



Sales and Merchandise Management

Article

How many different retail formats can you think of?

Retail Formats

- Department stores – House of Fraser
- Variety Stores – M&S
- Multiples – Arcadia Group
- Co-operatives – John Lewis
- Franchises – Mango
- Independents – Run and Become
- Outlet/discounters – TK Maxx

Analysing Store Space

Along with name, symbol, packaging and advertising – retailers have the following additional dimensions at their disposal.

- Merchandise
- Store
- Service
- Promotion

(Davies and Ward, 2005)

Store

- Location
- Environment (Internal and External)
- Atmosphere
- Name



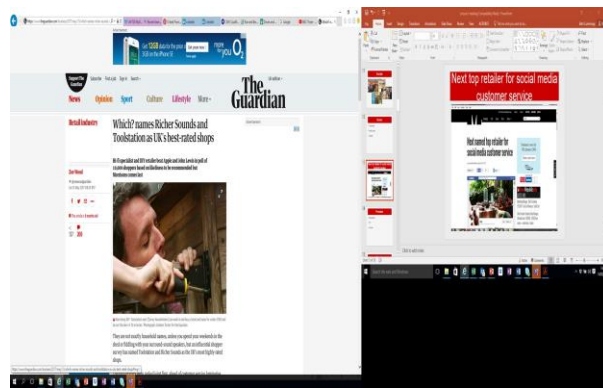
Merchandise

- Assortment
- Quality
- Brand Mix
- Price



Service

- Personnel
- Staff Levels
- Quality



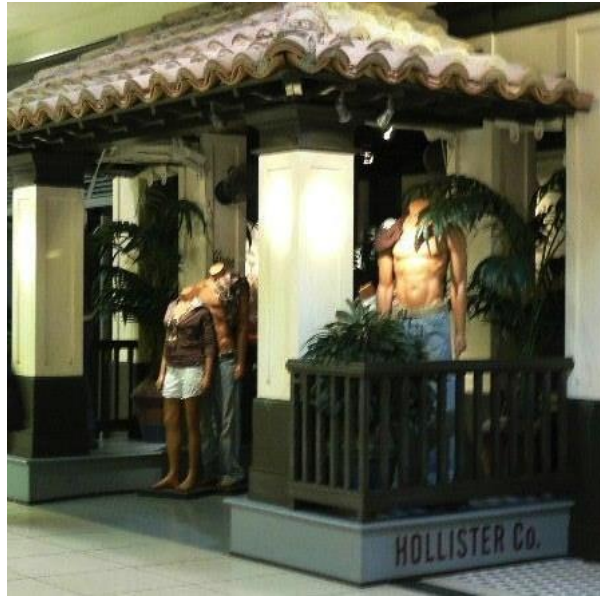
Promotion

- Advertising
- PR
- In store



Creating visual identity





Visual Identity

- Visual identity is defined as “the creation of favourable public images via visual means” through logos and symbolism.
- Architecture reflects the brand in the consistency of its design and visual appearance. For retailers these distinctions are particularly important, since retail identity is communicated in and experienced through their stores, both internally and externally (Din, 2000).



Name the store?



Name the store?



Name the store?

Objectives of Store Environment

Store Image

Overall perception the consumer has of the store's environment

Space Productivity

How effectively the retailer uses its space to generate sales (and profits)

The shopping experience..

Value Perceptions

- Research suggests a consumer's shopping experience facilitates between rational and hedonic elements. Hedonic value from a pleasing store design influenced perceptions of utilitarian value of a product, which in turn affected store patronage intentions (Baker et al., 2002).
- Perceptions of value are the cost or sacrifice made to own the product versus the benefit (Zeithaml 1988).

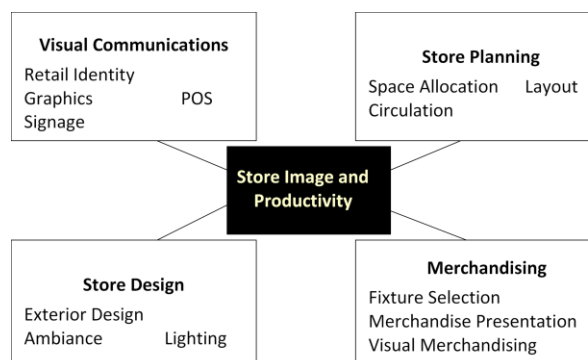
The Purchase Decision

- The consumer is envisioned to be a goal-directed problem solver, who searches for product-related information, weighs evidence, and arrives at a carefully considered evaluation leading to a purchase decision (Holbrook and Hirschman, 1982)
- The shopping experience entails consumer processes (e.g. product evaluation, attitude formation) and responses (e.g. satisfaction, or purchase behavior) affected by aspects of the shopping environment (e.g. brick-and-mortar retail store, shopping center, catalog, and online store), situation, and consumer characteristics (Fiore and Kim 2007)

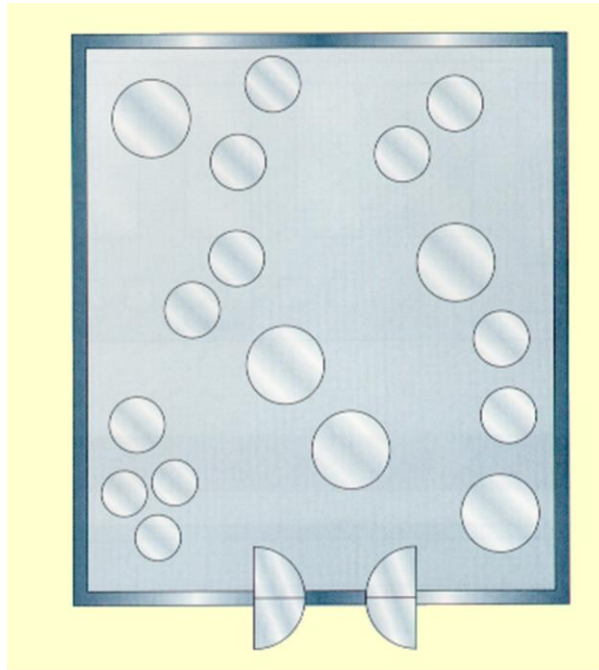
Experiential Retailing

- The concept of retail as theatre developed by retailers and designers during the 1990s took shopping experiences beyond material realities and visual imagery into entertainment and hedonism
- Experience provided a new opportunity for creativity as well as an important value-differentiating element. Emotions and senses are excited by new strategies engaging with spectacle and theatre, creating a sense of awe, expectancy, and being "part of something much larger"

Elements That Compose the Store Environment



Free Flow Layout

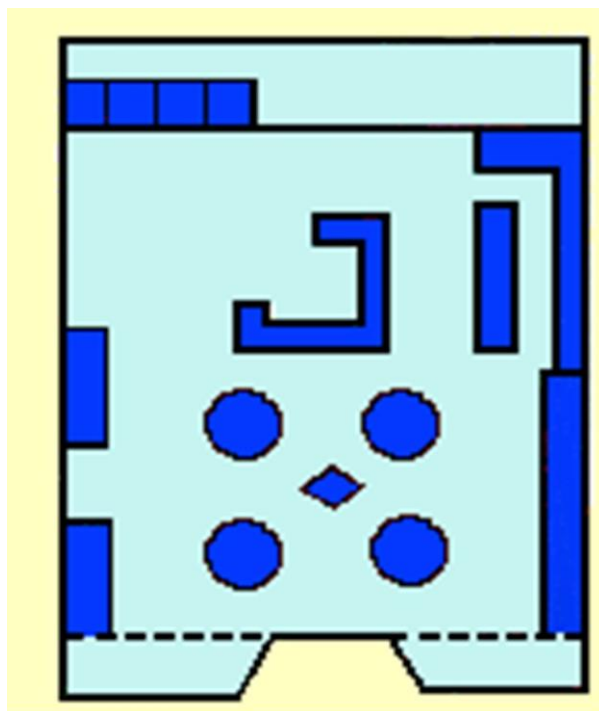


Free Flow Layout –

Fixtures and Merchandise are grouped in Free-flowing patterns on the sales floor

Advantages of

Free Flow

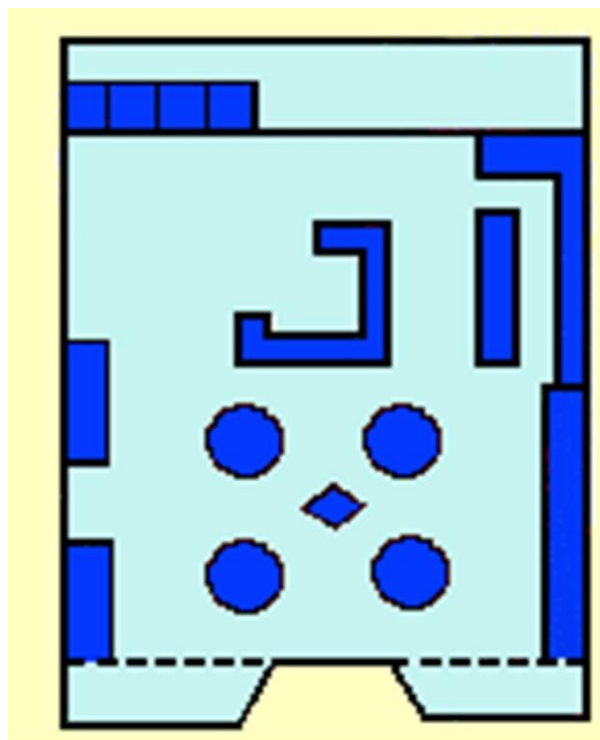


1. Allowance for browsing
and wandering freely
2. Increased impulse purchases
3. Visual appeal
4. Flexibility

Disadvantages of

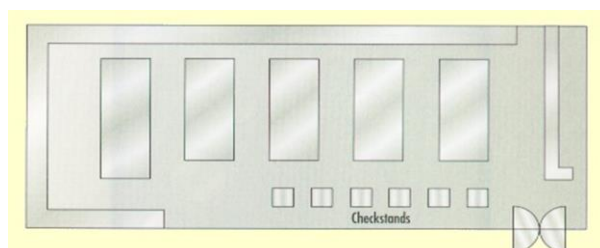
Free Flow

1. Loitering encouraged
2. Possible confusion
3. Waste of floor space
4. Cost
5. Difficulty of cleaning

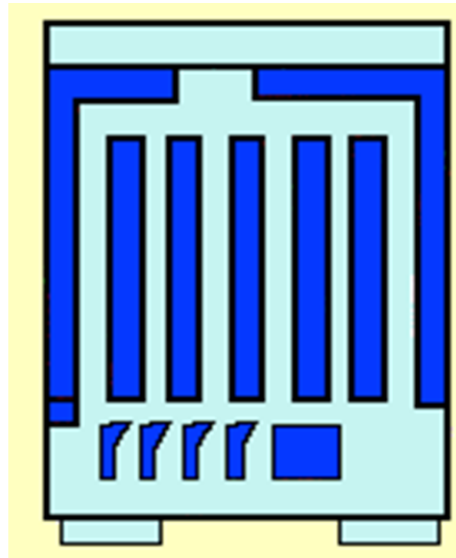


Store Planning - Grid Pattern

Counters and Fixtures are placed in long rows or “runs” usually at right angles, throughout the store



Advantages of Grid Layouts

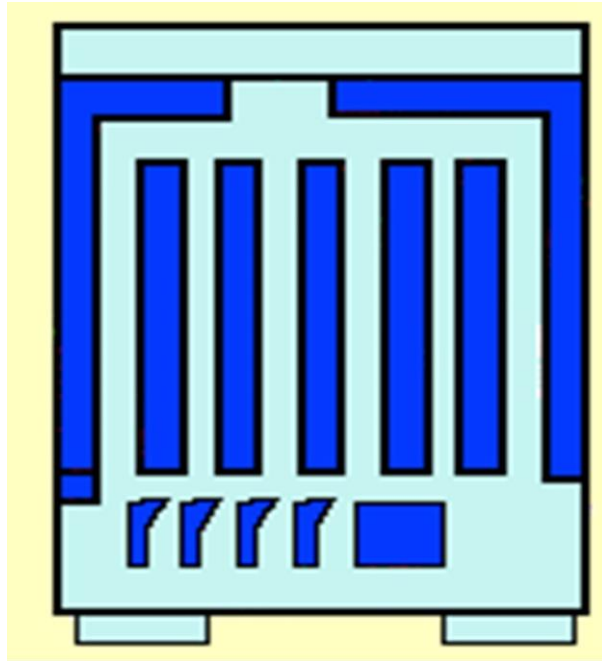


Retailing, 3rd edition, Dunne and Leach

1. Low cost
2. Customer familiarity
3. Merchandise exposure
4. Ease of cleaning
5. Simplified security
6. Possibility of self-service

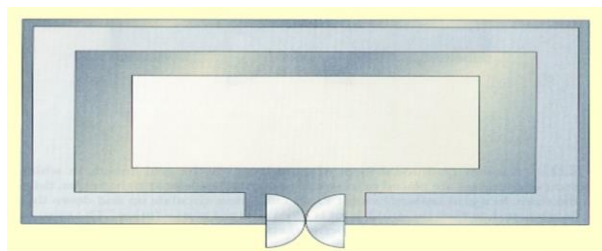
Disadvantages of Grid Layouts

1. Plain and uninteresting
2. Limited browsing
3. Stimulation of rushed shopping behavior
4. Limited creativity in decor

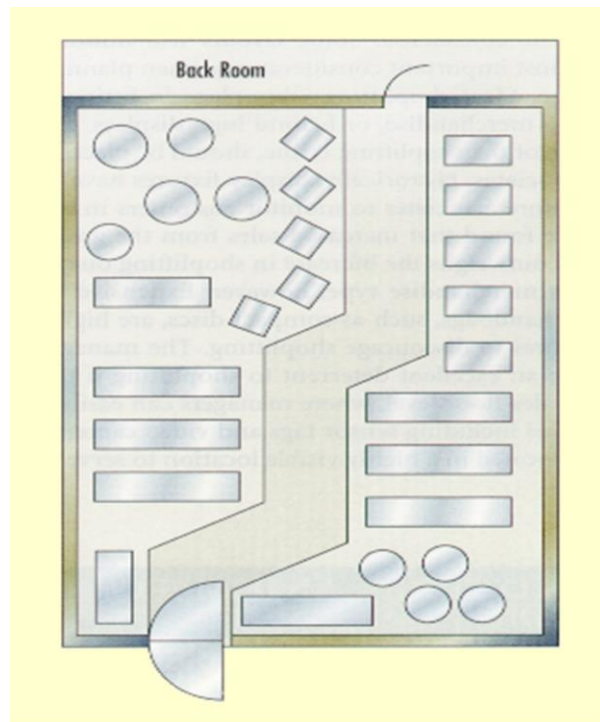


Store Planning - Circulation Pattern

- Loop Layout - The major customer aisle begins at the entrance, loops through the store and returns customer to the front of the store
- The importance of space and luxury goods



Store Planning - Spine layout



- Spine Layout - The major customer aisle runs from the front to the back of the store, with merchandise departments branching off to the the back side walls

- Fast tracking
- Colour coded
- Hard surfaces v carpeted

Fixture Types

- On-shelf vs. On Floor
- Gondola - Common for Hardlines
- Racks - Common for Softlines
- Wall Fixtures
- End Caps
- Checkout Fixtures

Merchandise Presentation Planning

- Six Basic methods

Shelving

Hanging

Pegging

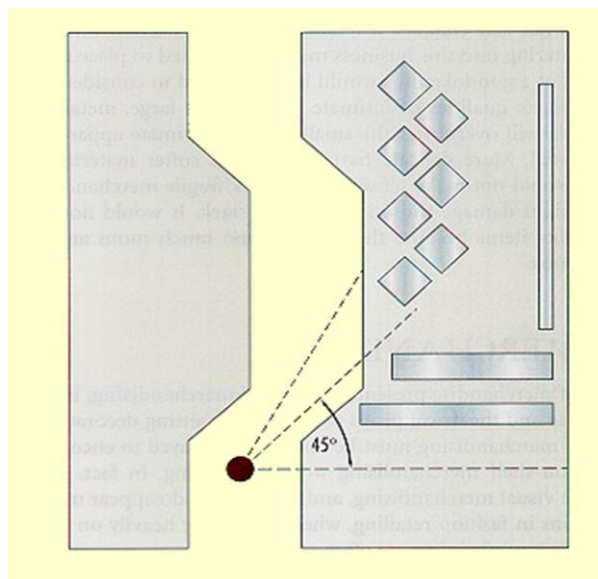
Folding

Stacking

Dumping

Key Psychological Factors

- Value / Fashion Image - presentation of product influences image customer has regarding that product
- Angles and Sightlines - Customers view product at 45 degree angle and at eye level. Where a product is placed on shelves influences sales
- Vertical Colour Blocking - Display product in vertical bands of colour
- 45 degree angle sightlines



Who are your customers?

- Store layouts are dependent on the consumers it wishes to attract.
- Time-poor and highly mobile shoppers require different spaces than consumers who leisure shop at discounts and selectively during sale periods at various stages in the business cycle
- Customers' reactions to the layout of merchandise in the store is of huge importance as it has huge influence on sales

Consider examples of stores you have experience with.





Visual Merchandising



Merchandising

- Visual merchandising, initially expanded this function beyond the window to include a design-led approach to the interior.
- It contributed to efficient retail practices, from the planning of floor layouts to the standardisation of merchandise presentation and signage, but it also created visually

appealing shopping environments where the layout facilitates sensory and tactile interaction between the customer and the product

- Window display and visual merchandising were drawn together with the emergence of lifestyle retailing, with its emphasis on the retail brand and coherent communication through close attention to design throughout the store environment.



Appealing?

Appealing?



Minimal

Minimal

Creating luxury

- An item in a glass case with a lot of space around it implies real luxury. So does space itself



Prada – New York

Impulse Purchases

Suggestion positioning. Once the customer has already purchased one item, it's easier to sell an additional item. Thus sports retailers strategically place impulse buys like socks and water bottles by the payment desk the same way supermarket checkouts display sweets and magazines.

Stimulate to Accumulate

- The stimulus is the impetus within the shopping environment with potential to affect the consumer's cognitive/consciousness and affective/emotional processes. (Foire and Kim 2007)
- examining the effect of store display and scent cues found that pleasurable imagery of sensory qualities of a product and fantasies involving the use of a product had a positive influence on consumer responses. (Fiore and Yu 2001)

In – store experience

- Colour is used to stimulate this sense, and change the emotional state of the customer.
- Lighting cannot only convey information about a space but also it can give meaning (Loe, 2002).
- Images are seen by the eye in many forms, as posters, in point of sale materials, in displays of products and their packaging, and signage.
- However, there has been an increasing focus on a wider range of senses. The use of different sensory elements such as in-store music, carefully chosen aromas, different textures and surfaces and lighting techniques, create unique “micro-environments” within a conventional retail space.

Total Sensory Communication

- Sight - everything visual
- Sound - What background music is playing?
- Smell - Fragrances - Major influence on buying emotions.
- Touch - Is product open to consumer to feel texture?
- Taste - Free samples of new products at Supermarkets

Windows

Window displays have for long provided a consistent opportunity for creative practices in department stores, although in other sectors and smaller stores, windows took on a more functional purpose to present a selection of the goods sold inside.

How has this developed? Think Nike and Timberland

An experience....

- A transactional approach to sales environments directs designers towards the functionality of stores, drawing out the theme of selling space, with an aim of maximising sales, profits and trading efficiencies. As a result space is planned appropriately using financial and volume metrics.
- Stores serve not only as a place for purchasing goods, but also as a place for socialising and leisure (Hu and Jasper, 2006).
- As spaces for consumption, play or enjoyment, they provide an important medium for communication and interaction, as well as arenas for synthesising leisure and consumption

Category Management

- Grouped products based on how consumers use products.





1 - Worth a watch! [*Secrets of Superbrands*](#)

Read Bengman and Willems (2009) – Determinants of Fashion store personality – a consumer perspective

Task

Create a store “personality” for the following:

1. *Sports Direct*

2. *Sweaty Betty*

3. *JD*

4. *Run and Become*

Reading

Davies and Ward (2005) – Exploring connections between visual merchandising and retail branding.

<https://search.proquest.com/search/1354921?accountid=130472>

Barnes and Lea- Greenwood (2010) – Fast Fashion in the retail store environment.

<https://search.proquest.com/search/1354926?accountid=130472>

Bengman and Willems (2009) – Determinants of Fashion store personality – a consumer perspective

<http://www.emeraldinsight.com/doi/pdfplus/10.1108/10610420910981828>

By next week complete the research grid template on moodle.