Examining the Benefits and Drawbacks of Retailers using Interactive Technology and Visual Merchandising in Store Environments

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Abstract

This paper examines how interactive technology has been innovating the retailing industry since the nineteenth century, while improving today through virtual reality and assisted reality. These innovations have had a tremendous impact on visual merchandising displays, both at storefronts and within stores environments, and they affect consumers' experience (behavior and buying power). The study of immersive technology pushes innovation in the retail process. New tools for improving points of sale have not been widely accepted amongst consumers and retailers and some perceive interactive technologies as enablers and others as disruptors of present retail operations. This research paper will present the benefits and drawbacks of retailers incorporating interactive technologies and innovative visual merchandising strategies into the store environment.

Introduction

Retailers will continually dispute interactive technologies as either enablers or disruptors. Innovation corresponds with enabling; new mechanisms enable retailers to compete more effectively. However, some retail professionals believe technology interrupts the present way of conducting business. Interactive technology can either be generic or proprietary; generic technology can be obtained from information technology vendors, generally adopted by retailers. Proprietary technology hypothetically enables economic rent from innovation of mechanism. Customer perspectives are changing, businesses are rethinking how to market their product, and interactive technologies are being used to help retailers achieve success (Varadarajan, 2010).

The experience of shopping is highly influenced by innovative visual merchandising displays. Retailers that are currently using interactive virtual displays show how technology has made it easier to connect with consumers on a more meaningful level. Whether enhancing the shopping experience in store or in the comfort of one's home, augmented reality allows people to interact with products and services in different ways. For example, some interactive virtual reality retailers have embraced digital personal shoppers that provide more knowledge than real employees (Young, 2014). In addition, exterior store atmospherics with emphasis on the storefront windows is an important element in affecting consumer shopping behavior. According to Pantano (2016) the combination of technological, interactive, and entertaining technologies would attract more customers to retail stores.

The topic of this research paper is important in today's retailing industry because retailers are constantly looking for new ways to motivate and drive customer sales, and consumers often purchase products unconsciously depending on their current mood. This creates a challenge for retailers to physically attract consumers into a store because consumers have different needs and expectations when shopping. There are various types of shoppers with an array of different personalities, quality expectations, and shopping styles. It can be challenging for a manager of a store or company to visually display merchandise and make it appeal to a wide range of consumers. There are always going to be those customers who look for a traditional shopping

experience, while there will be customers who are bored with the traditional and seek a more innovative shopping experience.

"*How can retailers incorporate interactive technologies and innovative visual merchandising techniques into the store environment to maximize its benefits and minimize its drawbacks?*"

Literature Review

Interactive technologies and retailing strategy

Historically, technological advancements have played a role in shaping the current retail landscape. The late nineteenth and early twentieth centuries encountered many changes on the technological front. Varadarajan, Srinivasan, Gopal Vadakkepatt, Yadav, and Pavlou's (2010) research provides a historical review of how retail strategy has been greatly impacted by technological innovations, affecting transportation infrastructure technologies, broadcast communication, and interactive technologies. Infrastructure technologies include electricity, elevators, escalators, automobiles, etc. Communication technologies include telephone, radio, television, catalogs, etc. Interactive technologies include e-mail, web browsers, GPS technologies, etc. The retail industry is controlled by these factors. Each technology is an asset to a company and they are altering the competitive retail landscape by rendering some traditional business models obsolete (Varadarajan et al, 2010).

Pantano and Laria's (2012) research offers an overview of the current advances in information and communication technologies and examines consumers' increasing interest in entertaining and interactive retail environments. The use of virtual reality techniques offers retailers tools for supporting the design of innovative business systems. These authors analyzed factors that influence consumers' point of view by examining dimensions of store aesthetic and related influences on consumer' affective changes in terms of satisfaction and arousal, emotional responses, and store perception. Researchers hypothesized that high aesthetic appeal of a virtual store would likely result in high pleasure for consumers. To test the hypothesis, a 3D virtual store was created. The store was modelled from the basic plan-o-metric map in order to achieve an efficient stereoscopic 3D real-time simulation that allows shoppers to explore the environment as a physical one.

The experiment involved 36 respondents, 12 males and 24 females. The data collected was based on three open-ended questions: "What is the impact of an immersive store on consumers' retail process, in terms of store, products, quality of shopping?"; "How do immersive stores matter for innovating with consumers in the retail context?"; and "How do immersive stores reply to consumers' need of innovativeness?" The data was coded, and an important finding revealed that consumers' pleasure increased through their experiences in the new store. Respondents offered comments like, "this store seems to be more appealing than a traditional one" (Pantano and Laria 2012). This study shows the increasing interest of consumers in interactive technologies in the retail environment. The results of the experiment suggest that the immersive store influences consumers' perception of point of sale. Immersive technology is an important factor related to interactive retailing and virtual reality because retailer's ultimate goal, aside from keeping up with industry trends, is consumer satisfaction.

Engaging customers through visual merchandising

In addition to using interactive technologies to enhance the store environment, visual merchandising displays within the store are equally important to the storefront. Pantano (2016), studied the importance of exterior store atmospherics with emphasis on the storefront windows on consumers' behavior. The aim of this study was to examine consumers' store choice based on the storefront windows, with emphasis on the integration with interactive technologies. There have been changes in consumer demand, and the availability of innovations for enhancing the retail process including new interactive tools for supporting shopping experiences that may

affect consumers' preferences of a certain store. Lately, retailers have incorporated new interactive and entertaining technologies in their store front windows. For example, Lacoste's storefront display incorporated 50 tennis balls attached to a stepping motor and when customers walked past, the balls sensed their movement and moved accordingly. Additionally, designer Kate Spade has touch screen platforms available for customers to purchase anytime products, while new products are updated every Saturday.

Pantano's (2016) research included six focus groups of eight participants that included students from two Italian Universities. During the focus groups, respondents underlined the importance of an innovative window to catch their attention. Hence, they highlighted a causal relationship between the innovative storefront and the subsequent positive store image evaluation. There were in fact some respondents who showed interest for the windows exhibiting original elements, both male and female respondents agreed on the same factor. As retailers use innovative visual merchandising strategies, there will never be 100% satisfaction from consumers. Thus, retailers must do extensive thinking to determine the best way to present their brand in a market mix to accomplish satisfying a variety of customers on the same level.

Further research conducted by Hefer and Cant (2013), provide reasoning for the experience of shopping being highly influenced by visual merchandising displays. The way products are displayed and promoted in retail stores has a vast impact on consumer responses and how much merchandise the retailer sells. Successful visual displays impact consumer emotion and retailers can take advantage of this human emotion to increase sales volume by enhancing the store's environment. The visual merchandising display process is often referred to as the "silent sales person," because it can provide consumers with information through visual mediums, such as electronic banners or information displayed on TV screens or projectors. Hefer and Cant (2013) used focus groups to gather data and participants viewed sketches of visual displays from one of Tshwane's most popular retail stores. Each of the participants explained how their buying behavior may be influenced by the visual display. The results of the focus group revealed that visual displays can guide consumers in the direction of the product they are seeking and their buying behavior is influenced on a subliminal level.

Based on the literature presented thus far, it is apparent that retailers that focus on enhancing consumers' shopping experiences are generating more attention, which can translate into sales. The use of interactive technology and innovative visual merchandising displays will likely change the retail world and the reason consumers choose to shop. Retailers must acknowledge that store environment plays a major role in consumer store entry and consumer buying behaviors because today's consumers are looking for more than just a product. Thus, a retailer's success will become less about the product and more about how the retailer sells the product, which means presentation will be key. Interactive retailing is a business strategy with customer engagement as a main focus. Customer satisfaction is a motive to drive sales and it is the retailer's responsibility to ensure consumers are in a comfortable, welcoming shopping environment that will put them at ease and potentially stimulate buying action.

Conclusion

The retailing industry is moving forward with new developments in interactive technology and visual merchandising. It is likely that retailers will stop considering "traditional" shoppers' concerns regarding interactive technology and how it affects retailing strategy. Since the world has evolved into a technologically advanced society, retailers need to use strategies that influence consumers' store entry decisions and buying behaviors. The research presented in this paper points directly to the use interactive technologies and innovative visual merchandising as the way of the future. All of the findings of the research presented in this paper revealed that consumers had positive responses to interactive retailing techniques employed by retailers.

Retailers can use these innovations as a way to generate sales and create a better shopping experience for consumers. Additionally, by using interactive technologies to create a better

shopping experience, retailers will be establishing and strengthening linkages with customers. Retailers must realize that incorporating these innovations into the store environment will offer consumers emotional and memorable experiences, which are important for establishing long-lasting ties with customers and moving them from shoppers to loyal patrons. Interactive technologies and innovative visual merchandising strategies are trends that will continue to grow and become more infused into the retailing landscape and retailers need to acknowledge this to determine what role these innovations can play in making their businesses more successful.

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