

Introduction:

What kind of visual merchandising?

I have warm memories of my undergraduate days in Luca Pellegrini's class. He was a Professor of Economics of Commercial Distribution at Bocconi University in Milan. Minute by minute, word by word, this gifted teacher opened up the world of modern distribution to me, a world still in its infancy in Italy, by sharing his passion for the study of the relationship between the customer and the store. This was a time when many saw distribution as simply representing one of the four marketing levers, when it was managed directly by industry to ensure that products would make it to the market efficiently and effectively.

At that time, most academic research asserted that the purchase decision was a top-down process. In other words, the assumption was that purchases were motivated by a need that materialized in the mind of the consumer, who would gather information and then weigh the alternatives to arrive at a final choice. In some cases, the process might end with an ex post assessment of the validity of the purchase. This conceptual framework was a powerful incentive for scholars and marketing researchers, fueling their enthusiasm for analyzing purchase intentions and brand associations with respect to the perceptive aspects of retailing.

This was back in the early 1990s, long before visual merchandising was considered a discipline in its own right, when it basically consisted of a set of techniques that served to maximize the productivity of retail space. Many years have gone by since then, but I can still hear the words of Luca Pellegrini introducing Visual Merchandising not so much as simply visual selling, but as an actual marketing discipline. In his view, distributors were meant to play an active part in the channel, with their own segmentation and positioning strategies.

Nowadays, the more highly evolved companies are well aware of the fact that nearly two-thirds of all purchases are impacted by in-store marketing activities. But more importantly, these companies see the store as a relational environment where they can integrate all available levers to manage that critical moment when the offering meets the market. In other words, the focus of attention is not necessarily the buyer, much less the consumer, but the customer. What's more, in an era when product visibility is priority in terms of impacting customer purchase behavior ("I see, therefore I buy"), decision-making is definitively interpreted as a bottom-up process, no longer a top-down one that's immune to the environmental stimuli of the display space.

Today, the decisions customers make in stores are often anything but rational.

First of all, although some segments of the purchase process take place at a subconscious level, the entire process has a similarly substantial impact on behavior. Added to this, we need to consider the enormous potential of all multisensory communication, visual messages above all since this aspect represents the most essential component of the external stimuli that shape the cognitive process at its most holistic and spontaneous.

So what seems clear is that to come to a better understanding of the effectiveness of various kinds of displays, the most essential aspect to bear in mind is the effect of environmental stimuli on emotions, and the resulting perceptions created by the context. Following this line of reasoning, we have to focus more on unconscious perceptive processes, as compared to rational ones. It's true that a more rational approach does emerge when consumers consider a new product, or an expensive item, or simply something interesting. But most of the decisions people make in the store come from force of habit, and fall into an automatic perceptive system that requires little effort.

Intercepting customers is essential to starting a conversation, in an attempt to encourage them to take into account the products in question. While evaluating various alternatives, the aim is to prompt customers to factor these options into their decision-making process. Put another way, the fact that people find a given item in the product assortment is no longer a guarantee that they will actually buy it. Instead, investments need to be made synergistically on all the visual merchandising levers to activate and enhance the offering, and the entire store as well.

So why do the studies on these topics still seem underrated? And more importantly, why do I still come across stores where the entire sales area

is managed following a purely functional rationale, with the single aim of selling products? Stores where people only become customers if they buy something; if not they're simply visitors, and not very welcome ones at that. They're seen, perceived and experienced like a waste of time, pure and simple. How much longer will a store visit be considered entirely functional, with a largely utilitarian value? When, instead, will we see the store experience take on hedonistic value, morphing into an activity that generates emotional gratification, one that's only marginally associated with the benefits that derive from a possible (albeit not indispensable) purchase?

When these two situations arise there should be a continuum connecting them, not rendering them antithetical. This book begins here, developing the thematic foundations of my first book: *Atmosfera e visual merchandising: ambienti, relazioni, esperienze* [Atmosphere and Visual Merchandising: environments, relationships, and experiences] (Zaghi, 2008).

The educational, emotional and experiential dimensions of purchasing have become vital components in developing purchase behavior models, as customers more than ever before are looking for moments of engagement. Likewise, visual merchandising has evolved with respect to the traditional orientation of store management based solely on commercial concerns, which simplistically saw this discipline as a logistical tool serving exclusively to maximize the productivity of display spaces. Today more than ever before, visual merchandising is the very essence of store communication, spanning from the definition of a distribution concept to the launch of a new product.

This book represents a more enlightened response, in light of the potentialities inherent in this rich discipline. Far from solely providing an aesthetic framework, visual merchandising is the basic premise of the relationship between the customer and the offering. The store experience may not necessarily become a purchase, but is most certainly based on the relationship between the perceived space and the actual space.

In this context, when considering the communicative role of the store, we need to distinguish between the self-conceived identity created through the design of its commercial structure, and the communicative image that the customer perceives in concrete terms. Store identity is, in fact, innate in the format and the concept of distribution, and derives not only from design choices but also from the expectations of potential customers with respect to the offering of the competition. This identity is not static, nor is it the unilateral outcome of the original vision of the company. On the

contrary, identity can be powerfully impacted by the evolution of the surrounding competitive context.

Instead, the image of the store derives from a bi-directional communication process, one that is strongly shaped by systems of value, contingencies and expectations of potential customers. In fact, as we'll discuss more fully in this book, the set of strategic and operational decisions (in terms of localization, external and internal design, layout and displays, and so forth) are analyzed and assimilated by customers following their own rational and experiential frames of reference. This is how they come up with a personal representation of the offering, which they interpret according to their own perceptions.

In other words, the identity of a store is unchanged, at least temporarily, because it is anchored to the design choices made by the company. By the same token, the image is constantly changing, as it derives from both the circumstances in which the communication flow takes place and the subjectivity of the interaction between the customer and the store.

So while it may be true that the store is assuming increasingly relevant status in the complex communication transmitted to the final market, this role can be only partially achieved by means of explicit and verbal linguistic codes (sales personnel, signage, and so on). These codes must be more broadly reinforced by non-verbal communication through choices affecting atmosphere, in terms of design and the multi sensory environment.

This is how the store itself becomes a product made up of messages, symbols and the values of the company, from one standpoint. And from another, the store rises in a figurative sense to the role of "communicated" "text," where, instead of objects, ideas are being sold, so an individual product is presented as the solution to a need.

What's more, there's a fuller awareness of the function of space as a means of communication and an instrument for activating relationships; this is progressively promoting the centrality of information. In this phase, high technology takes on a priority role, not only as a functional element, but also as a sensorial and perceptive one. The culmination comes in the design of hypermedia stores, where technology is not only an information tool and a purchase guide, but also a fundamental building block in constructing customer experience.

In addition to this, today more than ever before, designing and managing a store by taking a communication approach necessitates close collaboration among all the different stakeholders in the distribution channel.

In other words, in recent years visual merchandising has also become a question of channel relationships, even if industry and distribution still have little inclination to share their intentions in any meaningful way.

Looking to the future, optimizing investments in visual merchandising must go hand in hand with redefining the entire organizational process in terms of positions, roles and responsibilities. All the functions throughout the entire channel need to be clearly allocated, in a climate of more open collaboration not only with regard to sales, but also communication and enhancement of the product assortment.

Everyone will have to share a single objective: to create relational environments that are conceived, designed and managed so that they become, above all else, sources of pleasure and arousal. This ensures that the store and the purchase experience are not only replete with stimuli, but also offer an opportunity to consolidate relationships with products, brands, and the store itself.

Given these premises, this book begins by contemplating the atmosphere of a store as a preferential dimension of experience. Drawing a distinction between the proposed and the perceived atmosphere, the first chapter interprets the store environment as the result of a cognitive process where the object and the subject exist contemporaneously. This is implicit in the production of a space distinctly marked by mass media and mediatization.

Beginning with the determinants of atmosphere, we'll explore the spheres of action for customer/atmosphere interaction, to conclude that the items to purchase are found in a space imprinted with certain sensorial qualities which each individual only partially perceives in an entirely subjective way. These aspects act on his or her cognitive, affective and behavioral systems. In this sense, designing an experience represents a design philosophy that doesn't correspond to any specific profession. In fact, the idea is to upend the traditional perspective of the designer, which is far too influenced by an ideal, be it aesthetic, functional, or purely commercial. Instead, store design needs to reach the point where the conception of space centers on an experience in which customers themselves produce this space by inhabiting it.

Continuing on, the second chapter deals with the highly topical question of new communication artifacts, describing the most recent dimensions of communication in hi-tech interactive environments. We'll discuss how the store overcomes the boundaries of physical space and expands

that space on a perceptive level, and we'll seek to understand whether all this drives store design toward systems of augmented reality (AR) and how it does so.

Studies demonstrate that technology shores up communication value by improving brand recall and enhancing brand recognition and awareness. In addition, although technology does boost demand, it isn't a substitute for traditional media. This seems to indicate that the biggest challenge in the future will be to maximize the combination of new channels with more traditional tools, while avoiding an exponential increase in the sophistication of materials with no thought to the concrete returns that will result.

Chapter 3 introduces the store concept, which represents the values and identity of the store. This concept takes shape through the complex combination of elements, depending on the approach of the designer and the different corporate philosophies. Since this topic is an extremely personal one, tying into the specific aims of each individual company, we won't be exploring the concept in depth. Instead, first we'll look at the process of store design. In the rapidly changing world of distribution, this process must respect the rules of speed and efficiency that apply, which often diverge substantially from other design sectors. This is followed by a definition of merchandising which highlights its limits and explains the need to expand the field of action of visual merchandising, i.e. marketing of the store, in the store, where industry and distribution can find mutually advantageous synergies.

In the subsequent chapters, the conception of the store is framed as a sequence of areas, each differing in terms of function and capacity to interact with customers in various stages of the purchase process. Chapters 4 through 7 address the relationship between the store environment and the cognitive, affective and behavioral systems of customers from the perspective of value creation. From the store façade to the external windows, from the layout to the focal point, from the display to the space allocation, from Point of Purchase (POP) communication to the design of all the relative material. Underpinning it all is the conviction that all the different levers of visual communication, both inside and outside the store, must be managed collectively. The basis for doing so is the fundamental realization that visual merchandising activity shouldn't be planned with short-term objectives in mind. Instead, this activity proves to be a priority component in implementing positioning strategies to qualify the image of the commercial offering.

Chapter 8 is dedicated to channel relationships, and more specifically the role that industry can play in the process of planning and managing visual merchandising activity. The main focus here is the two spheres that represent the foundations of visual merchandising of brands. The first (core technical-formal aspects) pertains to organizing space and finds its development context in an orientation toward productivity; the second (core values) offers a way to enrich objects on an emotional level. This is achieved through a constant and continual interchange between the information function and the suggestion function of messages that are founded synergistically on product communication and brand value orientations. Based on the key findings of a study I conducted (Zaghi, 2013), we'll explore three distinct strategic orientations: productivity of the space, communication of the product and value of the brand.

As far as approaches to interaction between industry and distribution, the analysis will turn to pertinent organizational models and interface roles. The final conclusion here is that exploiting potential areas of collaboration must be contingent on shifting attention from the product to the category and the area in the store. A continuum needs to materialize that can be ensured only by redefining roles, responsibilities and procedures relating to the entire process of planning and managing visual merchandising, using an integrated communication approach at a channel level.

While acknowledging the importance of adopting an experiential approach, the final chapter centers on the main attitudes that customers adopt while actually making a purchase, as well as the cognitive processes that they experience. To be specific, Chapter 9 delves into the use of space in stores, and the relative degree of occupation, differentiated between experienced space, perceived space and imagined space. In doing so, the main findings from observational analysis are presented from a study conducted in the Aspesi monobrand store in Milan. The priority here is to grasp the actual customer-product-space relationship, determining the effectiveness of visual merchandising activity in order to implement actions that aim to modify this relationship, either partially or entirely, wherever there are gaps with respect to corporate aims.

Last, a glossary will help readers understand the topics covered here, introducing and explaining the terms, acronyms and neologisms that are in common usage in visual merchandising.

That's all for now, and I hope you enjoy the book.