Bengaluru today is the most sought after retail destination in the country after Mumbai and Delhi mainly due to the following reasons:

- At 9.6 million, Bengaluru urban district is the fifth most populous urban district in India as of 2011. It registered a decadal growth rate of 47% as compared to 2001. The city is expected to continue its growth trajectory; and population for the year 2021 is pegged at 14.0 million.

- Bengaluru’s economic development is attributed to the healthy growth of its IT/ITeS industry. Currently the sector accounts for more than 1.0 million jobs in the city and will continue to add over 100,000 jobs every year for the next 3 – 5 years. Apart from IT/ITeS sector, the city is also witnessing advancements in the field of biotechnology, aerospace and aviation sectors.

- The growth in the IT/ITeS industry has led to migration of the educated middle-class to the city and, consequently steering residential developments as well. Bengaluru’s residential market witnessed an annual absorption of 24,000 residential units during calendar year 2012 and the residential market is projected to grow at an annual growth rate of 15%, making the city one of the most promising residential markets in the country. Robust economy, growing population and high disposable incomes have led to the emergence of the city as a preferred retail destination by both national and international brands and over the years, retail spaces in the city have witnessed an evolution in terms of design and quantum of spaces.

- The growth in the IT/ITeS sector has been well supported by the growth in the per-capita income of the city. As per report of McKinsey1, by 2030 Bengaluru is likely to have the highest per-capita GDP among all the Indian cities. Retail growth in the city is linked to consumer needs and behaviour. Rising income levels and global exposure have resulted in increased purchasing power. Additionally, the consumer spends have shifted to lifestyle products and services from daily necessities.

**Modern Retail Potential:**

Bengaluru has a clearly demarcated shopping street domination, with its share of modern retail space skewed at 60%. This implies the adaptability of the
traditional markets of the city that recognised the demand for modern retail and attuned themselves with evolving trends. The total consumption expenditure (which includes rent, transportation, utilities, education, medical and insurance) in Bengaluru stands at Rs. 2,020 bn, of which Rs. 640 bn comprises the total retail expenditure. The present market size of modern retail in the city stands at Rs. 154 bn, denoting the substantially low penetration of modern retail in the region (24%), as compared to many cities in emerging economies. This low penetration of modern retail portends well for Bengaluru, as it holds immense potential to increase its share of modern retail in the forthcoming years. The potential of modern retail in Bengaluru stands at an estimated Rs. 486 bn.

Between 2015 and 2019, the modern retail market size in Bengaluru is expected to grow at a CAGR of 23%, from Rs. 154 bn in 2015 to more than Rs. 363 bn in 2019.

Further improvement in the macroeconomic parameters: a fast-growing cosmopolitan populace characterised by double incomes, high purchasing power and discerning tastes, and exposure to evolving trends are expected to enhance the share of Bengaluru’s modern retail. It is estimated that by the year 2026, modern retail penetration in Bengaluru will increase to 50% from the current 24%, with both brick-and-mortar and E-tail formats contributing significantly to the growth.

**Apparel Market:**

Bengaluru has a strong apparel market, dominated largely by traditional shopping streets, with the modern retail potential in the overall apparel category estimated at Rs. 46 bn as shown in table-1.3. The ratio of shopping streets is higher in the city, particularly in regions such as South and West Bengaluru. These regions, though substantiated with malls, have numerous shopping streets adjacent to heavily-populated residential areas. This denotes the lower modern retail market size in 2015. The northern region, too, has a minimal modern retail presence, owing to its nascent retail markets and dependence on shopping streets.
On the other hand, East Bengaluru, which has a number of large-format malls located in Whitefield, accounted for the highest modern retail market size in both, the ethnic and non-ethnic apparel categories. Owing to the current low modern retail presence, North, South and West, Bengaluru have a high growth potential in the apparel category. Together, these zones have an annual potential of Rs. 40 bn.

**Modern retail space scenario in malls:**

Bengaluru has witnessed a relatively gradual and lower concentration of malls compared to NCR and Mumbai. Mall development, which commenced in the central and off-central locations of the city, has now spread to the peripheral locations as well. At present, Bengaluru has 26 malls, adding up to approximately 9.3 mn sq ft of modern retail space.

<table>
<thead>
<tr>
<th></th>
<th>Central Bengaluru</th>
<th>East Bengaluru</th>
<th>North Bengaluru</th>
<th>South Bengaluru</th>
<th>West Bengaluru</th>
<th>ORR</th>
<th>Bengaluru</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail market size (Rs. bn)</td>
<td>1.7</td>
<td>2.3</td>
<td>6.1</td>
<td>5.4</td>
<td>12.3</td>
<td>0.8</td>
<td>28.8</td>
</tr>
<tr>
<td>Modern retail market size (Rs. bn)</td>
<td>0.4</td>
<td>1.6</td>
<td>0.4</td>
<td>1.0</td>
<td>2.0</td>
<td>*</td>
<td>5.5</td>
</tr>
<tr>
<td>Modern Retail potential (Rs. bn)</td>
<td>1.2</td>
<td>0.6</td>
<td>5.7</td>
<td>4.3</td>
<td>10.3</td>
<td>0.8</td>
<td>23.2</td>
</tr>
<tr>
<td>Non-Ethnic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail market size (Rs. bn)</td>
<td>3.7</td>
<td>4.9</td>
<td>5.0</td>
<td>11.5</td>
<td>10.9</td>
<td>5.3</td>
<td>41.4</td>
</tr>
<tr>
<td>Modern retail market size (Rs. bn)</td>
<td>1.2</td>
<td>4.8</td>
<td>0.5</td>
<td>3.0</td>
<td>3.5</td>
<td>0.9</td>
<td>14.0</td>
</tr>
<tr>
<td>Modern Retail potential (Rs. bn)</td>
<td>2.5</td>
<td>0.1</td>
<td>4.4</td>
<td>8.4</td>
<td>6.5</td>
<td>0.8</td>
<td>23.0</td>
</tr>
<tr>
<td>Overall modern apparel retail market potential (Rs. bn)</td>
<td>3.7</td>
<td>0.7</td>
<td>10.2</td>
<td>12.8</td>
<td>16.9</td>
<td>1.7</td>
<td>46.2</td>
</tr>
</tbody>
</table>

Source: Knight-Frank Think India, think retail, 2016. Note: * denotes a negligible value

The occupied mall space per thousand of its population in Bengaluru stands at 524 sq ft. North Bengaluru has the least occupied mall space per thousand of its population. This can be attributed to the fact that modern retail in this zone is largely nascent and comprises traditional retail, with modern retail penetration at 14% of the Rs. 93 bn total retail expenditure in the zone.
Interestingly, despite the limited presence of mall projects, the ORR has a higher mall space per thousand of its population. This can be attributed to the lower population level in the ORR region, as compared to the other parts of the city.

East Bengaluru remains the region with the highest amount of per capita occupied mall space per thousand of its population. The presence of seven malls catering to the rental need of the population, largely belonging to the IT sector, has taken the per capita occupied mall space to a whopping 1,711 sq ft (Table-1.4).

<table>
<thead>
<tr>
<th>Table-1.4: Zone-wise retail mall space of Bengaluru</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Central Bengaluru</td>
</tr>
<tr>
<td>East Bengaluru</td>
</tr>
<tr>
<td>North Bengaluru</td>
</tr>
<tr>
<td>South Bengaluru</td>
</tr>
<tr>
<td>West Bengaluru</td>
</tr>
<tr>
<td>ORR</td>
</tr>
<tr>
<td>Bengaluru</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total number of operational malls</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total mall space (sq ft)</td>
</tr>
<tr>
<td>1,002,000</td>
</tr>
<tr>
<td>2,998,000</td>
</tr>
<tr>
<td>515,500</td>
</tr>
<tr>
<td>1,100,000</td>
</tr>
<tr>
<td>3,023,000</td>
</tr>
<tr>
<td>631,000</td>
</tr>
<tr>
<td>9,269,500</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Per capita mall space (sq. ft. per 1,000 population)</td>
</tr>
<tr>
<td>695</td>
</tr>
<tr>
<td>1711</td>
</tr>
<tr>
<td>53</td>
</tr>
<tr>
<td>410</td>
</tr>
<tr>
<td>430</td>
</tr>
<tr>
<td>786</td>
</tr>
<tr>
<td>524</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Source: Knight-Frank Think India, think retail, 2016

On the other hand, despite accounting for the largest quantum of mall space in the city, West Bengaluru has a lower per capita occupied mall space, at 430 sq ft. This can be attributed to the high population concentration in this zone, thus decreasing the per capita figure.

**Shopping trends:**

An analysis of shopping trends reveals that apparel remains the hottest-selling commodity lapped up by consumers today. According to a break-up from analysts, the average of 54 per cent of shops on Bangalore’s high streets sells footwear and apparel. The number of malls, which are likely to double, is all set to increase the commanding share enjoyed by apparel stores.
Furthermore, speaking about the concentration of footwear and apparel stores on high streets, the study points out that Commercial Street has the maximum concentration of footwear stores, constituting 74 per cent, compared to Brigade Road (53 per cent), Lavelle Road, Vittal Mallya Road (33 per cent) and Indiranagar 100-ft Road (37 per cent). In stark contrast, bookstores and stationery shops seem to be one of the least preferred businesses, constituting an average of only four per cent. The food and beverages sector occupies 16 per cent of space on high streets, followed by electronics and white goods (nine per cent), personal care/watches and jewelry stores (seven per cent), automobile showrooms (three per cent) and others (seven per cent).

Mall culture:

Bangalore city is one of the top cities in India and Bangalore city outskirts are sprouting with malls. These will cater to the lifestyle needs of people. The City’s obsession with the mall culture just seems to be getting bigger and better, in proportion to its ever-growing population. Since there is a lack of space in the core part of Bangalore, malls are flourishing in rural parts of the city. There are more than 100 malls set up in urban as well as rural areas of the city with 21 malls in the city with a floor area of more than 50,000 sq. ft. and the 10 big malls of India are in Bangalore. There is a great demand for malls in the city as the purchasing power of people has increased. People of all age groups feel shopping malls help them to get almost everything under just one roof. People also believe that malls can reduce traffic as you will get everything under just one roof. If planned and executed properly, malls in Bangalore city outskirts make it a great crowd puller. This advantage can be seen in any big cities as you can find a mall even in the remotest areas. Apart from just serving their basic needs malls have facilities like educational, entertainment, social, and recreational activities. It is very important for malls in rural areas to have all the high end and complete facilities to prevent people from travelling into cities for better facilities. The upcoming of malls in rural areas is beneficial to the city people as these malls can keep people from travelling into the city for their leisure and will reduce traffic within the city. The new malls coming up on the city outskirts seem to be offering a ray of hope to the jam-packed city centre
and these will cater to the lifestyle needs of people living beyond the Outer Ring Road.

**List of successful shopping malls in Bangalore:**

**Orion Mall:** It is one of the high street luxury shopping malls spreading over 8,50,000 sq. ft. and having more than 100 brands caters to everyone and every mood. Orion is one of the best planned and well-designed dining restaurants and cuisines including lakeside al fresco service. For entertainment it has PVR cinemas and BluO the biggest cosmic bowling alley in with 27 lanes. Apart from this many events and live performance by different artists is carried out during the festive season.

**Phoenix City:** It is the largest shopping mall located in Mahadevapura, Whitefield Road in an open courtyard area that is widely spread. It offers a wide range of shopping and sports top brand stores from all over the world. It has a big food court and many restaurants offering a wide range of Italian and Indian delicacies. It also has a spacious outdoor play area for kids. Apart from this Live Pianist performs every day to entertain the crowd during the evening time. This mall is one of the best shopping malls in Bangalore.

**Collection UB City Mall:** UB city is India’s first luxury shopping destination located in Central Business District in Bangalore on Vittal Mallya Road, UB City. Spread across 3 levels, it has some of the 40 nationally and internationally best acclaimed brands, exquisite jewelry and accessories, culinary delights and hip nightspots. This mall regularly hosts music concerts and fashion shows, art events. It is known for its high end exclusive stores. This mall is quite popular with tourists and window shoppers who make it a point to visit this mall. The main attraction is the presence of international luxury brands.

**Mantri Square Malls:** It is one of the biggest shopping malls in Bangalore situated at Sampige Road, Malleswarm spreading over 1.3 million square feet. It is a perfect place for fun, food and entertainment. It has more than 200 shopping brands, more than 2000 delicacies to savour and for entertainment scary house, Inox, Planet M
and many more. Apart from this it provides many other facilities and services. But the only main concern is the parking problem.

**Forum Mall:** It is one of the best shopping malls in Bangalore. It is located on Hosur Main Road, Koramangala. The international brands like Swarovski Crystals, Tommy Hilfiger to traditional Indian Khadi is available at this shopping mall. This shopping mall covers an area of 6.5 lakh square feet. It houses PVR cinemas, Café, Coffee Day, British style pub and many other services. This mall is known for its promotions, including musicals, events and other live entertainment.

**Garuda Mall-** It is situated near Brigade Road, and is one among the popular malls in Bangalore spreading out over 280,000 sq. ft. It has six floors and almost 180 stores for shopping and entertainment. It has all the top brand collections, for entertainment it has the multiplex cinemas inox, scary house, food court and multi-cuisine restaurants to give you a fine dining experience, offering delectable cuisines.

**Bangalore Central Mall-** There are many Central malls in Bangalore, but the best one that is located at Jayanagar spreading over 2, 75,000 sq. ft. It is a large departmental store with many retailers. It is one of the best places for shopping where we get all kinds of fashionable clothes and accessories at reasonable prices. It has a food court, Cinemax for entertainment and big grocery store where you can get all desired grocery items. It is the dream place for shopping lovers.

**Royal Meenakshi Mall-** It is South Bangalore first complete mall with a hypermarket, retail, entertainment and multiplex. For shopping it has a wide range of latest designer dress collection, accessories and many more. It has many delicacies to savour starting from Italian pizzas to Rajdhani Thali, for entertainment purpose, it has Cinepolis, dark house, an adventure land and many more fun activities making it South Bangalore’s best leisure destination.
1.10 Limitations of the study:

This research suffers from the following limitations:

- The sample was geographically limited and the age range was narrow. Data collected in other areas may produce different results. The analysis is based on data collected from 43 retailers and 677 young customers ranging from 16 to 35 years of age shopping in various shopping malls in Bangalore. A higher number of respondents, a different target segment or a different geographical area might have resulted in different findings and conclusions.

- This study had mainly focused on the apparel category, so no generalization can be made in other product categories.

- Among the different visual merchandising techniques available only four have been studied: window display, in-store form/mannequin display, floor merchandising, and promotional signage.

- The mechanism was limited to a quantitative method. The survey asked participants to answer the questions based on their recent impulse buying experiences as long as they were aware of their behaviour and influences, however, the outcomes may be different in qualitative research.

- The study focuses on the impact of visual merchandising on young customers’ impulse buying behaviour. This outcome also depends on other variables.

- The findings of this research are mall specific and thus may not represent the general population of shoppers.

1.11 Chapter Scheme:

The thesis is divided into the following five chapters:

**Chapter one** begins with the Introduction. It encapsulates the research topic, the need of the present study, a statement of the problem, research objectives, significance of the study, the scope of the study, research hypotheses, research methodology, profile of Bengaluru, and limitations of the study.

**Chapter two** discusses about the findings from the past literature and identifies the gaps in relevant past studies. A review of literature is presented for each of the study
constructs separately. The findings and respective research gaps in the past literature have become the basis for the current study.

**Chapter three** discusses the global and Indian retail scenario, history and evolution of retailing, emerging trends, challenges and growth opportunities in the organised retail sector. It also gives the overview of global and Indian apparel market.

**Chapter four** focuses on the analysis of the data collected for the purpose of the study. This chapter also highlights the interpretation of the same.

**Chapter five** deals with the summary of findings, conclusion, and suggestions. It also presents the implications of the research and provides the direction for future research on the basis of insights gained from the present study.

The bibliography includes the list of references.

The appendices include the research instruments and the list of publications.