

Merchandising

When people hear the term merchandising, many think of window displays or perhaps the mass proliferation of Disney memorabilia. However, merchandising is a much broader concept, encompassing everything a company does to package and present its products or services. For some businesses, merchandising means creating visual displays that draw customers to a tangible product. For others, such as consulting or law firms, it is the presentations they conduct to show prospective clients what they have to offer. In either case, effective merchandising demonstrates expertise and style and gives both potential and existing customers the chance to see products or services in action.

Traditional Techniques

Many of the merchandising techniques retailers have traditionally used can be adapted for wholesalers, manufacturers and service companies to frame a product. Window displays are the first thing people notice about a company, other than the front of the building, and can be a very powerful advertising vehicle. In addition to spotlighting specific products, windows can reflect a specific atmosphere, ambiance and business philosophy. Props, an integral component of window displays, can create a theme, add impact, demonstrate usage and allow products to be displayed in a cohesive, well-blended manner. For example, a retailer who sells hand-woven sweaters and shawls might place an authentic weaver's loom in the middle of the sales area as a focal point. Likewise, a store selling dolls could use baby doll furniture as props.

To enhance your own creativity, make a point of visiting the nearest regional shopping mall once a month to look at the display windows and temporary exhibits. Make notes on how props are used by window and store display designers. Signs can also stimulate interest and project a clear identity to the public. Because of their high visibility, however, unless you are a graphic artist, have them produced by a professional sign company. In addition to incorporating a logo or company name to reinforce your identity, think about the sizes of your signs and lettering—this aspect will determine how

easy the signs are to read. Three-inch lettering can be read from 70 to 80 feet away; one-inch lettering from 10 to 30 feet. In addition, colors and styles should be coordinated with your decor and overall image. Are your signs bright and stylized, or subdued and unobtrusive? The former may be appropriate for a candy store, while the latter is a better choice for a law firm.

Lighting can be used to both create a certain atmosphere and highlight merchandise. Because lighting fixtures can be expensive, however, determine how essential lighting is to your overall product presentation. For example, retailers selling fine art or intricate items may decide they need spotlights to illuminate their work and help customers appreciate the quality of their craftsmanship or artistry. If your lighting needs are extensive, also consider seeking professional design advice. Once you decide on the necessary fixtures, invest in the best ones you can afford.

Counters and shelves offer an array of merchandising opportunities. For example, “facing”—a technique many retailers use—involves keeping all the stock pulled to the front of the shelves to give the appearance of a full inventory and create a more positive image of the store. Retailers can also set up counters and shelves to guide people through the store or to create special display areas. Of primary importance is that the store layout be reflective of customer needs. For example, people tend to stay longer in bookstores that have nooks that provide an “escape” from pedestrian traffic. On the other hand, customers in a hardware store are likely to prefer straight aisles with clearly labeled products that are within easy reach.

Although manufacturers and service companies often do not have counters and shelves, per se, they still have places where “products” can be displayed. Many businesses underestimate the merchandising opportunities of the waiting room, for example. Are the tables in your reception area covered with old magazines and newspapers, or brochures and newsletters that detail your various services? Has your company won any awards that can be displayed? Anything that educates the customer

about your business and what it offers should be incorporated into your merchandising program.

End caps and power islands are frequently used for special displays. End caps (the end of a shelf or gondola in a store) can promote new products and services, sell higher-profit impulse items, call attention to key areas of the store or feature educational information about products and services. Power islands are attention-getting, free-standing displays that can be used in the same way as end caps. If they are eye-catching and colorful enough, they can also help direct people through the store or to certain areas of it.

Cross-organization, when products from different departments are displayed together, can create an effective merchandising opportunity. The most obvious example of this technique is furniture showrooms. Rather than displaying all the sofas, lamps and tables in separate areas, successful retailers put them together to create model rooms. Similarly, manufacturers and service firms can group products together in brochures and presentations.

Product demonstrations offer another way to gain attention and show customers what they can do with the product after purchasing it. For example, hand-woven baskets can be filled with fruit, letters, condiments or bath products. Similarly, vases can be filled with flowers, potpourri or colored marbles. Demonstrating how shoppers will benefit from the purchase of a product can also dramatically increase sales. One department store ran a video in the accessory department that demonstrated how to tie silk scarves. Sales increased 50 percent as a result.

The key to merchandising is simplicity and imagination. Entrepreneurs should develop a merchandising plan appropriate to their specific business and re-evaluate it on a regular basis. It is important to keep up with new merchandising ideas and to update your image periodically. For example, the olive-green office furniture that looked good in the 1970s may be less appealing to your 21st century client. Similarly, it's no longer wise

to assume that men make the majority of purchase decisions and therefore cater exclusively to masculine sensibilities. While merchandising does involve time and energy, a good program is an integral component of presenting a coordinated and attractive image in the marketplace.

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