

# Merchandising and display

# 5

How a store looks plays a large part in attracting customers. From the customer's point of view the visual appearance provides one of the first impressions of a store and its image. From the very first sight of the outside of a store, customers will begin to decide whether it is the right type of store for their needs. Signage, lighting, external displays (if any) and ease of access will all help to make an impression. These store qualities are also important indicators for the customer's perception of service. The detailed process of making a store and its products attractive is called merchandising.

Merchandising is the way in which goods are presented to customers. It incorporates store layout, traffic flow, space allocation, the type and placement of products, displays and profitability. Good merchandising is an effective selling tool that supports the efforts of salespeople by promoting customer self-service from logical, practical and well-planned displays.

## OUTCOMES

This chapter provides the background knowledge required to support achievement of the following outcomes:

- place and arrange merchandise
- prepare, display, price, tickets and labels
- place and arrange display price tickets and labels
- maintain a display
- protect merchandise.

## 5.1 WHAT IS MERCHANDISING?

*Merchandising is the marketing of the right merchandise, at the right time, in the right place, in the right quantity and at the right price. Effective merchandising means achieving the sales and profit objectives of the store.*

'The right merchandise' means goods that are appropriate for your particular business and your customers (current customers and potential customers are also referred to as the store's target market).

**Historical information**

Historical information is gained by looking at past purchases, previous stock levels, space availability and developing trends. For example, have purchases been increasing or decreasing to keep pace with sales? Have displays become smaller as other products have been introduced, or larger to cope with increased demand?

**Brands**

Brands play an important part in the store image and overall sales of a store. Four factors need to be taken into account when selecting brands and the quantities of each (and especially determining which brand will have the largest quantities). The first is whether or not the brand is exclusive, i.e. only available through this store. This can be a major benefit to the retailer if it's a known brand, or possibly a house brand (the store's own brand), which is generally lower in price than leading brands.

The second area to consider is whether the brand is a market leader. Such lines would generally be ordered in the largest quantities, simply because as market leaders they are clearly in demand with customers.

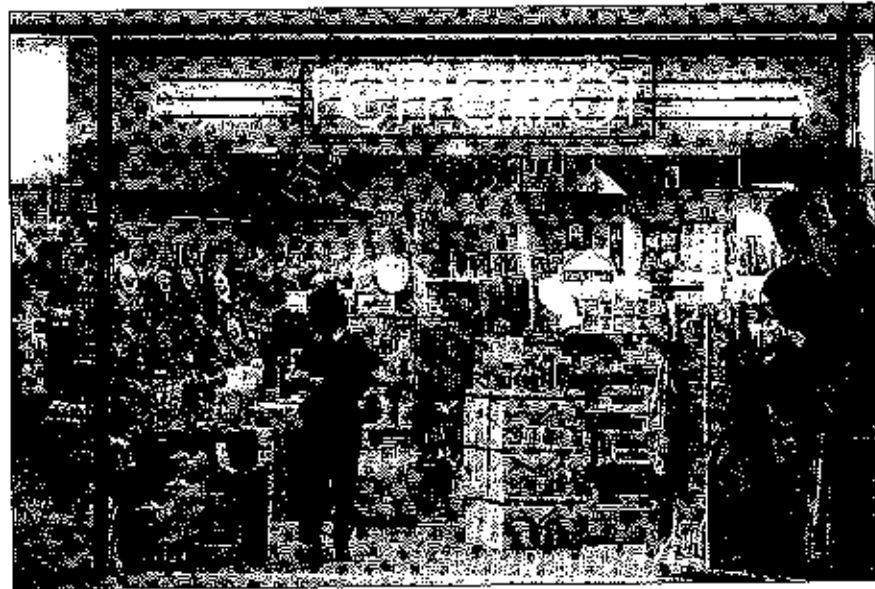
A third consideration is whether a brand is an established, well-known one. Such brands may not be bestsellers but are widely known and respected. They may need to be kept because customers expect to find them in the range.

Fourth, if the brand is not known and/or is new, you should consider the level of promotional activity and advertising by the supplier or manufacturer. This would be an important consideration if the supplier were to be promoting the product on national television. Also, tracking customer requests can indicate a growing level of acceptance. Another important consideration is that customers need to see that a store keeps new products in stock, as this gives the impression that the store is keeping up to date with trends.

**5.3 STORE LAYOUT AND TRAFFIC FLOW**

Making the most of the available space in a store is vital to its overall profitability. However, consideration must be given to the store appearance and image. For example, a bargain store may be packed to the rafters with merchandise to complement the 'bargain' image, whereas a store keeping more expensive merchandise may be spacious, with only limited presentation stock on the shop floor. Both layouts are purposely fashioned to suit their target customers.

*Figure 5.11  
Bulk and jumbled  
displays tend to  
attract a price-  
conscious target  
market*



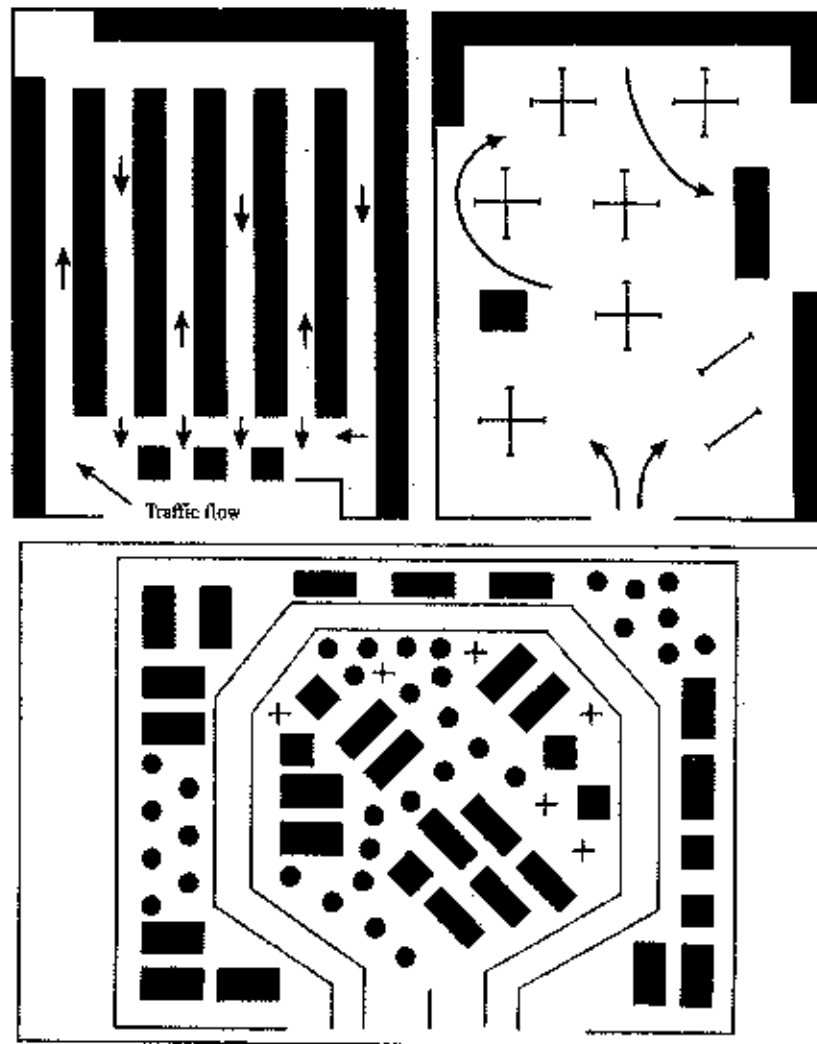
*Figure 5.12  
Individual and  
spacious displays  
tend to attract a  
different and more  
quality-conscious  
target market*



Store layout includes the areas of floor layout (where fixtures are positioned), fixturing (what type of fixtures, shelving etc. is used to display the merchandise), display (how the merchandise is presented) and atmosphere (furnishings, lighting, signage). The layout affects a customer's perception of the store from the very first contact. It starts at the store signage and, depending on the store set-up, progresses through the exterior displays, window displays, the entrance to the store and inside the store, to the cash desk or register area on leaving

Figure 5.13  
Various flow  
patterns adopted  
by stores:  
Top left: grid  
pattern  
Top right: free-  
flow pattern  
Bottom:  
Combination  
pattern

Note that in  
Australia  
customers will  
always go to the  
left when they  
enter a store, if  
they are given the  
chance.



the store. These perceptions of the layout can affect the customer's perception of the merchandise. It is therefore vital for the store layout to match the quality and pricing of the merchandise being sold.

One of the key components of layout is the placement of the fixtures, which dictates the flow of traffic in a store. There are two main layouts that can be used. The first is the 'grid pattern' as shown in the left-hand figure above. This is the format used in most supermarkets, fresh food outlets and hardware stores. It is the most effective format for bulk (large-quantity) displays. It is used to direct customer traffic through the store in a systematic way, and to expose the greatest amount of merchandise. The second format is the 'free-flow pattern' as shown in the right-hand figure above. Generally used by fashion stores, it allows and promotes browsing by customers. It is the random placement of fixtures that highlights individual products or a theme of

related products, such as a men's casual shoe display or a display of new season's dresses.

The two formats are the extremes of the scale. Many retailers use a combination of formats as shown in the bottom figure opposite.

This is particularly apparent in large department stores where different merchandise requires different formats to suit the products. For example, the fashion areas are generally free-flow to encourage customers to walk around and browse at their leisure. Other areas such as books or stationery are usually grid format. These products are better suited to this format because the regimented flow encourages customers to move along the aisles, thereby exposing them to the related range of products.

There are advantages and disadvantages to both formats. The main criteria for selecting the format are the type and price of merchandise. Advantages of the grid pattern include:

- maximum exposure of product range
- most space-effective use of floor area
- provides a controlled flow through aisles where customers become accustomed to product location
- better security control because of full aisle vision with few concealed areas
- allows ease of purchase by exposing the range in a logical sequence.

Disadvantages of the grid pattern include:

- cold and regimented atmosphere
- it is not conducive to browsing, particularly when busy
- rushed atmosphere with little personal contact.

Advantages of the free-flow pattern include:

- relaxed and open atmosphere
- conducive to browsing
- easier to highlight merchandise
- easier to promote individual or theme displays.

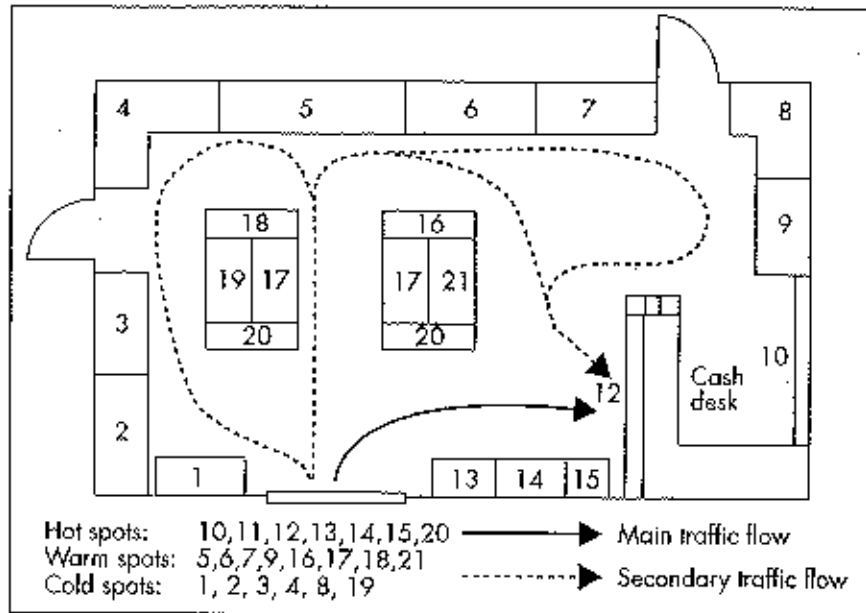
Disadvantages of the free-flow pattern include:

- generally requires heavier staffing levels
- security problems in blind spots
- hit-and-miss product exposure
- customers may take too much time or become confused with what they have and have not seen.

## 5.4 PRODUCT PLACEMENT AND PRESENTATION

The first thing to determine when deciding on product placement and presentation are the 'hot', 'warm' and 'cold' spots within the store. This is done by gauging traffic flow through the store, i.e. where people walk the most and where they walk the least. Generally the

Figure 5.14  
Traffic flow within  
a store, showing  
hot, warm and  
cold spots



entrance and payment areas receive the most traffic. Therefore, both these areas would be considered 'hot' spots. 'Warm' spots are secondary traffic areas; e.g. in a newsagency the prime traffic flow would be from the door to the papers to the counter. The secondary flow may be from the door to a pools or lotto area at the rear, then to the counter. These areas would be considered warm spots. 'Cold' spots are those areas outside the other two areas. They are generally in the far corners of stores and have low customer traffic. Figure 5.14 illustrates traffic flow and usual hot, warm and cold spots.

Within all the areas, hot, warm and cold, there are locations in all displays that are 'prime retail positions'. These are the most visible locations within a display. They are between eye and hip level and are important in the placement of products to maximise profitability.

After identifying the hot, warm and cold spots and determining the prime retail positions, the various types of merchandise can be laid out accordingly. The merchandise in most stores can be broken down into components, including:

- bestsellers
- high-margin lines
- basic lines
- accessory lines
- impulse lines
- speciality lines
- seasonal lines
- assistance lines
- advertised lines
- problem stock.

### ACTIVITY 5.2

The purpose of this activity is primarily to place the list of classifications within the diagram, using only the fixtures shown. Fixtures consist of wall shelving, a central gondola, a cash desk with front shelving, a display cabinet, four dump bins, a wall-mounted cigarette fixture, a drinks fridge and a pools and lotto counter. Explain why you place the classifications and highlight the expected traffic flow around the store.

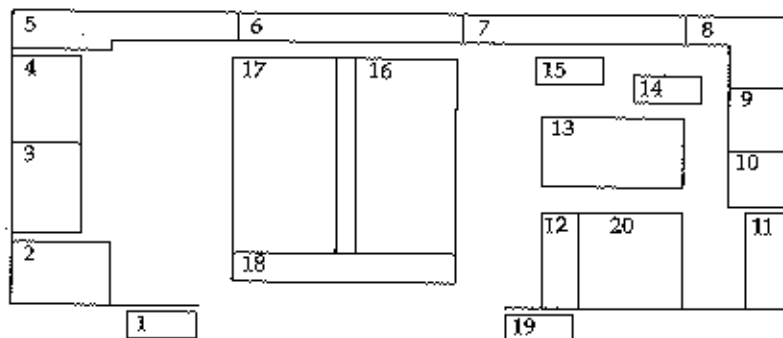
The second stage of the activity requires research to be carried out at a local newsagency. Draw the newsagency's layout and compare it to your layout. Detail the differences between the placement of classifications and possible reasons for them. You may find it worthwhile to ask the newsagent for advice if possible.

The third stage is to select one of the classifications identified in the newsagency and compare it to a specialist store's classification. For example, the book classification can be compared to a bookshop. Compare the width and depth of the ranges and determine why the newsagent has the range it has in stock, what criteria have been used to select that range and what are the advantages and disadvantages of the newsagent's range.

Place the following classifications for a newsagency into an appropriate location within the store diagram below.

The classifications include:

- |                                   |                   |
|-----------------------------------|-------------------|
| a newspapers                      | i quality pens    |
| b men's magazines                 | j drinks          |
| c women's magazines               | k confectionery   |
| d teenage magazines               | l hardcover books |
| e business and computer magazines | m paperback books |
| f greeting cards                  | n toys and games  |
| g wrapping paper and materials    | o clearance lines |
| h stationery                      | p cigarettes.     |
| q lotto                           |                   |



**BESTSELLERS**

In every classification there is a small percentage of items that provides the majority of the sales. This is known as the 80/20 principle, i.e. 80% of your sales will come from 20% of the products. Although this is a generalisation, analysis of which stock gives you the bulk of sales generally shows it to be a small number. Knowing the bestsellers within the range and each classification is critical for optimising bestsellers and improving sales. There are two types of bestsellers—ongoing sellers and seasonal sellers. Ongoing sellers are the bestsellers that continue to sell all year round. Seasonal sellers are those items that may be popular because of the time of year, or they may be fad items.

To increase sales and profitability it is essential that you sell as many bestsellers as possible. There are a number of steps that can be taken to optimise bestselling lines:

- Ensure they are in the correct classification so that customers can find them.
- Place them in prime retail positions within their classification so they are highly visible.
- Maintain sufficient stock to sustain demand; you should never run out of bestsellers.
- Ensure that they are well ticketed and promoted.

Bestsellers are quite likely to have only average profit returns because they are generally mid-range in the price points. Never fall into the trap of promoting something else at the expense of bestsellers. The increase in the other line will never make up the loss of turnover of the bestseller. It is also important to remember that bestsellers don't all need to be placed at the front door. They will work to draw customers into the store and to the classification.

**HIGH-MARGIN LINES**

In most ranges there are some lines that provide a higher return of margin (profit). These lines play a particularly important role in the overall profit strategy of stores. They are often house (generic) brands, exclusive lines, speciality lines or even accessory lines. They need to be promoted clearly and placed in areas that will optimise sales. Ways of promoting these lines include placing the high-margin lines next to the bestselling line within its classification. They will then become the first alternative for customers who don't want the bestseller. High-margin lines should always be within their classification and ticketed strongly. These lines are also good to use in window displays and interior displays. They can help to maintain good margins when promoted with reduced goods as related or accessory lines. For example, the profitability of a display of reduced car washes and polishes can be improved by having high-margin sponges and cloths promoted within the display.

**BASIC LINES**

These are the items that customers expect to find in a store. They tend to have a regular and steady sales pattern. Because of the customer

expectation, these items should never be out of stock. Basic lines may become bestselling lines, or they may sell at a lower volume but steadily throughout the year. Examples of basic lines can include newspapers at a newsagency, milk and bread at a grocery store, apples at a greengrocery or oils at a service station.

Positioning of basic lines should be within their classification. Some basic lines may even have their own fixture, like milk or bread. The basic lines need to be in a central position within their classification, though not necessarily in the prime retail positions.

### ACCESSORY LINES

These are the lines that complement or are related to other lines. Some may be basic lines in their own right. However, if these lines are positioned correctly they can also become impulse lines within a classification. For example, in a supermarket, placing a range of dips within the savoury biscuit range can prompt impulse purchases, whereas if the dips were kept within their own classification they remain demand lines that the customer needs to think consciously about before purchasing.

The positioning of these lines needs to be within the related classification, immediately next to the prime item, e.g. placing sponges next to car washes, shoe polish within a shoe display, or batteries next to torches. If this is done, customers may purchase the accessory as well as the major line. This will increase the store's sales and profit.

### IMPULSE LINES

These lines are generally seen and bought without any forethought. They are usually small dollar value lines and have rapid turnover. They need to be in highly visible locations and easily accessible. They tend to be in high traffic flow areas, particularly around registers. Examples include confectionery and snack foods in service stations and supermarkets, bookmarks in book stores, batteries in toy stores and laces in shoe stores.

### SPECIALITY LINES

These are usually considered purchases, i.e. the customer has decided to buy them before entering the store. Generally, these lines are the more expensive ones and tend to be complex. Customers will often read the information and consider the options before purchasing. These lines need to be away from high traffic flow areas and are good ones to locate in cold spots. The main reason why they need to be away from the heavy traffic areas is to avoid the pressure and rush. It also provides time to discuss the features and benefits of the item with salespeople without the constant disturbance of other customers walking through. Examples might include microwave ovens, drill kits in a hardware store or tents in a camping store.

### SEASONAL LINES

These are lines affected by seasonal factors, like swimwear, Easter eggs, Christmas decorations and even cherries. The impact of seasonal lines will vary according to the type of retailer. For instance, a fashion

store will change substantially from one season to another whereas a car accessory store won't change a great deal. The positioning will start to be affected as the appropriate season draws closer. Seasonal lines should be promoted within their category until the event or season is sufficiently close to warrant positioning in some of the heavier traffic flow areas within the store. Space allocation will also start to grow for seasonal lines and reduce for other lines. A vital aspect of seasonal lines is watching stock levels closely to ensure that as little stock as possible is left by the end of the season.

#### **ASSISTANCE LINES**

These lines are those for which customers need help to purchase. They will be predominantly smaller, expensive lines that pose a security risk. These lines need to be located close to the counter area, thus enabling staff to monitor them closely and be readily available to provide information to customers. Generally, these lines are maintained in cabinets or secure fixtures. Examples include small electronic equipment such as calculators, cameras, high-priced pens or sunglasses.

#### **ADVERTISED LINES**

Advertising is used to raise the profile of a store as well as to increase sales volume. Locations for advertised lines will vary according to the quantities of stock on sale and how heavily it is advertised. Generally, advertised goods should be promoted within their classification. Customers will look for advertised lines within their classifications. However, if large quantities of stock are involved or if there is little advertising other than internal promotion, advertised lines need to be placed so that can be clearly seen. This requires that the lines are also promoted in high traffic flow areas. Retailers will often have a promotional display within the high traffic area, which serves not only to make the stock more accessible but to add excitement and generate interest.

#### **PROBLEM STOCK**

This is stock that sells poorly. Stock that doesn't sell costs the retailer in storage costs and doesn't contribute to profit or payment of expenses. There are a number of factors that can cause problem stock, including:

- **aged stock**—this can include stock that has been replaced by a new model or that has different packaging, as well as stock that is close to expiry of the use-by date
- **overbuying**—this tends to be caused by suppliers trying to offload stock by offering big discounts to retailers. The danger lies in not considering the current sales volume of the goods. For example, if 20 units are being sold each week with the normal order quantity being 40 every two weeks, buying 1000 units because of a discount gives 50 weeks' supply. There is no real problem if the retailer has the space, or as long as the product is not replaced or outmoded. This problem can also occur if the supplier orders the stock and the retailer doesn't check that the quantities are appropriate

- **wrong stock**—this is stock that doesn't suit the target market. For example, a newsagency may put in a range of car accessories or a hardware store situated in an area consisting of mostly flats may have a large range of lawnmowers
- **poor housekeeping**—this is one of the major causes of problem stock. It includes not cleaning the stock, which becomes soiled or faded. Another factor is not rotating the stock, so that newer stock is sold before the older stock, which can lead to out-of-date, soiled or damaged stock. This can also be a major health issue in the food area, not only with the food itself but with storage, preparation and utensils
- **poor merchandising**—this includes displaying goods in inappropriate areas, e.g. impulse lines in cold spots or speciality lines in high traffic areas. It can also involve a failure to keep displays full and well-ticketed, or consistently running out of stock and having empty spaces. It can also include poorly displayed merchandise that may not be appropriate for the stock, or raises questions in the customer's mind about the quality. For example, expensive merchandise in a jumbled display, food lines too close to non-food lines or, in the case of food displays, spillage of one type of food into another, a problem that is also a health issue
- **poor pricing**—this can be either too high a price for the target market, or too low a price, with the products being seen as 'cheap' and of poor quality
- **staff resistance**—staff who do not promote or sell a product can retard the sales. It generally happens if staff either view the product as too hard to sell, because it is too complicated and they have received no training, or they simply don't like it. Personal preference should never interfere with selling a product.

Dealing with problem stock starts with correcting the causes. Monitoring the sales of products is vital to identifying problem stock. The cause must then be determined and addressed quickly if sales and profitability are to be maintained. Dealing with problem stock can be addressed in the following ways:

- If the problem is housekeeping or staff resistance, training the staff and allocating cleaning responsibilities usually corrects it.
- Ensure the stock has proper ticketing and signage.
- Move the stock to a better position within its classification.
- Check competition pricing and stock, and take action if required.
- Rotate stock using the 'first in, first out' (FIFO) method so that older stock is sold before the new stock. This requires placing new stock behind the older stock on floor displays and in the stockroom.
- If stock still does not sell within its classification, use promotion bins or bulk displays in high traffic flow areas at normal prices. Remember not to clutter the bestselling areas with reduced-price goods unless it is a major price promotion.

- If the stock is still a problem, reduce the price. Markdowns should be the last resort as they are costly in terms of profit, as the markdown chart (Figure 5.15) indicates.

One of the issues facing retailers about price reductions is the growing awareness of customers about the timing of reductions. In the fashion area it is a major concern in that customers are getting used to reductions of a season's lines during the season, leading to poor initial sales at the start and lower profitability during what should be the peak period. This not only happens in fashion, but is becoming more widespread; another example is in the Christmas season where

Figure 5.15  
Markdown chart

<b>SIMPLE FIGURES ON DISCOUNTING ...</b>							
<b>HOW TO GO DOWNHILL AT A GLANCE!</b>							
<i>Example: If your present gross profit margin is 20% and you cut your selling price by 5%, locate 5% in the extreme left-hand column. Now go across to the column headed 20%. You find you will need to sell 33.3% more units to earn the same amount of gross profit as you did at the previous price.</i>							
<i>If you cut your price by:</i>	<i>If your present profit is:</i>						
	<i>5%</i>	<i>10%</i>	<i>15%</i>	<i>20%</i>	<i>25%</i>	<i>30%</i>	<i>40%</i>
	<i>you need an increase in unit sales of ...</i>						
1%	25.0%	11.1%	7.1%	5.3%	4.2%	3.4%	2.6%
2	66.7	25.0	15.4	11.1	8.7	7.1	5.3
3	150.0	42.9	25.0	17.6	13.6	11.1	8.1
4	—	66.7	36.4	25.0	19.0	15.4	11.1
5	—	100.0	50.0	33.3	25.0	20.0	14.3
6	—	150.0	66.7	42.9	31.6	25.0	17.6
7	—	233.3	88.5	53.8	38.9	30.4	21.2
8	—	—	114.3	66.7	47.1	36.4	25.0
9	—	—	150.0	81.8	56.3	42.9	29.0
10	—	—	200.0	100.0	66.7	50.0	33.3
11	—	—	275.0	122.2	78.6	57.9	37.9
12	—	—	400.0	150.0	92.3	66.7	42.9
13	—	—	—	185.7	108.3	76.5	48.1
14	—	—	—	233.3	127.3	87.5	53.8
15	—	—	—	300.0	150.0	100.0	60.0
16	—	—	—	400.0	177.8	114.3	66.7
17	—	—	—	566.7	212.5	130.8	73.9
18	—	—	—	—	257.1	150.0	81.8
19	—	—	—	—	316.7	177.7	90.5
20	—	—	—	—	400.0	200.0	100.0
21	—	—	—	—	525.0	233.3	110.5
22	—	—	—	—	733.3	275.0	122.2
23	—	—	—	—	—	328.6	135.3
24	—	—	—	—	—	400.0	150.0
25	—	—	—	—	—	500.0	166.7

customers are literally waiting for post-Christmas sales or holding off a purchase knowing that some retailers will have a 25% off promotion on a regular basis. What started out as the end-of-season clearances have become too regular and have conditioned customers into something that cannot be easily reversed. Retailers should avoid creating discount patterns that the customers come to expect, as they cost profit and bring about changes of buying habits that may not be beneficial to a retailer's business.

### SECURITY AND SIZE OF PRODUCTS

There are two additional factors that can influence the positioning of merchandise—the security and size of products. Security factors that need to be considered are the cost of the product and the size of the product. Is it easily concealed and is it in high demand? These products need to be close to counter areas for easy monitoring. Apart from the security aspects, the size of products needs to be considered when deciding where to locate them in the store. Common sense should prevail; small items are better suited in a higher location where they are visible and are easier to pick up. Larger or heavier goods are better suited down low for ease and convenience.

There is a logical position for everything in your store. Asking yourself where it is most suited, where it will best perform, if it needs to be highly visible, where it is logical to place it and how much space it needs will provide answers that will help you when setting up the store.

## 5.5 BUILDING DISPLAYS

Before placing goods on display it is important to look at the fixtures and fittings and how they can play an important part in sales and profitability. Retailers use a variety of fixtures for displaying merchandise, including wall displays, gondolas, showcases, dump bins, table displays and free-standing display racks. Examples of these can be seen in the photographs on the following pages.

There are general guidelines that can be followed to assist in maximising the success of displays. Displays should be:

- standardised, in colour, materials, length and height. This provides a more visually appealing display and gives the impression of being organised
- flexible, i.e. they can be changed from shelving to hanging fittings and adjustable to suit varied products
- safe, strong and easy to maintain. It is vital for fixtures not only to be safe but also look safe. Fixtures or displays that look unsafe will deter customers from selecting goods from them, for fear of the fixture or goods falling. The fixtures should also be maintained in a safe condition. This includes checking for sharp edges, cracked or damaged shelves (particularly glass ones) and loose or damaged supports

- ▶ graduated in height, i.e. the fixtures should be lower at the front to provide visibility across the store to higher wall fixtures.

Suppliers' stands used for short-term promotions should only be used for the term of the promotion and then removed. Although some of these stands are attractive and versatile, they lose appeal if customers become used to their being in the store. Never use suppliers' stands for goods other than those of the supplier providing the stand and remember you should be promoting your business, not the suppliers.

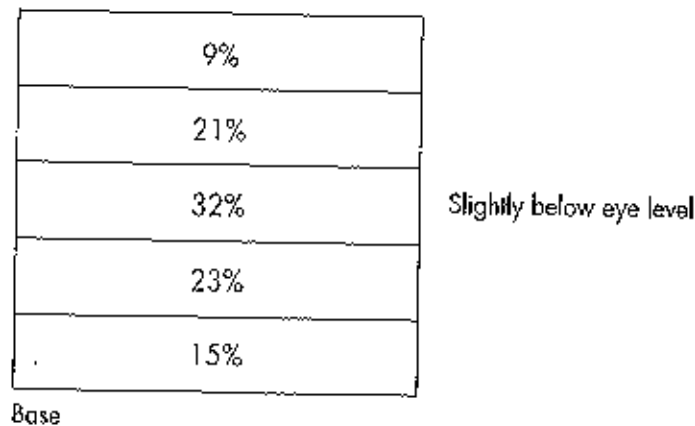
Aisles should be wide enough to accommodate more than one customer at a time. If customers are blocked off from particular areas, they won't wait. The minimum aisle width in most stores is about one metre.

Cross-aisles are a layout technique that has the same classification of goods facing one another in different fixtures across an aisle rather than being on two sides of a fixture. The same technique can be used with a wall fixture and a fixture opposite the wall fixture.

Another part of the fixture and fitting area is shelving, which can also have a large impact on profitability. The way in which products are displayed on shelving can gain or lose sales. There are a number of areas that need to be considered. The human eye will only focus on one point at a time. This means that it is crucial to position goods like bestsellers and high-margin lines at the most visible level. The best results are achieved from the shelves that range from eye to hip level. A survey conducted in supermarkets on the percentage of sales from a one-and-a-half metre high fixture determined that the shelf just below eye level produces the most sales. Figure 5.16 shows the complete results.

Because our eyes travel horizontally rather than vertically, it is important to expose merchandise across shelves. Don't waste eye-level shelves with numerous facings (horizontal rows of goods on a shelf) of the same merchandise. For example, if you kept a range of coffee, arranging the various brands across and the sizes down

Figure 5.16  
Sales according to  
shelf height

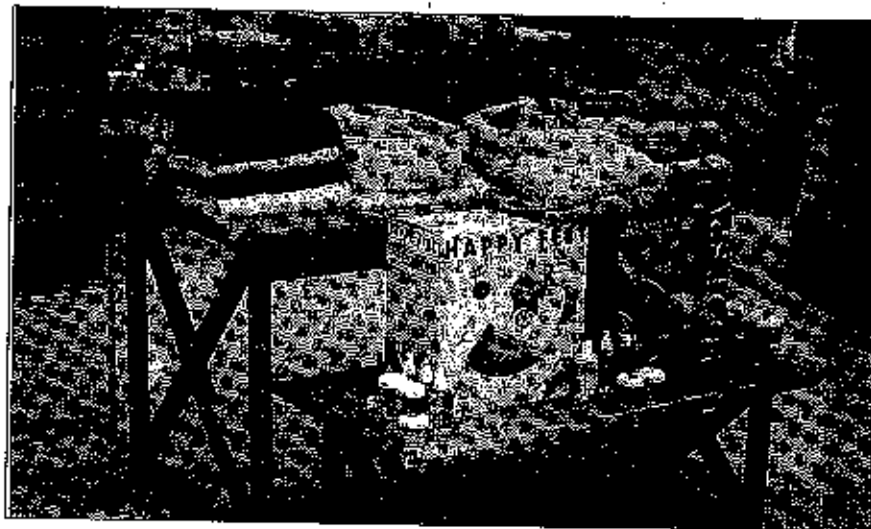
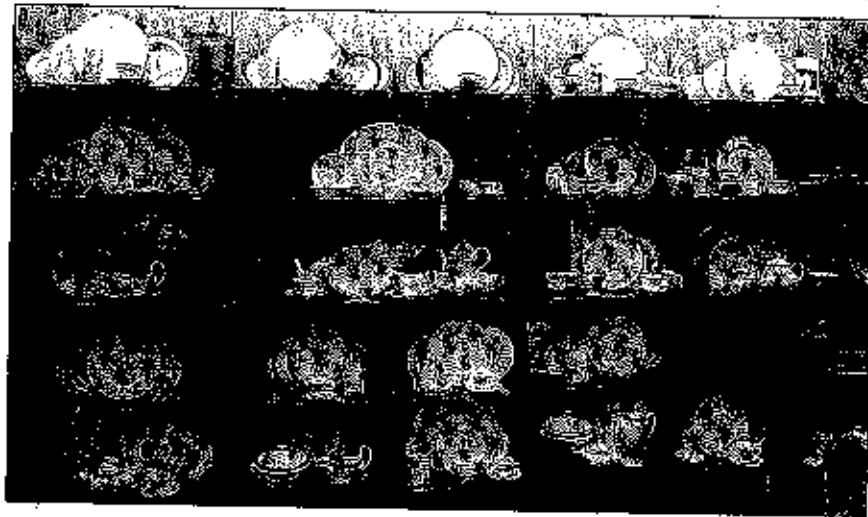


*Types of fixture  
used for display:*

*Figure 5.17 (top)  
Free-standing  
display*

*Figure 5.18  
(centre)  
Wall display*

*Figure 5.19  
(bottom)  
Table display*



*Types of fixture used for display*

*Figure 5.20 (top)  
Free-standing display and racks*

*Figure 5.21  
(bottom left)  
Floor stack display*

*Figure 5.22  
(bottom right)  
Showcase display*



exposes the customer to a wider variety and therefore a better selection of brands. If the display were to be arranged with one brand per shelf the customers may not see the entire range and missed sales could result.

In terms of product facing, i.e. how many of the product items the customer can see at the front of a shelf, the most profitable number of facings is two. Repeated products register more clearly in the customer's mind. Profitability decreases in order when one, three, four, five and six facings are used for average lines. Any effect for more

than six facings is negligible, with bulky and very small lines being the exception. These are better suited to bulk displays.

A store that looks full is far more attractive than one that looks empty. This look of being full can be easily achieved even when the store isn't really fully stocked. Bringing products to the front of the shelf will maintain an impression of being full. It is also vital because it has been shown that sales can drop by up to 82% if the product is lost from sight.

Flat lines can also be affected if they are stacked so high, particularly on lower shelves, that the major label or the product cannot be identified. This can result in losing up to 70% of the sales. The customer must be able to see the product or the major label. These principles are the same for all shelving, whether in wall displays, gondola displays or showcase displays.

There are four fundamental rules for the presentation of goods on displays:

- 1 The customer must be able to see the goods. They must be able to identify them at a glance. The products must be stacked so the labels can be seen, i.e. facing correctly with the major label showing. Never fold lines so that the identity of the product is lost. If the goods are boxed, show some out of the packaging.
- 2 The customer must see the price. It should be displayed clearly, and, in the case of shelf pricing, contain an accurate description. The price should also be the true price. This is not always the case. Some retailers, particularly in the electricals area, have a multiple pricing structure. For example, a customer paying cash may pay less than one paying by credit, or the price may be open to negotiation—though only if the customer asks.
- 3 The customer must see the utility or quality of the product. Brand can be important in this area as some brands are synonymous with quality. If the products are boxed and the merchandise not obvious, some of the products should be shown out of the packaging for customers to handle.
- 4 Customers must see the goods, the price and the quality in the shortest possible time.

## **BALANCE, LAYOUT AND COLOUR**

As well as displays on shelving, free-standing displays are often used to attract the attention of passers by. They can be in windows or on the shop floor. A combination of factors, including balance, layout and colour, is used to create an attractive and visually appealing display.

**Balance** is the way in which goods are situated within the store, both as a whole and within a display. There are three main forms of balance: symmetrical, asymmetrical and a combination of the two. Figure 5.23 provides an example of a symmetrical display where the left side is exactly equal to the right side of the display.

In an asymmetrical display the halves of the display are not of equal proportion but the space around them is used to offset the

Figure 5.23  
*Symmetrical display*



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balance. This can be achieved by the use of props or goods. Figure 5.24 provides an example of an asymmetrical display using props for balance. Similarly, instead of goods being spread over the entire space, the display can be broken into equally divided segments within the total space. This technique is used to display goods that are a variety of sizes so that a sense of balance is maintained, as can be seen in Figure 5.25.

The combination balance is achieved by using two different types of display method, but balancing both to achieve the desired effect.

Layout is the pattern form in which the goods are displayed. There are six main patterns used for displaying merchandise. These are:

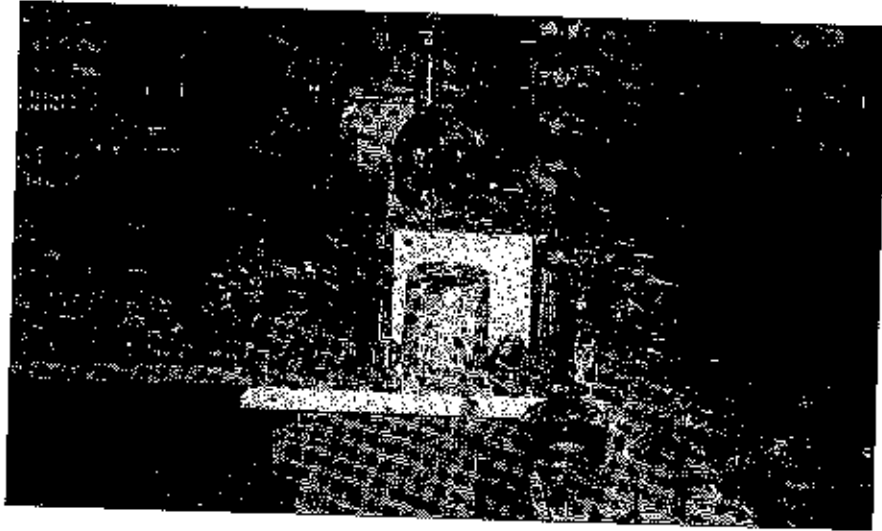
Figure 5.24 (left)  
*Asymmetrical display—using props for balance*



Figure 5.25 (right)  
*Combination of symmetrical and asymmetrical display*



Figure 5.26  
Balanced  
asymmetrical display  
using goods



- 1 **triangular**—this pattern can be either symmetrical or asymmetrical. The pattern focuses on the peak of the display. The peak can be either merchandise or a message

Figure 5.27  
Triangular pattern  
with merchandise  
peak



- 2 **rectangular**—this pattern is most commonly used for bulk displays similar to those found in supermarkets. However, it can be eye-catching when used in free-standing fashion displays
- 3 **radial**—this pattern uses a wheel shape to strengthen the visual impact of smaller items of merchandise. The rim of the wheel is the focal attraction
- 4 **groups**—this pattern arrangement has a larger outline than the individual items arranged within each group. It can be used to strengthen individually weak or odd-shaped merchandise. The groups are then balanced, not the individual items

- 5 **rhythm**—this creates a free-form impression suggesting a softer flow of merchandise. It is typically used in displays involving fabrics, either as the merchandise or as a background prop
- 6 **repetition**—this is useful when the items are simple and not all that striking on their own. By repeating the pattern of shape or size, there is a much stronger impact.

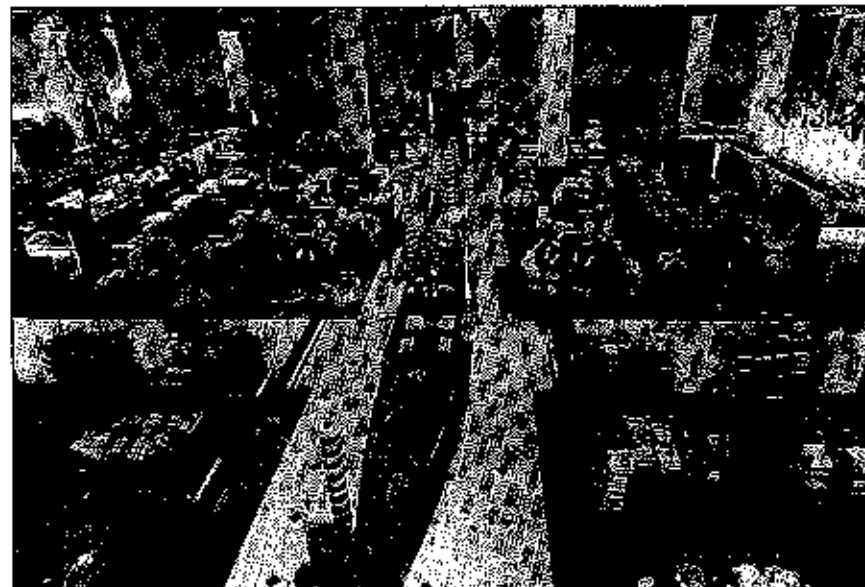
Colour can greatly enhance or detract from a display. Too much colour can lose the focus of the display. Colour should be limited to create either harmony, i.e. shades that blend together, or contrast, where colours that are strikingly different are used. Colour can create a theme within a store to reflect a season, for example using browns and tans for autumn themes. Colours can also reflect the nature of the promotion, such as reds and greens for Christmas or pinks for Mother's Day.

Theme displays often use props to gain attention and enhance the overall effect of the display. A few key concepts should be considered when developing these types of display. First, ensure that the props don't overwhelm the product. The message must be very clear to the

Figure 5.28  
Triangular pattern  
with message peak



Figure 5.29  
Rectangular pattern  
display (using  
fashion). Note the  
bulk clothing display  
in the foreground



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Figure 5.30 (left)  
Radial pattern  
display

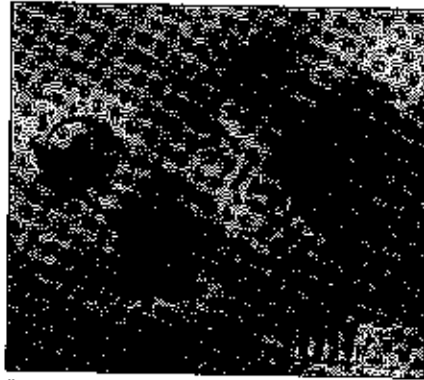
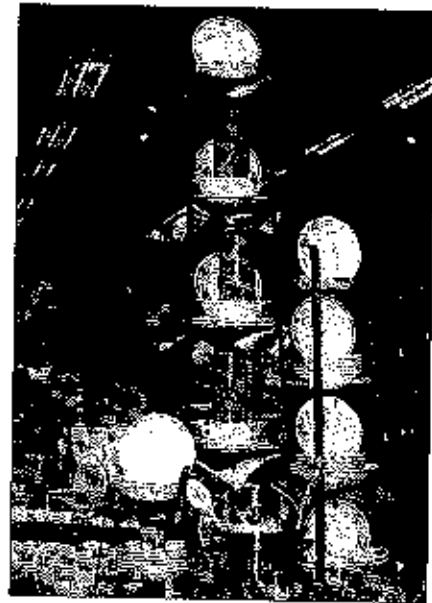
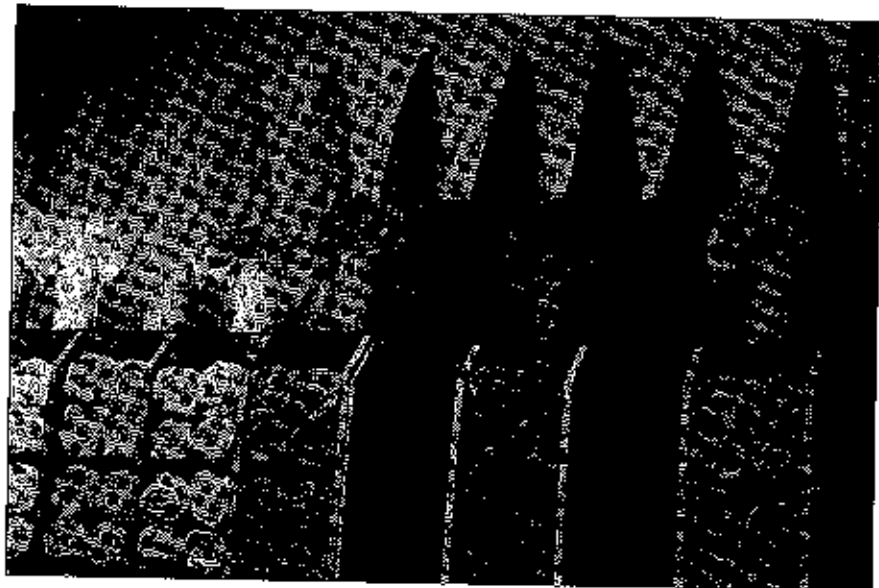


Figure 5.31 (right)  
Group balanced  
display



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Figure 5.32  
Rhythm display



customer as to what the display is about and what products are on offer. Second, the props need to be in line with the store image and the target market. This is important to ensuring that you are attracting your targeted customer, e.g. using a surfboard as a prop for a summer display is fine for a younger market store, but using it in a conservative men's apparel store could create a confusing message for its customers. Third, the theme should be obvious to the customer without a great deal of thought; if it is a summer display it should scream out 'summer', if it is a back to school display it should give that impression. Lastly, if you are using props, they should be used to

create interest and sell the merchandise, not just be a cute substitute for normal fixturing.

Food displays can use the same principles, as seen in Figures 5.35 and 5.36. The critical factor for food displays is that not only are they judged on appearance in the same way as any other display, but they are also judged on freshness, which usually means that they need to be maintained on a more regular basis than other displays. This is highlighted particularly when a food display is used, whether by staff who serve from the display, or by customers in the case of self-service. The deterioration of appearance can be very rapid, leading to a growing negative perception; or it may occur slowly as the ingredients

Figure 5.33  
*Repetitive display*

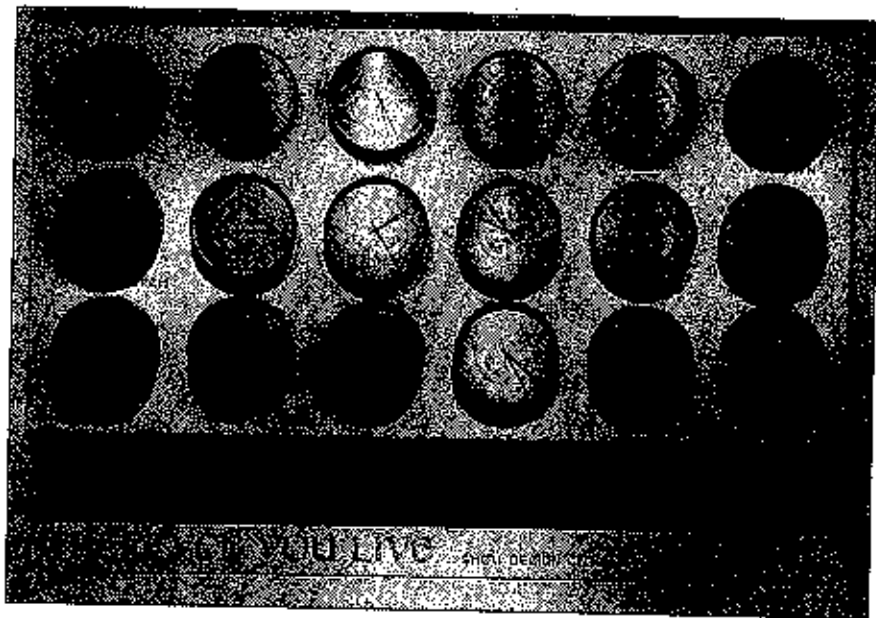


Figure 5.34  
*Theme display*

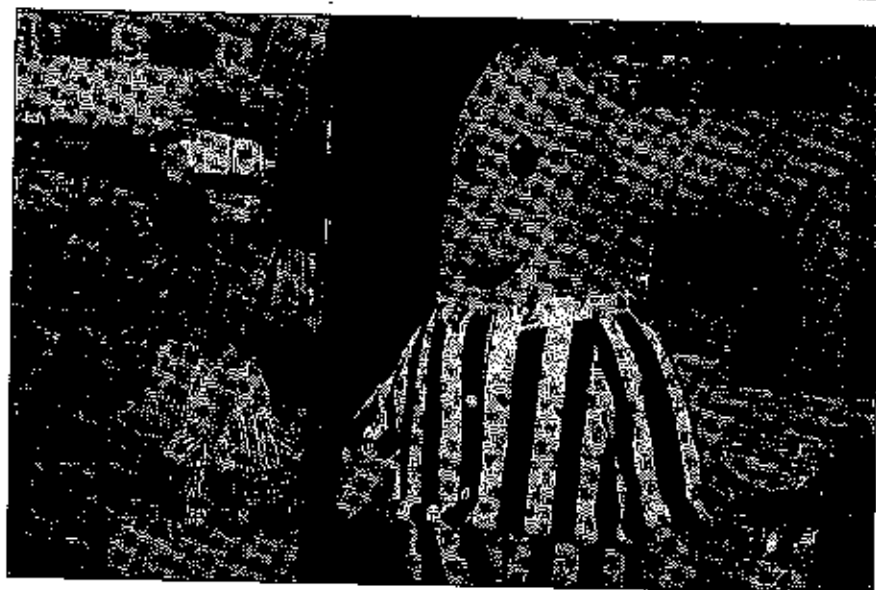


Figure 5.35  
Food merchandising  
—fruit and  
vegetables

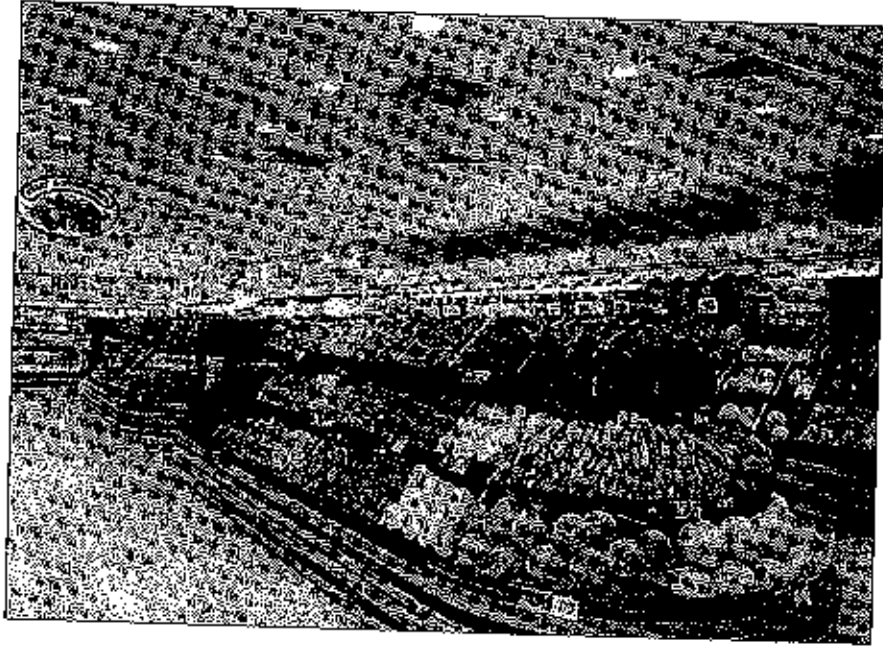
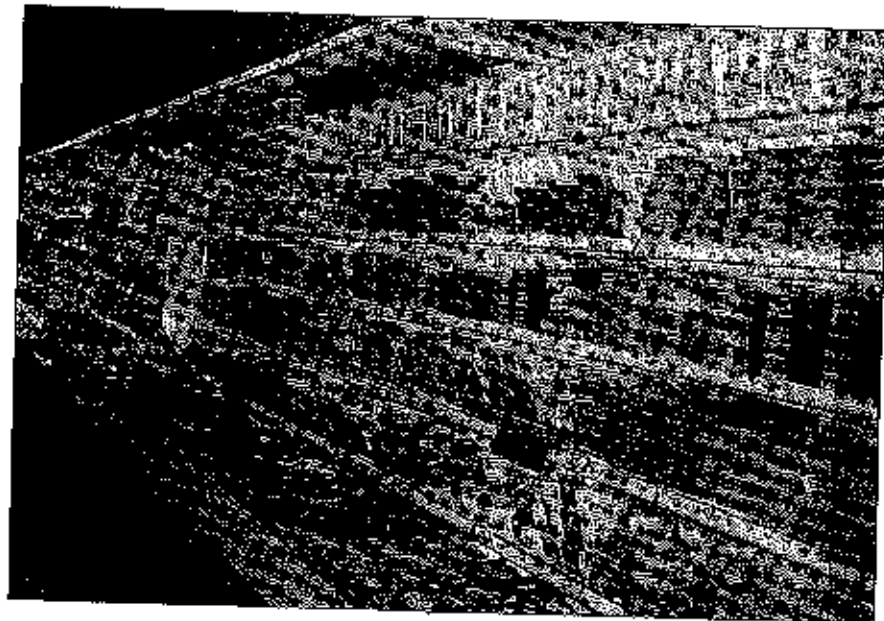


Figure 5.36  
Food merchandising  
—refrigerated food



actually deteriorate over time, evident in a loss of crispness or changes in colouration. In either case a loss of sales can result.

Although not strictly merchandising display, the presentation of fast food and its packaging can have the same impact. A poorly presented meal or poorly wrapped or packaged item creates negative perceptions in the customer's mind. It must be remembered that looking good goes a long way towards tasting good. Of course the actual good taste must follow, to reinforce the good presentation.

## 5.6 SIGNAGE AND TICKETING

Signs and tickets have a twofold purpose. First, they may help sell merchandise by giving information that is not self-evident. Second, they can add excitement and atmosphere to the store environment, which can be particularly important during promotions. To be effective, signs must be professionally done; some examples can be seen in the figure below. Old or handwritten tickets or signs will detract from the merchandise. Signs are also required by law to be a true representation of the product and to be in no way misleading. There are four main parts of a ticket. However, before writing your ticket, it is important to determine some of the benefits of the product. These are what sell the product. This can be made easier if you identify a few of the product features and then determine some of the benefits to the customer of those features.

The first part of the ticket is the lead line. This heads up the ticket and should be short and catchy; e.g. 'today only', 'reduced to clear' or 'just arrived'.

The second part is the head line. This identifies the merchandise; e.g. 'Bolle sunglasses', 'assorted photo albums' or 'new season's summer dresses'.

The third part is the descriptive line. This tells the customer about the merchandise, in particular the benefits that may not be obvious; e.g. 'the leading name in fashion and protection', 'huge savings' or 'the latest styles from Paris'.

The fourth area is the price line. This line will vary in size and location according to whether the sign is for the promotion of the goods at normal price or at a reduced price. A price promotion works much better when this line is the biggest. This can be followed by a base line if required, e.g. 'only while stocks last'. A typical ticket layout is shown below.

Using the principles of merchandising and display can enhance and promote the store image. There is no definitive right or wrong way to display your merchandise; but selecting a way that works

Figure 5.37  
Typical ticket  
layout



**ON-THE-JOB ACTIVITY 5.3**

Measuring the effectiveness of a display/promotion can provide insight as to why it works or it doesn't. This will allow you to incorporate the good aspects into future displays and identify issues with existing displays that can be adjusted to improve the outcomes. Leaving a display until the end of its life (short- or long-term) without monitoring it can lose sales and customers. Using the example on the next page, develop your own display monitoring tool and implement it for the next display/promotion you have in store. During the period identify what is effective/ineffective. Include areas such as the type of stock, props, signage, location of display and physical characteristics such as balance, layout and colour. Remember that if you change any aspect of the display, such as location, fill out another sheet fully and keep the original one to compare ongoing results.

DISPLAY MONITORING SHEET				DATE from .../.../... to .../.../...				
Product description—denote main product/s and accessory product/s								
Quantity on display	Old price	New price	Average weekly sales: previous four weeks (units)	Weekly sales target (units)	Unit sales WEEK 1	Unit sales WEEK 2	Unit sales WEEK 3	Unit sales WEEK 4
Product: Coffee maker—main								
10	\$55	\$45	5	8	9	10	7	6
Product: Coffee mug set of four—accessory								
25	\$20	\$10	2	4	6	8	5	2
Product: Individual mugs—accessory								
40	\$2.50	\$1.50	10	15	18	14	16	12
Product: Coffee sample bag—free giveaway with maker								
	free	free		8	9	10	7	6
Product:								
Diagram of display including props and signage								

Diagram of store highlighting display location and traffic flow

Figure 5.38  
An example of  
professional  
signage



Figure 5.39  
An example of  
professional  
signage



effectively is important. Conducting research into your customers and competition can yield a great insight into the way you need to think about merchandising. Look at as many and varied retailers as you can for ideas to improve the look of your store. It can be well worth the effort in extra sales and profit.

## FURTHER READING AND RESOURCE MATERIALS

National WRAPS web site—[www.natwraps.com.au](http://www.natwraps.com.au)

MLW Training web site—[www.mlw.net.au](http://www.mlw.net.au)

Wrice, M. (1998), *First Steps in Retail Management*, (Merchandising Chapter—Introduction to Ticketwriting) Macmillan, Melbourne.

## Developing the merchandising/promotional calendar

Developing a merchandising/promotional calendar starts with identifying and listing all the factors that need to be incorporated. These will vary according to what the store sells. For example, a sports store may have two distinct selling periods covering summer and winter sports during which the merchandising and displays will change dramatically; on the other hand, a liquor store is more stable in its merchandising, with only planned periodic sales promotions such as Christmas affecting the displays. The easiest way to begin developing the calendar is to use a yearly planner, as seen in Figure 4.3, and highlight the following factors at the appropriate dates:

- ◆ *Peak periods.* These will be quite different depending on the type of store. For example, a family shoe store may have peak periods for back to school, Mother's Day, Father's Day and Christmas, with some seasonal sales to clear end-of-season stock, whereas a surf shop may only have a peak during summer. It is important that peak periods are gauged on historical sales information to determine when the peak begins and ends. In some cases it may not be possible to do this very accurately if the peaks rely on hot or cold weather, as in some fashion areas where peaks may vary from year to year. It is still important to plan for the delivery and merchandising of new-season stock.
- ◆ *Internal promotions/special events.* These may include end-of-season or after-Christmas sales, stocktake sales, or advertised promotions that occur every year.
- ◆ *External promotions/special events.* In some cases peaks may be caused by external events; for example, it may be the Grand Prix or another major sporting event in your area, it may be tourist season or, if you are located in a shopping centre, it may be a centre promotion. This information is generally readily available from centre management, local councils, local chambers of commerce and your own historical information. Since these external events usually increase customer traffic it is important to be seen sharing in the spirit of the occasion and to merchandise accordingly.
- ◆ *Manufacturer advertising.* There are excellent opportunities for stores to piggyback on suppliers' television advertising. Most suppliers/manufacturers have well-planned promotion and advertising campaigns and are happy to assist retailers with information and in some cases promotional materials that tie in with their product advertising. This provides an opportunity for the retailer to merchandise and highlight the products and benefit from the enhanced customer awareness of them. Customers also perceive the store as one that is keeping the latest merchandise. Also to be kept in mind are manufacturer clearances, which are good opportunities for

PROMOTIONAL CALENDAR 199												
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
W E E K F	New Year Sale 1 week		AUTUMN		Arrivals in Winter	WINTER	Stocktake Sale 1 week	Arrivals for Spring	SPRING		Arrivals for Summer	SUMMER
W E E K F	Back to School Promotion 2 weeks		School Holidays									
W E E K F	Back to School Promotion	Summer Stocktake 2 weeks					Winter Stocktake 2 weeks					School Holidays
W E E K F	Back to School		Centre Promotion 2 weeks	Mother's Day Promotion 2 weeks	New Winter Line Promotion 2 weeks			Father's Day Promotion 2 weeks				
W E E K F						School Holidays			School Holidays			

Figure 4.3  
Promotional  
calendar

retailers to pick up reduced-priced merchandise in bulk for their own promotions or to sell at normal price and pick up some extra profit.

- ◆ *Seasonal periods.* These have a large impact on many retailers, including not only fashion stores but also food, pharmaceutical, electrical appliance and many other stores. These are often the times that major merchandising changes take place. For example, an appliance store may go from prominently merchandising heaters during winter to fans, coolers and even lawnmowers during summer.
- ◆ *Holiday periods.* For some retailers these may be peak periods, for others they may be slow periods; either way they need to be taken into account. In tourist regions holiday periods may mean an increase in stock holding to cater for increased demand and/or a change of merchandising to promote tourist goods.

All the above times/events should be included in the planner. Once completed it provides the opportunity to plot the slow periods by matching the dates with your historical sales information. These periods can then be linked to internal promotions to create store traffic. It is important to remember that promotions cost money and if too many occur they lose impact. Changing the store back to basics after a promotion can also have a positive effect on sales and consequently needs just as much planning as a promotion. When planning promotions or advertising it is important first to identify the objectives, that is, determine the purpose of the exercise. There are two main kinds of objectives in retail advertising: first, the long-term objectives, which would include building your image in the customer's mind and increasing your market share and, second, the short-term objectives which are aimed at stimulating immediate response and creating traffic flow. Of course, implicit in each will be an ongoing growth in sales and profit.

Once the dates of promotions and normal trading periods have been established, the stock must be selected for the promotions in general terms; for instance, new summer lines or winter clearance lines. This is required to enable the planning of budgets, and the detailed stock selection occurring later in the process. This general selection can be predetermined in some cases by the season or planned special events or by company guidelines and requirements. For the smaller retailer selecting the stock should be made in accordance with the promotion objectives and theme; for example, a summer theme, a Melbourne Cup theme, the owner's birthday theme. (Don't forget that giveaways or free champagne need to be included in the budget.) Whatever the theme, the message needs to be simple and understandable, with the main focus on the stock being merchandised rather than the promotional materials. An example of a simple theme display is shown in Figure 4.4.