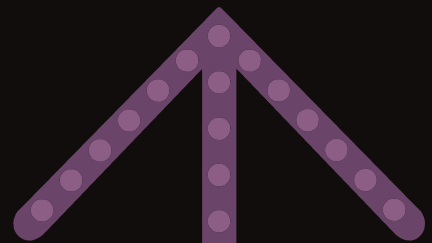


# Visual Merchandising

ART AND SCIENCE



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## 1.B PRODUCTIVITY continued

Stockturn is also sometimes referred to as turnover – and strictly speaking it is more correct than using the word 'turnover' to refer to total sales. It is, however, widespread practice, and we shall use the word stockturn to refer to the turnover rate of merchandise. That is, how many times (per year) a store turns over its stock.

Once again, there are two ways of doing this calculation. The distinction is not between monthly and annual sales, but between retail prices and cost prices. The norm is to use annual data, as monthly data would result in fractions, which are hard to work with and benchmarks have been recorded based on annual numbers anyway.

Either of the following two formulae can be used:

$$\frac{\text{Total Sales}}{\text{Average Inventory at Retail Prices}}$$

$$\frac{\text{Total Cost of Sales}}{\text{Average Inventory at Cost Prices}}$$

Whichever option is chosen usually depends on the individual retailer's information systems. Some retailers even use one method at branch level and another at head office level. The results are, however, exactly the same.

For our purpose, we shall be using the first formula, but it does not really matter either way.

The conceptual formula for stockturn is:

$$\frac{\text{Sales}}{\text{Average inventory}}$$

The concept of average inventory must also be understood. In practice, retailers 'take stock' at least once a year, but sometimes more often. Average inventory<sup>2</sup> (stockholding) would be the average value of the merchandise that the retailer has on hand – expressed in Dollar value.

<sup>2</sup> It would be erroneous to take the value of a (random) stocktake at a point in time as the equivalent of your average inventory.

## 1.D SUMMARY

To set the scene, these first few pages have been devoted to the WHY of visual merchandising. In summary, VM has one purpose alone and that is move stock.

In technical terms this means we should be keenly aware of merchandise productivity (stockturns) and we should measure our success against this metric.

And finally, in order to achieve that overall purpose, there are specific objectives (the 5As) we can set for each individual display. Meeting these objectives will drive the business towards the overall purpose of being a successful (and productive) retailer.



# 2: Concept



## 2.A: COMPONENTS

The first aspect of creating a display is the hardest to explain and probably the hardest to execute. The fact is, all of what follows in this section is simply an attempt to recreate in a logical fashion what is essentially a creative process. With that I mean that all of the following explanation can be obviated by simply having an idea.

However, when you work as part of a team in a structured environment, it is useful to have a framework for discussing and evaluating these creative concepts (ideas) even if the accompanying explanation does not do justice to the process of creative inspiration.

There are three necessary components of the concept that needs to be in place and these three components are universal and as such can be evaluated and systematically considered.

### Positioning

Every creative concept must resonate with the positioning of the store brand. Positioning is a marketing concept which won't be explored here; suffice to say that ideally all displays should be consistent with the brand story.

To use an extreme example, a store aimed at children and families (e.g. Build-A-Bear) would not (and probably won't) ever build displays which are risqué.

### Ideas

The central idea for a display is the heart of the creative execution and as such the result of inspiration and is necessarily always subjectively evaluated.

No retailer will always pick the right idea and there is no magic checklist to follow. With experience the ideas will likely get better and the importantly, the better you know your customers and your products, the more likely it is that your ideas will be workable.



### Stories

The essence of a good idea is one that tells a story. Many people mistakenly believe that to 'theme' a display is the right or indeed the only way to tell a story.

Some stories can be really simple and not every story needs extravagant accessories to create a particular mood.

This image of a paper display in a newsagency tells a strong story about the fun and the variety of papers in store – making a statement that is relevant to any purchaser of art supplies: 'we are in the paper business.'



## 2.B: EXAMPLES

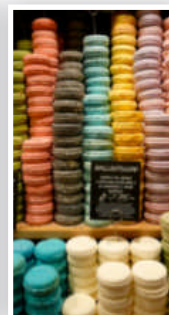
This simple kid's corner tells a story that the store cares about children. It is also an example of how a the store's display goes beyond merchandise itself – but you can easily see how this little corner allows mum or dad to shop in peace for a few minutes.



The novelty entrance of this store is similarly engaging and no doubt tempts kids to enter the store – with mum (or dad) hot on their heels.



Stores like Lush and Body Shop are excellent at telling stories. If you wonder around and Body Shop you will get a very strong sense of the overall brand story (caring about nature caring about people) and it is reflected in the signage, the packaging and every single product display.



And sometimes retailers try to tell stories (like in this racy Christmas window) which most people won't get, and probably offends most people who value Christmas.

