

Establishing the Retail Environment/Store Image: Visual Merchandising and Display

Welcome to Cotton Incorporated's College of Retail. In this course, **Establishing the Retail Environment/Store Image: Visual Merchandising and Display**, you will learn about creating a retail store environment in order to attract a specific target consumer in a specified store location and designing that retail store environment for the most effective communication with the target consumer.

You will learn techniques and methods for conducting a market segment analysis or profiling the target consumer, investigating the trading area for the store, and developing the store environment, fashion image and merchandising policy. Specifically, you will identify how to plan an efficient and productive retail merchandise presentation, how to utilize design principles and art elements to communicate store image, and how to implement creative displays for building profitable sales.



INTRODUCTION: Sales Promotion Division in a Retail Store and Marketing/Brand Communications Division in a Brand Company

The retail store is usually organized into five divisions: Sales Promotion, Merchandising, Management, Finance and Human Resources. All of these divisions work closely together by sharing information and resources. The Sales Promotion Division is the division responsible for marketing the store brand and product in order to attract the target consumer and drive brand recognition and awareness. They also

build market share, sales volume and profit margins through visual merchandising techniques and marketing programs.

The phrase “sales promotion” does not necessarily denote merchandise that is sold at a reduced or markdown price. Rather, it indicates that the store brand and/or product is being featured, promoted, or advertised in order to attract the attention of the store’s target consumers. However, many sales promotions or events may feature special prices or reduced price merchandise.

Depending upon the organizational structure of the retail organization or store, the Sales Promotion Division is organized into departments that specialize in various activities needed in order to market the store brand as well as product brands and the retailer’s variety of merchandise classifications. For example, the **Advertising Department** is usually responsible for selecting and purchasing the media mix (i.e., direct mail, Internet, magazines, newspapers, outdoor advertising, radio, television), and creating the media pieces. Some Advertising Departments also design the signage and graphics utilized to designate store departments, special events, sales, etc. Based on store organization, this department is supervised by the Advertising Manager, Advertising Director, or Vice President of Advertising.

Another department that is essential to the operations of the Sales Promotion Division is the **Special Events Department**. In many stores this department creates and stages special store and product events, vendor demonstrations, contests, fashion events (e.g., fashion shows, fashion seminars, new brand and product launches), and vendor sponsored events featuring Gift-with-Purchase (GWP), Purchase-with-Purchase (PWP), and sample product. The employee that oversees this department is the Special Events Coordinator.

If a store organization is large enough to accommodate a **Fashion Department** with a Fashion Director or Fashion Coordinator, all fashion events are developed and organized by this department. This is also the department that houses the personal shopper or the employee who works with fashion wardrobe coordination and building.

Another department that most large retail organizations or store groups house in the Sales Promotion Division is the **Publicity Department**. This department has the responsibility of monitoring and overseeing the store’s message and image featured in various media outlets and directed toward the target consumer. Unlike advertising, publicity is not a paid message created by the retailer. Thus it cannot be totally controlled by the retailer.

In larger retail organizations, the **Publicity Department** prepares and issues **press kits** with **press releases**. Many are for “*immediate release*” in order to bring attention to the store, special store events and/or product offering. Media outlets have the option of using the information in their papers or broadcast segments. The major problem with publicity is that the message is not always positive when presented by the media. Then publicity personnel must try to manage the damage with positive messages directed to the store’s target consumer.

One of the departments in the Sales Promotion Division that has become more prominent and a major player in the retailer’s promotional mix (i.e., communication tools such as advertising, special events, visual merchandising, sales and fashion training) is the **Visual Merchandising Department**. Previously, this department was considered as an option for some stores and only “window dressers” or freelance personnel were hired to present the product to the target consumer.

However, the Visual Merchandising Department has become one of the most important departments. Its main mission is to communicate with the target consumer in order to increase sales volume and profit margins. With fewer sales associates being available to the consumer, visual merchandising has become a major component for silent selling, add-on sales and impulse buys. No longer is this department considered as an optional tool for operating a profitable business.

In fact, the Visual Merchandising Department currently has the responsibilities of merchandise presentation, including store and department design as well as store signage, store and department layout, and merchandise placement and display. Additionally, this department builds store brand image and develops the store environment (i.e., mental image or mirror of what store stands for in customer's mind), thus providing the atmosphere for creating a convenient and fun shopping experience for the target consumer. The Visual Merchandise Manager or Vice President of Visual Merchandising oversees the important work of personnel in the Visual Merchandising Department.



Many consumers now use visual merchandising and display as a substitute for customer interaction with sales associates. Visual merchandising and display are used for training the consumer's "fashion eye" to discern how to coordinate new trends, for teaching the consumer how to combine product classifications, or for showing the consumer how to build the total look of the ensemble. Frequently, consumers are enticed to try product or to purchase additional items based on the merchandise presentation and display. Visual merchandising is the "silent sales person" that increases sales volume, creates impulse buys, informs the consumer about trend information and product attributes and stimulates consumer desire and demand.

The personnel in the Sales Promotion Division of the retail store may or may not work with their peers in a brand company or manufacturer of branded products. The majority of brand companies or manufacturers (e.g., apparel, home furnishings) are organized into three distinct divisions, all of which perform and/or are responsible for specific, unique merchandising and marketing functions. Some of these merchandising functions should and do overlap within divisions of the company. The merchandising divisions in the brand company, including product merchandising, visual merchandising and retail services coordination, are designated as Consumer Marketing, Brand Communications or Marketing Communications, and Retail Services.

The **Consumer Marketing Division** in the brand company houses the product merchandising or development of the cohesive package of product or seasonal lines-of-product for the company. Designers, product development personnel, merchandisers, and at times, sourcing personnel, work in this department and are responsible for developing, designing, merchandising, sourcing, and marketing the company's seasonal lines (i.e., spring, summer, early fall/transitional, fall and holiday) of product.

The **Retail Services Division** in the brand company provides the company's customer service offerings to the retail store, organizes account management for the company's sales representatives or account executives, analyzes scanner data of the retailer's inventory and sales realized from the branded company's products, and oversees retail service coordination.

In the brand company, the **Brand Communications or Marketing Communications Division** houses the departments of market research and analysis, advertising, special events, and public relations, as well as visual merchandising/presentation, trade and retail. The Market Department conducts research on the consumer, oversees product testing, and analyzes market and competitive data. The activities of this department help to strengthen the retail partnerships with the company, to maximize new product opportunities while minimizing risks to the retailer and the vendor, and to link the consumer, retailer and manufacturer or company to product development through product testing. (Since only market research and visual merchandising are discussed in the explanation of the duties and responsibilities of each department in the Brand Communications Division, refer to the Sales Promotion Division of the retail store for an explanation of the duties and responsibilities of the other departments which are similar to those in this division.)

Visual Merchandising plays a major role in marketing the seasonal product lines to the retailer, who is the client of the brand company, as well as to the customer of the retailer, or the target consumer. In some companies one department oversees both visual merchandising - trade and visual merchandising – retail. In larger companies or in those with differing organizational structures, separate departments or at least a separate group of company employees handle visual merchandising – trade and visual merchandising - retail.

Visual Merchandising – Trade Division or Department is responsible for the development and execution of trade shows or exhibit marketing strategies to position products, drive brand awareness, and influence corporate image. Visual Merchandising – Trade also develops the company's showroom(s) merchandising strategies; product presentation vehicles (e.g., fixturing, hangers, packaging, point-of-sale materials, and signage); and visual support for key management meetings (e.g., national sales meetings, retail client presentations).



Additionally, this division/department plans brand presentations, new product introductions and innovative company initiatives. Likewise, Visual Merchandising – Trade acts as a liaison between the employees of Visual Merchandising – Retail, the brand company’s marketing division, operations division and all retail merchandisers (i.e., employee hired by a brand company to work in the retail store or client of the brand company in order to present the brand and merchandise the product to entice the retailer’s target consumer to purchase that particular brand).

Visual Merchandising – Retail Division or Department of the brand company is accountable for interfacing with the brand company’s client or the retail store buyer, merchandiser, and/or Sales Promotion Division of the retailer. This division/department plans, develops, and executes the in-store account and category specific strategies such as developing shop concepts (i.e., shop or area within a retail store, featuring the brand company’s product or merchandise mix and targeting specific consumer), outposts (i.e., selling fixture or unit with merchandise from a department within the retail store but located in an area away from the department in which it is usually merchandised), and merchandise presentations within the shop or department.

Visual Merchandising – Retail is responsible for supporting assortment clarity in specific product classifications through brand/product positioning, creating unique visual displays, designing the departmental anatomy (i.e., layout of merchandise in department while taking into consideration the floor space/plan, wall area and fixturing plus display and visual vehicles) and traffic flow within the floor layout.



Visual Merchandising – Retail also is responsible for designing visual vehicles to introduce new products and initiative to retailers and creating visual product presentations for in-store promotions and special events that build market share and maximize sales and profit per square foot of retail selling space. Creating a pleasant in-store environment for convenient consumer shopping and “retailtainment” are other responsibilities of Visual Merchandising – Retail. Lastly, this department provides communications and training for the retail store employees in order to ensure that merchandising strategies of the brand company are executed properly by the retailer’s employees.

In summary, visual merchandising is now “big business” and is no longer just a creative element for romancing merchandise. It combines art, technology and business to market not only the retail store brand but also the retailer’s product mix and merchandise selection. It is no longer just creating a pretty display. It is the business of merchandising and presenting product to a specific target consumer in order to create added sales volume and increase profit margins. Additionally, it impacts store/brand image, including store environment and layout, store exterior and interior design, merchandise and display placement, and marketing strategies of the retailer.

In today’s current retail environment, all divisions/departments within both the retail store and brand company must work together to present an Integrated Marketing Communication Plan (IMC) or coordinated marketing strategy in order to develop a loyal customer base and maintain market share for a profitable business operation. Visual merchandising must reinforce in-store the message sent to the

target consumer from the advertising, special events, fashion, and publicity departments of the retailer. The marketing message from these departments must be constant and consistent, reinforcing both store and brand image, while clearly disseminating the identical message about the store and its product offering to the target consumer.

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SECTION 1: Defining Visual Merchandising and Display Concepts

Part 1: Defining Visual Merchandising and Display

Part 1: 1-1 Introduction

Visual merchandising is now a major factor impacting the store and brand image, the retail store environment, and the merchandising and marketing of the store. No longer is visual merchandising considered as an extra function that may or may not be important for the success of the retailer. It is now considered as an integral part of the business operations for sustaining a vital retail business.

Unlike the window displayers of previous decades, modern-day visual merchandisers are responsible for creating or developing the store and brand image in order to attract the desired target consumers in a particular geographic location or trading area to visit the store and make a purchase. Thus, visual merchandising is a major factor in creating the store environment (e.g., exterior and interior décor and store atmosphere), in designing the floor layout of departments or areas in order to create lucrative traffic paths within the store, in arranging the placement of fixtures and merchandise within those departments, and in building effective displays that peak the curiosity and interests of the target consumer.

Specifically, **visual merchandising** is the integration of developing store and brand image, designing a profitable in-store environment for effective merchandise presentation, and displaying the merchandise in order to enhance and sell merchandise classifications for a profitable business operation. **Display** is the act of dramatically or theatrically presenting merchandise categories in order to excite, stimulate, and encourage consumer enthusiasm and interest for increasing sales and profit. **Merchandise presentation** is the technique of storing, housing, displaying, and promoting of merchandise classifications while maximizing floor space in order to build optimum sales and profit potential.



The author and visual merchandising expert, Martin Pegler, stated in his book, *Visual Merchandising and Display* that “Visual merchandising is to fashion marketing what drama and showmanship are to the theater...what photos and captions are to magazines.” Many stores consider visual merchandising and display as the most important component of all the elements of the promotional mix (i.e., communication tools, such as advertising, special events, visual merchandising, sales and fashion training, and publicity).

Specific objectives of visual merchandising and display are to:

- promote store and fashion image
- entice the customer into the store and then into various departments within the store
- stimulate, motivate, and arouse the customer’s curiosity and interests
- sell products, trend ideas, and the store itself
- inform, educate, introduce and explain new trends, concepts and products
- introduce and train the “fashion eye” to accept new trends
- present an image of what the customer can be and feel when wearing a product or using the merchandise in a lifestyle setting
- convince the customer the “value” of the featured merchandise
- assist the customer in self-selection
- be the “silent” seller that sells, sells, and sells merchandise.

Effective visual merchandising and creative display techniques can contribute a significant amount of additional sales to a retailer’s total sales volume. As previously discussed, they are “silent sellers” that teach how to, that train the “fashion eye”, that create impulse and add-on sales, that provide meaning to lifestyle merchandising, and that can substitute for sales personnel. However, display and the results

of visual merchandising techniques have one major limitation – the display and results of visual merchandising are physically located in a fixed position in the retail store. Therefore, the consumer must enter the store to view the merchandise presentation and look at the display!

Visual merchandising and display are art forms that utilize the same basic design principles and elements that are employed to create all recognized forms of art. Thus, displays should be constructed utilizing the rules and guidelines of effective design. The success of any merchandise presentation or display can be measured by resulting sales, increased foot traffic in the area or store, and the artistic merit and creative endeavors of the presentation.

As discussed in the introduction to this course, visual merchandising is one of the most important departments in the Sales Promotion Division of the retail store and the Brand Communications or Marketing Communications Division of the brand company. Visual merchandising, including merchandise presentation and display, must support and reinforce in the physical store, the identical message sent to the target consumer from the advertising, special events, fashion, and publicity departments. Integrated Marketing Communication Plans (IMC) are now considered a communication tool the retailer may utilize in order to develop a loyal customer following and maintain market share while operating a profitable business.

To better develop an adequate background for understanding the elements of visual merchandising and display, the following segment of **Section 1, Part 1: 1-2**, provides the students with terminology and definitions utilized in day-to-day retail store operations.