IMPACTS ON CONSUMER BEHAVIOR:
THE CASE STUDY ON VIETNAM MULTI-LABEL FASHION STORE

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The purpose of this paper is to study customer behavior which nearly always can be impacted by the environment around a particular store. There is a tremendous rising demand for fashion items in Vietnam. Recently, some Vietnam designer brands have become available at the market without own flagship store. A multi-label fashion store representing a variety of designer brand items enable the Vietnamese to select the needed appreciating the whole variety of fashionable quality outfits in one place. The multi-label fashion store is often difficult to manage in terms of planning and design, also, it is very different from a flagship store. Becoming aware of the environment surrounding a multi-label fashion store enable marketers to create new opportunities in terms of sales. This study has been carried out in the form of surveys so that to analyze the behavior in Vietnamese consumers purchasing fashion items. This has helped us understand how multilabel fashion retail stores are using the merchandising display and space layout so that to influence Vietnamese customers’ behavior, in both positive and negative ways. Therefore, marketers may consider our results as important information to be used further to improve the store environment in order to meet customer need better and thus – to enhance sales.

Keywords: fashion, multi-label fashion store, behavior, Vietnam, influence, marketing.

Introduction

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Nowadays, fashion retail stores are free to use a wide variety of concepts in their sales. Moreover, they are forced to do so because the number of people who prefer online shopping for fashion items is only increasing all the time. There are many new designers but they do not have their own retail stores because opening a separate, own flagship store is always very costly. Thus, most of these younger designers promote and distribute their products online. However, many consumers have bad experience with purchasing fashion items online. The most commonly disturbing issue is unfit clothes due to wrong size or because the actual color turns out to be different from that on the screen (thus, sometimes not matching consumer’s complexion). Hence, we have many reasons to state that fashion industry belongs to those few industries which e-commerce cannot replace totally. Retail stores are still crucial in this regard since they enable consumers try products on physically.

The multi-label fashion stores are the retail stores that present a variety of fashion labels, concentrating mostly on clothes and accessories. The advantages of multi-label fashion store are that consumers have more choice and more opportunities in mixing and matching fashion items in one place at the same time. Thus, understand what factors, within the same store, impact on consumer behavior is very important for marketers, since this understanding contributes to planning of all further potential sale strategies.

Vietnam belongs to the countries in which fashion industry has been markedly increasing in the recent couple decades. Inter alis, we can mention more TV programs fashion-related topics, such as the Face Vietnam, for example. There is also a fashion street in Ho Chi Minh city where we can find both flagship stores and multi-label stores along the street which sells the items designed specifically by Vietnamese designers. Therefore, Vietnam is an interesting country in this regard since its national fashion industry is rising reflecting the development of national economy overall.

This paper would be very helpful for those especially who would like to operate multi-label stores in Vietnam’s large cities, first of all. Namely, we have found that environment around the multi-label stores in Vietnam’s has a significant impact on consumer decision-making.

**Literature Review**

**Fashion industry**

In general, the picture of fashion industry is high-fashion on magazine covers and/or runways’ shots. According to the clothing and fashion encyclopedia (2005), fashion industry is as simple as “the business of making clothes, but that would omit the important distinction between fashion and apparel”. To clarify, apparel is functional clothing to serve humanity’s basic needs while fashion concerns one’s own prejudices of style, individual taste, and cultural evolution.

According to (BOF & McKinsey&Company, 2017), fashion industry is the world’s seventh largest economy. Sometimes, the growth of this market in a city can reflect the economy in this city because the increasing purchasing power creates more demand in fashion items (Chen, Zhue & Yu, 2016). We can see that New York, Tokyo and Los Angeles are in the top-10 largest fashion markets as of now and also are expected to continue to be in the top010 until 2025, at least (BOF & McKinsey&Company, 2017). Other cities with
millions of population also have large markets which means they have high demand but also tight completion when it comes to fashion.

However, we need to keep in mind that fashion items are not the basic need of the humankind, and if/when the economy is slowing down or declines, the demand for fashion is also decreasing. This is what makes this industry interesting to study: how fashion businesses sustain under the changing market competitive conditions.

**Fashion and consumer behavior**

When we talk about behavior, the very first thing that we should consider is motivation. According to the Oxford Dictionary, motivation is defined as a reason or reasons for acting or behaving in a particular way. Maslow’s hierarchy of needs is the most well-known humanistic theory motivating force from inside a human, as it was initially developed by Abraham Maslow (Heffiner, 2014). The best way to understand this theory is the pyramid (see Figure 1) which shows the levels of human needs. According to this pyramid, people are motivated to accomplish the next level up once the lower level is fulfilled. Normally, human basic needs are related to merely physical survival such as food, rest and warmth, and these are the core motivates for our behavior. After that, once all the basic needs are fulfilled human behavior is stimulated by psychological needs mostly, including relationship and feeling of accomplishment and then goes the very ultimate need of self-fulfillment which is self-actualization. The needs that are motivating consumer behavior in relation to fashion are psychological needs and self-fulfillment needs. For example, Japan, United States and England are all developed countries and also top-3 largest fashion markets of the world (BOF & McKinsey&Company, 2017). In relation to the pyramid below, majority of population in these countries have high quality of living and also have enough purchasing power to make their physical needs fulfilled to the very maximum (or even over it). Therefore, the need for uniqueness and fashion design is high in many developed countries because fashion items in such cases are reflecting a certain social status (Chen, Zhou & Yu, 2016).

![Maslow's hierarchy of needs](source: McLeod, 2016)

The needs that motivate consumer behavior in fashion are self-fulfillment needs and psychological needs.
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Environment

There are many studies on the stores’ environment effects since this environment is the external force in relation to shopping behavior of consumers. Thus, the same environment may enable the marketers shape consumer needs and in this way – stimulate consumer demand (Rath et al., 2008). However, external factors influencing the fashion purchasing intentions of consumers vary depending on different experiences and backgrounds of people, including education, age, gender, cultural background, career path, ethnicities and geographical location. Therefore, the store’s environment is shaping the marketing strategy to be applied to communicate with target consumers. Moreover, different environments impact on different group of customers depending on their specific experiences and background.

Therefore, retailers must always know who are their potential customers. To illustrate this, a typical adult consumer would prefer a store with warm and comfortable atmosphere, with paintings, lounge music, large space and soft lighting. On the other hand, to attract younger consumers, a story might need trendy posters, graphics and electronic dance music in a store (Frings, 2005).

Fashion retail stores always change their window displays for special events, different festivals or in case of their latest collection, because window is the most attractive tool among all store’s visual statements. Usually, people receive stimulants through their five senses: vision, touch, smell, hearing and taste but in fashion business, vision is the most obvious stimulant (Rath, Bay, Petrizzi & Gill, 2008). For example, successful window display when new collection is available in the store draws traffic of customers willing to inspect and touch these new products.

According to Briggs (2016), although recently many consumers prefer to browse fashion items preliminary in online store, 53% of them still prefer inspecting products in stores in order to make their final purchase decision. This is yet another evidence that consumer behavior is impacted by the store environment. Thus, if the store environment could meet consumer expectations and satisfy their experience during shopping, this leads to decision-making in purchasing fashion products even they have already reviewed online.

Retail store

Retail stores have many platforms including flagship stores (monobrand stores), multi-label fashion stores, department stores etc. And the latest form of retail store is online stores (Witte, 2016). In this study, we focus on multi-label stores and own flagship stores.

Multi-label fashion Store

A multi-label fashion store is a type of retail platform providing a variety of fashion labels which sometimes also offer its own label in a store, ranging from clothing to accessories (Li & Ho, 2010).

An example of the famous luxury multi-label fashion store in South-East Asia is Club 21, which was originally established in Singapore, approximately 45 years ago Club 21 carries high-end fashion label such as Lanvin, Marni, Carven, Marc Jacob, Proenza Schouler, Alexander Wang and 3.1 Philip Lim. A multi-label fashion store is not only available for high-end brand, but also for local fashion designers because establishing own flagship store is very costly for new local designers.
The advantage of being represented by a multi-label fashion store is that this creates an opportunity for akk customers to mix and match the products of different labels in the same time while monobrand store cannot afford this due to rather limited choice. However, selecting brands to be put on the store’s shelves and windows is very important in this case. The store needs truly strong brands because only those brands may have more chances to sell fashion items to survive at the market (Witte, 2016). Nowadays, this type of store has many direct competitors and also have indirect competitors in the form of online stores.

Flagship store

A flagship store is a retail form offering complete range of collection of a single fashion brand, and is usually owned by a brand itself (Witte, 2016). The flagship store generally is the lead store in a retain chain or brand’s very first store or largest store, often acting as a showcase to draw customer attention, thus enabling customers have more experience with products. Recently, many brands can have more than one flagship store to cover different prime locations in each area (Trotter, 2016).

Zara and H&M are probably one of the best examples of famous and strong mono brand stores that have many fashion flagship stores located in major cities around the World. Zara and H&M offers wide range of fashion items from head to toes, offering at the same time affordable prices for middle-class people.

Consumers in Vietnam

Vietnam in this context is probably one of those countries in which fashion industry is developing most intensively. One of the most persuasive examples in this regard is Ho Chi Minh city, where is a shopping street called Vo Van Tan street has emerged with flagship stores and multi-label fashion stores offering a variety of fashion items designed by local designers along the street.

Vietnamese fashion retail industry has grown in line with the widening economy and according to the forecasts, it will continue to grow at least until 2020 (Marketline, 2016).

As the use of Internet increases, online stores have their share of sales only growing, and this, naturally, lowers the shares of other players within the industry (see Figure 3). This means there is plenty of space for further growth when it comes to both multi-label fashion stores and flagship stores. Clothing, footwear and luxury items is the leading distribution channel in Vietnamese apparel retail industry, accounting for about 68% of the total industry's value.
The dynamics of the apparel retail in Vietnam shows that its price sensitivity varies regionally (Marketline, 2016) because clothes are perceived as closely linked to lifestyle and social status, especially in the main cities such as Ho Chi Minh and Hanoi. This provides the retailers with the opportunity to influence consumer behavior through external forces. According to Barnes report, although Vietnam has women’s clothing stores in the amount of more than 25.5% of that in Thailand, the sales value is lower than in Thailand for more than double (Barnes Reports, 2015). The key reason for that is because skillful labor in Vietnam has relatively lower costs. Local labels are able to produce with complicated styles and high quality under the price being lower than those of Thai local brands. This make the total sales values less than those in Thailand.
High GDP growth has been demonstrated by Vietnam in the past 6 years and this continued growth is expected to reach 6.8% in 2018, while population of the country is forecasted to be 91.7 million people. Therefore, establishing a fashion store in Vietnam is interesting because good economy can increase the purchasing power of the people. Hence, there will be more demand in fashion items to fulfill various psychological needs of the young and growing population.

**The research problem, goal and objectives**

**The research problem**

The research questions in this study concerning consumer behavior and how a multi-label fashion retailer is supposed to build up the store environment according to its marketing strategy. It is crucial to focus on the following questions:

- How environment of a multi-brand fashion store may impact on consumer behavior in Vietnam?
- How differently the consumers perceive a multi-label fashion store and a flagship store?
- According to a multi-label retail marketing strategy (which is most often the mix & match), should the retail store display products of different brands separately, that is, by brands, or should they mix all brands in a display?

**The main goal of the research and objectives**

This research is focusing on fashion retail stores at Vietnamese market by surveying the people who have experience with both multi-brand stores and flagship stores in order to find significant environment factor that impacts consumer decision-making while buying fashion items in a multi-label store. The question here is whether consumers conduct differently in a different store environment when one wants to purchase exactly same product with similar price and available in more than one retail store. To answer this question, the following objectives have been identified:

- To study different environments between multi-label fashion store and own flagship store. Some brands have their own channels to distribute their product, including e-commerce and their own flagship stores with the same price as at the multi-label retail. Therefore, for them it would be very interesting to know what make consumers purchasing the product – in a flagship store or in a multi-label store.
- To analyze different feelings arising from a visit to a multi-label fashion store and a flagship store. The multi-label fashion stores should know how to communicate with consumers through the store atmosphere in order to create more enjoyable shopping experience.
- To develop marketing strategies concerning store image which can influence consumer behavior without considering product themselves. The result on this item would be providing valuable information to assist multi-label fashion stores in creating their marketing plans so that to draw more of consumer attention.
Research Methods

The methods of our research are comparative and associative analyses. Literature review begins the study in order to identify the concept of fashion retail store and how its environment impacts on consumer behavior.

Primary data collecting by means of questionnaires here is an important way to terminate this research because there is no openly available and already gathered data on the same issues (Kotler, 2000) for Vietnam. Questionnaires have been sent by e-mails and also face-to-face surveys among consumers who have experiences with both multi-label fashion stores and flagship stores have been carried out in Ho chi minh city, Vietnam. This research methodology has been partially adapted from the previous research carried out in Sweden (Li and Ho, 2010).

In addition, figures and graphs are based on the researchers’ own experience and are part of not only this research results, but also previous study of the same authors.

The Research Findings

Result and analysis

Demographic factors

Teens: Teenage customers’ purchasing power is often low, thus, they tend to be rather thrifty when they shop, they expect the abundance of choices surrounded by the atmosphere of inexpensiveness in a store. Music is also an influential force for teenage consumers.

18 to 35 adults: The results of our research show that the target group from the age of 18 to 35 is concerned about the overall shopping experience including comfort, relaxation and health. The common sense of uncertainty about security has led this market segment “seek lasting value in both relationships and products” as well as an increased demand for luxury.

Age 35 to 50 adults: This group of individuals does not follow any fashion style, instead, they shop according to what looks good on them. Another aspect of concern for this age group is fitness and well-being. They want to be defined in terms of their attitudes and education, health and wellness, adventure and excitement. This age group is often not the target group for the most of today’s retailers, however, very soon they may gain more importance as potential consumers who will substitute the others, leaving solely for web shopping.

Social factors

The social factor involves people present in the store environment. Sales people affect consumers in a store environment by their behavior. The performance of a sales person in turn might be influenced by the store environment too.

Consumer perception

Inspiration that makes consumers enter the shop from the street mostly comes from the window display, especially in the case when consumers don't have any other specific reason or planned in advance intention to visit this particular shop. Thus, one of the most important factors in such type of motivation is that architectural style along with interesting window
display attract passersby to get in. The influence would be more continuous if the interior store environment also has its impact on consumer behavior, see below.

**Interior**

Design of a store can help support the brand image as well as underpin a successful retail strategy. Retailers rely on the store design in attracting and retaining customers once the latter are already inside. While some retailer prefers a more neutral store design, others like to shock, thus generating discussion.

The factors revealed are showing that customers strongly recognized the differences in display between multi-brand store. Some of them mentioned that the different characteristics of a brand tend to decide on the store environment. Therefore, consumers have a very clear division about the store concept by experiencing its product display.

*Product presenting and Floor layout*

In a multi-label store where the space is huge and the range of fashion merchandise is quite wide, consumer should have a clear brands’ notification via well-designed orientation.

Experienced merchandisers recommend to start by placing the largest categories and key brands first, thus they are taking the most of the available space and, hopefully, generate most of sales.

Retailer should always try standing on the point where customers are making the decision – to step into the store, or leave. The main factor in this regard is to remember creating gaps between products or introduce a different type of fixture. Customers usually dont appreciate when all rakes of clothes looks the same. On the other side, customers will not interact with the products if they feel they should not touch them. Attaining the right mix of fixtures along with a correct floor layout are essential in creating comfort for all customers.

Whether the store is small or big, customers need to have sufficient explanations about all brands available.

Posters and advertisement are also playing a significant role as direction signs and at the same time they are sending messages about new fashion style knowledge and campaign concept. A strong brand image or attractive graphics can act as an anchor in reinforcing the store’s product category and highlighting the main style of merchandising in store.

**Exterior**

With regard to the exterior selection, the survey has focused on the comparison of window displays among the stores, and what consumers think about retailers’ marketing strategies when it comes to lighting system, for example.

Various aspects related to exterior selection reflects how a retailer builds up their exterior environment to attract more consumers entering and staying in the store. This is especially vital for window display, which is is the eye of a store. Window displays present a brand image overall, thus, it is supposed to be sending an attractive message to all consumers, current and prospective.

In addition to this, retailers try their best to stimulate consumers’ shopping desire in many other, additional ways. One of the most common strategies is to show windows with merchandise even after the shopping hours. For this, they use special lighting for the whole window display or leaving some specific areas for the whole night. In this case, consumers continue their “eye shopping”, whenever they pass the stores, any day and/or any time of a
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day or night. However, on this there is also an opposing view that this strategy is merely a waste of energy rather than increasing shopping desires, and most of our interviewees have agreed with this statement actually.

Consumer attitude

According to the survey, the most important factor for the respondents while they are hunting for fashion products is when a product “fits on me”, other important reasons following this in ranking are price and fashion style.

Interestingly, the respondents are of the opinion that service in a store is the least contributing factor. Customer needs are also influenced by the store design and decorations used in a fashion multi-label fashion store.

The respondents also usually decide how much time they would like to spend in a store, or what kind of products fit their style. According to the results obtained in this survey, most consumers spend around 11-30 minutes in a store, but many other consumers actually stay longer, depending on different conditions such as store design, display or product range. From the retailer’s standpoint, making customers stay in the store longer could bring more business opportunities. Apart from this, interior design of a fashion multi-brand retail store influences over 80% of the interviewees’ purchasing decisions. This result explains how a well-designed store may bring positive influences on consumers, and further share their attitudes.

Discussion

In the highly competitive fashion business, it would be better if marketers know well enough what efforts should be taken while creating well-designed store environment in order to attract more new consumers, keeping the loyal customers at the same time. In the empirical part of our research presented here (the survey) we have managed to acquire information on these issues from the consumer points of view. Nowadays, marketers are shaping the environment and atmosphere around the stores according to their marketing strategies or company directions, keeping in mind the fact that environment impacts consumer behavior but at the same time it is also impacted by their behavior. No wonder that marketers apply external force strategies to stimulate consumers toward their needs and desires. Our research shows that the key difference between a multi-brand fashion retail store and a flagship store is that the former offer more than one fashion labels in parallel and thus are able to sell a wide variety of fashion items in one place. At the same time, such shops face more challenges than flagship stores, not only because of the mix & match strategy application as to all merchandise together but also because they are supposed to display all products equally and in an equally attractive way to enhance overall sales.

According to the survey, most consumers visit multibrand stores weekly to monthly. This means that when consumers pass through the stores, they are easily attracted and influenced by a new window display of a new collection or by some some sort of events’ promotion. Applying the marketing strategy according to consumers’ needs naturally brings in positive influence on consumers through reminding consumers about fashion trends and thus stimulating consumers’ shopping desires.
A positive emotion induced by the fashion factor is able to make any shopping experience more pleasurable, and this, in turn, can lower the gap between consumers’ perception and expectation. Interaction with the store environment, consumer’s current mood as well as satisfaction belong to the factors most associated with consumer further decision-making in relation to shopping choices.

On the other hand, differences in experiences and personal background, such as age, gender, education of consumers or their social status are also significant factors influencing their perceptions and expectations as to a multi-label fashion store. The research indicates that the environment of a multi-label fashion store should target a certain group of consumers. Hence, retailers should select merchandise or labels which have the same target group.

**Recommendations**

The purpose of this study has been to find the environment factors with the most significant impact on consumer decision-making when it comes to buying fashion items in multi-label stores. Knowing these factors is supposed to help create effective marketing strategies through store atmosphere resulting in consumers having more impressive experience while they are shopping in Vietnamese multi-label fashion stores. However, to be more comprehensive and valuable for the fashion industry representatives, we are sharing some recommendations for further study.

First of all, language barrier is one of those factors that may affect, to some degree, the analysis, especially when it comes to perceptions and feelings concerning multi-label fashion stores and others stores, even though our survey has been translated into Vietnamese. Hence, it would be great if this part is the research is fully conducted by local people, this would help investigate deeper all the related feelings and perceptions.

Globalization today creates new norms especially when it comes to the fashion world. We can obviously see that today fashion style is the same or nearly the same in many countries, and new fashion trends go global within days. However, every country still has its own culture, experiences and perceptions. This study has proved to be effective and useful specifically for Vietnam. Therefore, same type of study should be conducted in another country so that to gather more valuable data.

Lastly, the study has shown that customers enter store not only when looking or purchasing fashion items but also for the purposes of updating their knowledge about the current fashion trend. Retailers should take this into account too. Presentation of simple information and attractive display of the same can be applied and have an influence in customers attitude leading to decision-making. Future research should be done specifically on a sample of loyal customers in several multi-label fashion stores in Vietnam.

**Conclusion**

The overall goal of this research was to understand how the environment impacts on Vietnamese multi-label fashion stores. A well-designed fashion store environment can make consumers’ shopping experience much more pleasant and enjoyable (Solomon et al., 2006). Many researchers before us have already proved that the store environment impacts directly on consumer shopping experience.
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From the literature review above we came to understanding the differences between multi-label fashion stores and flagship stores and what is the growth opportunity behind multi-brand fashion retail stores in Vietnam. Customers still tend to prefer making final decisions on purchasing fashion items in a physical store while they are more likely to review preliminary the same products online.

Customer survey is always an important approach when one needs to know how consumers see and treat shopping and perceive the environment around the multi-brand fashion retail stores. Because all consumers are very different, the same environment in a store leads to either positive or negative feelings.

According to the results of our analysis, recommendations provided concern mostly the visible aspect of the environment because in the fashion industry, visual sense is able to stimulate most of customers’ needs and desires.

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