Chapter 61

Visual Merchandising in Online Retailing Based on Physical Retailing Design Principles

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ABSTRACT

Effective design guidelines aid in the creation of successful online stores. One possible resource to aid in formulating effective online store design guidelines is found in principles and practices of physical retailers. In particular, physical store merchandising techniques provide a significant body of research from which online store guidelines may be constructed. By examining the research literature and common practices of physical retailers, online retailers may glean new and interesting ideas upon which to base guidelines for online store design.

INTRODUCTION

While retailing on the World Wide Web began in the United States in the mid-1990's (Netscape Communications Corporation, 1997; Petrak, 2000; Zakon, 2002), traditional store-based retailing has been practiced for centuries. Although some have argued for starting with a "blank slate" strategy when building online retailing research (Childers, Carr, Peck, & Carseon, 2001), it would be unwise for those studying online retailing to disregard the decades of research that exists in traditional retailing (Chen, Gillenson, & Sherrell, 2002; Hübscher,

Pittarese, & Lanford, 2002; Pittarese, 2003). Research focusing particularly on the use of physical retail merchandising techniques in e-Commerce is currently underdeveloped.

Early research in physical store merchandising can be traced to the 1960's. During this time researchers first began to focus on how the display and presentation of products in the selling environment could be used to enhance sales (K. Cox, 1964, 1970; Kotzan & Evanson, 1969). **Merchandising**, defined as "the activities required in the attempt to make a product interesting to buyers" (Rosenberg, 1995), encompasses areas such as store organization (Hart & Davies, 1996), product display and presentation (Bryan & Gershman, 1999), and overall design and

maintenance of the entire retailing environment (Kotler, 1974). It is well established that success in merchandising results in increased sales and enhanced customer satisfaction (Berman & Evans, 1998; Levy & Weitz, 1998).

BACKGROUND

Study has shown that customer satisfaction in online shopping is based upon the customer's assessment of various critical factors including **site design**, convenience (Szymanski & Hise, 2000), and perceptions of usefulness and ease of use (Chen, et al., 2002; Qiu & Li, 2008). One challenge an online store faces is organizing and presenting their products in a way that the customer will find enticing. One potential advantage an online retailer has is its ability to offer customers more products than would be possible in a physical environment, however for this benefit to be fully realized the products must be presented in a manner that enhances the retailer's overall site design and shopper convenience. There is a direct relationship between a customer's assessment of the aesthetic quality of an online store, and their assessment of the quality and organization of the product information provided on the site (S. Y. Kim & Lim, 2001; Park & Stoel, 2002).

While Kotler coined the term "**atmospherics**" to describe use of the physical shopping environment to influence customer shopping (Kotler, 1974), Childers originated the term "**webmospherics**" to describe the same concept in online stores (Childers, et al., 2001) and others have built on that work (Hausman & Siekpe, 2009; Richard, 2005). Presenting large numbers of products tends to create confusion and a feeling of being overwhelmed (Huffman & Kahn, 1998). Forcing customers to scroll through long product lists or pages of information is tedious and reflects poor store design (Tilson, Dong, Martin, & Kieke, 1998). The grouping of products into smaller collections and the use of **product selection cues**

such as recommendation systems can reduce confusion and motivate additional product sales (Lee, Kim, & Moon, 2000; Senecal, Kalczynski, & Nantel, 2005). Removing potential confusion and enhancing the enjoyment of shopping is a key element in online retail success (Cai & Xu, 2006; A. D. Cox, Cox, & Anderson, 2005).

The key in this process is to recognize that although online retailers do not face the same physical constraints as store-based retailers, they do face practical constraints in managing a shopper's attention and motivation. For this reason visual merchandising in the online environment is an important concern. How can products best be presented to facilitate a shopper's navigation among the products and positively influence his purchase decision?

VISUAL MERCHANDISING ONLINE

Research was conducted by the author to test the viability of extracting merchandising principles from physical retailing for use as the foundation of design guidelines for online retailing. A set of candidate merchandising principles was selected, an online store guideline based on each principle was formulated, a prototype store was constructed for each guideline, and the stores were usability tested by users.

Store Variation One:
Unsought Products

In physical stores shoppers are immersed in an environment where they see many products not specifically related to a conscious shopping goal. Frequently these **unsought products** will attract the shopper's attention and will be purchased. In many online stores only products within a selected category or matching a product search term are displayed. This provides little opportunity for the shopper to be influenced by something outside of their explicit focus.

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