

## Chapter -1

### Retailing and its concepts

**Retailing** can be **defined** as the buying and selling of goods and services. ... **Retailing** involves a direct interface with the customer and the coordination of business activities from end to end- right from the **concept** or design stage of a product or offering, to its delivery and post-delivery service to the customer.

#### **Retailing – Meaning and Definitions**

Retailing is a set of activities performed in selling the goods and services directly to the end users. The goods and services sold to the consumers are meant for their personal use and not for resale or business activity. Retailing is the last activity conducted in the chain of product distribution down to the consumers.

In principle, retailing is a business activity which involves the sale of goods and services to a large number of consumers spread in a large area. The retailer or a retail store is like any business enterprise whose sales volume comes primarily from retailing. There are different forms of retailing. Many of the forms keep emerging according to the convenience of the buyers and retailers.

#### **Retailing – Concept of Retailing**

It is essentially the marketing concept of a customer-centred, company-wide approach to developing and implementing a strategy. It provides the guidelines, which must be followed by all retailers irrespective of their size, channel design, and medium of selling.

**The retailing concept covers four broad areas and is an essential part of the retailing strategy:**

- (i) Customer Orientation – The retailer makes a careful study of the needs of the customer and attempts to satisfy those needs.
- (ii) Goal Orientation – The retailer has clear cut goals and devises strategies to achieve those goals.

(iii) Value Driven Approach – The retailer offers good value to the consumer with merchandise having the price and quality appropriate for the target market.

(iv) Coordinated Effort – Every activity of the firm is aligned to the goal and is designed to maximize its efficiency and deliver value to the consumer.

**From the above definitions, the followings important features of retailing come into light:**

- i. Retailing is essentially an economic activity.
- ii. It includes sales of goods as well as services.
- iii. It involves earning profits through customer satisfaction and retention.
- iv. It aims at increasing the number of customers.
- v. It is very dynamic by nature.
- vi. It is customer oriented.
- vii. It involves lesser quantity in terms of the goods sold.
- viii. It involves personal touch with the customer.
- ix. It is the last link in the distribution channel.
- x. It attracts customers by using various methods such as discounts, vouchers, lucky draw schemes, coupons, etc.
- xi. It includes the customers who buy the articles for non-business purposes.

### **Retailing –Major Functions**

Retailing constitutes the final link in the distributive chain. Therefore, it is responsible for the performance of several important marketing functions.

**Some of these functions are:**

1. Assembling of goods from various wholesalers.
2. The physical movement and storage of goods for the supply to the final consumers to meet their needs and requirements.
3. The providing information concerning the nature and use of goods to the wholesalers and producers. It also inform as about the market trend.
4. The standardisation, grading and final processing of goods which have been left in graded or unstandardized by wholesalers.
5. The provision of ready availability of goods of various qualities and of various manufacturers.
6. The assumption of risk concerning the price, nature and extent of demand of goods as long as they remain unsold.

7. The financing of inventory and the extension of credit to consumers for a short period.

## Chapter -2

### Cost price

Cost price is also known as CP. cost price is the original price of an item. The cost is the total outlay required to produce a product or carry out a service. Cost price is used in establishing profitability in the following ways:

- Selling price (excluding tax) less cost results in the profit in money terms.
- Profit / selling price (excluding tax) when expressed as a percentage produces (gross profit) or GP%.
- Expense / net sales yields a percentage that when used as the target margin will produce gross profit.

Cost price is the total amount of money that it costs a manufacturer to produce a given product or provide a given service.

A cost price includes all outlays that are required for production, including property costs, materials, power, research and development, testing, worker wages and anything else that must be paid for. The manufacturer must calculate a product's cost price carefully to avoid taking a loss on sales or not being profitable enough. Scrupulous accounting and careful deliberations are required to set subsequent prices realistically. A sum for contingency may also be included in the cost price, given the difficulty of ensuring that all costs are accounted for.

### Selling Price:

Price at which an article is purchased is known as its selling price (S.P.). Profit or Gain: If SP is greater than CP then the seller is said to have profit or gain.

**Selling price is the price at which a product or service is sold to the buyer. However, cost price is the price that is incurred to produce a product or provide a service to the buyer. Formula to calculate selling price. The selling price is the sum total of the cost price and the profit margin set by the seller.**

### **Mark up-**

the amount added to the cost price of goods to cover overheads and profit.

### **Markdown-**

a markdown is a reduction in the price and value of an asset. ... Markdowns are designed to increase sales, so they usually occur when a business cannot sell a product at its current price. By reducing the price, a markdown makes a good or service more desirable for customers.

### **Distribution channel**

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the final buyer or the end consumer. Distribution channels can include wholesalers, retailers, distributors, and even the Internet.

### **Direct and Indirect Channels**

Channels are broken into two different forms—direct and indirect. A direct channel allows the consumer to make purchases from the manufacturer while an indirect channel allows the consumer to buy the goods from a wholesaler or retailer. Indirect channels are typical for goods that are sold in traditional brick-and-mortar stores.

Generally, if there are more intermediaries involved in the distribution channel, the price for a good may increase. Conversely, a direct or short channel may mean lower costs for consumers because they are buying directly from the manufacturer.

### **Agent**

An **agent** is a person who looks after someone else's business affairs or does business on their behalf.

An agent is defined as someone or something that makes something happen. A bee taking pollen from flower to flower is an example of the bee being an agent for pollination. ... Someone who schedules appearances for a musical group is an example of an agent.

## Vendor

A **vendor**, or a **supplier**, is a supply chain management term that means anyone who provides goods or services of experience to another entity. ... **Vendors** may or may not **function** as distributors or manufacturers of goods. If **vendors** are also manufacturers, they may either build to stock or build to order.

## Distributor

An agent who supplies goods to retailers. From a marketing perspective, one of the most important functions of **distributors** is that they can forecast market needs. **Distributors** are clearly closer to the market and are better placed than manufacturers to forecast what their customers will need. ... Finally, **distributors** provide market information.

## Chapter -3

A departmental store may be described as a large retail organisation having number of departments in the same building under centralised control.

1.1) A department store is a large retailing business unit which handles a wide variety of shopping and speciality goods and is organised in to separate department for the purpose of promotion , service and control.

1.2) That type of Retail institutions which handles a wide variety of merchandise grouped in to define departments which is centrally controlled and which serves the need of customers.

### **Origin:**

The departmental stores originated in the European countries during the 19th century. The first departmental store known as BON MARCHE was established in France in the year 1852. Two more departmental stores viz; the LOUVRE and the PRINTEMPS were established in 1855 and 1856 respectively.

Gradually the departmental stores started getting immense popularity. In England, departmental stores came into existence in 1840 and in the U.S.A. in the middle of nineteenth century.

### **Characteristics of Departmental Stores:**

- (1) They deal in different variety of products; say from needle to a car which can be purchased at one place.
- (2) There are various departments operating under one roof and each department specialises in particular type of trade.
- (3) All the departments operate under the centralised control and management.
- (4) Their operational expenses are very high.
- (5) They undertake extensive advertising in order to attract more customers.
- (6) They are usually situated at the most crowded place and at an important place of the city.
- (7) A large amount of finance is needed to start a departmental store.
- (8) These are best suited for customers.
- (9) The departmental store offer excellent services to their customers viz.; credit facilities, free home delivery and replacement of disapproved goods etc.

### **2. Speciality stores**

A specialty store is a shop/store that carries a deep assortment of brands, styles, or models within a relatively narrow category of goods. Furniture stores, florists, sporting goods stores, and bookstores are all specialty stores. Stores such as Athlete's Foot (sports shoes only) are considered super specialty stores.

A small retail outlet that focuses on selling a particular product range and associated items. Most specialty store business operators will maintain considerable depth in the type of product that they specialize in selling, usually at premium prices, in addition to providing higher service quality and expert guidance to shoppers.

A specialty store carries a deep assortment within a narrow line of goods. Furniture stores, florists, sporting-goods stores, and bookstores are all specialty stores. Stores such as Athlete's Foot (sports shoes only) and Tall Men (clothing for tall men) are considered super specialty stores...

### **3. Discount store**

A discount store or discount shop is a term that has been used over time and across different countries for a number of different retail formats, all of which sell products at prices that are in principle lower than the regular retail price.

Discount store, in merchandising, a retail store that sells products at prices lower than those asked by traditional retail outlets. Some discount stores are similar to department stores in that they offer a wide assortment of goods; indeed, some are called discount department stores.

The followings are the features of a discount store.

#### **1. Sells a variety of products**

The primary function of discount stores is that it sells different types of products under one roof. A person can buy all the products that he needs for his household in one store.

Discount stores along with selling things for day-to-day use, also sell rarely purchased items such as electronics, etc.

#### **2. Lower prices**

Another main feature of the discount store is that discount stores products are sold at substantial discounts. Therefore, one can buy products at quite more economical rates than the regular prices of the products. Because of this reason, most people prefer to purchase goods from discount stores rather than buying from another retail store.

#### **3. Low or no customer service**

In discount stores, zero or a little customer service is provided to customers. Products are displayed on shelves in an arranged manner. Each section is given proper names, and direction signs are designed so that people can find products easily without any assistance.

However, these stores provide central support to their customers, such as at the billing counter or packing counter.

#### **4. Huge size**

Discount stores are usually significant. It sells products of several categories from jewellery to food items. There are several brands of one type of product available in a discount store.

#### **Advantages of a discount store**

1. Profitable business option for both retailers as well as the buyer. The retailer gets a large number of customers and massive sales. Similarly, a buyer receives a significant discount on the things that he buys frequently.
2. All products are sold under one roof. No matter what you want to buy you can find it in your nearby discount retail stores.
3. Products are sold at massive discounts in discount stores. This is why a large segment of the population prefers to shop from discount stores.
4. In discount stores, one can find several options for one product. You can buy any product as per your budget and requirement.
5. In discount stores, you are not get followed by salespersons. If you prefer shopping in peace all by yourself then discount, stores are the best option for you obviously after online stores.
6. Shopping is comfortable in discount stores. You can buy products that you need at lower prices in a well-air-conditioned store.

#### **Disadvantages of a discount store**

1. You will not find fashionable products in a discount store. Even the clothes sold in discount stores are not trendy.
2. Non-durable goods sold in discount stores are of private brands. Only durable goods are bought from well-known brands.
3. Products sold in discount stores are usually of cheap quality.



4. You will not be provided with any assistance in making your purchase decision in discount stores.
5. Sometimes, it becomes difficult to find a product in a vast store without the support of salespersons. New shoppers get tired wandering from one section to another section.
6. Most people prefer to shop from discount stores in the hope of saving money. Therefore, these stores are usually full of crowds.
7. Right quality products get out of stock very early, and you will mostly find low-quality products.
8. Clothes sold in these stores are usually of poor quality and old-fashioned. Therefore, if you are a fashion-conscious person, then you will not like the apparel sold in discount stores.
9. Shopping in discount stores is very time-consuming. As you are required to go from one section to another to buy the things on your shopping list.
10. Many discount stores have started manually check out machines, which a non-tech savvy person finds confusing.

#### **4. Electronic retailing**

Electronic retailing (E-tailing) is the sale of goods and services through the Internet. ... E-tailing requires companies to tailor their business models to capture Internet sales, which can include building out distribution channels such as warehouses, Internet webpages, and product shipping centres

**Definition:** The Electronic Retailing also called as e-tailing or internet retailing, is the process of selling the goods and services through electronic media, particularly the internet. Simply, the sale of retail goods and services online is called as electronic retailing.

It follows the B2C business model wherein the business interacts directly with the customers without the involvement of any intermediaries.

**The e-retailers can be of two types:**

☐ Pure Play e-retailers such as Amazon, that emerged as the online bookseller. It is present only online and do not have any physical outlet for the customers.

☐ Brick and click e-retailers such as Dell, that sells computers through the internet as well as has the physical store front for the customers.

### **Advantages of Electronic Retailing**

1. Through electronic retailing, customers can save both the efforts and time.
2. The wide range of products is available online, so the comparison can be made easily before the purchase.
3. The customer can shop anytime and from anywhere, the facility is available 24\*7
4. The huge discounts can be availed while shopping online.
5. The detailed information about the product is available online; that helps the customer to make the purchase decision.
6. The electronic retailing offers the easy payment terms such as payment on delivery that instigate the customer to shop online.

### **Disadvantages of Electronic Retailing**

1. The customers may not be sure of the quality of the products offered online.
2. It is the tendency of every individual to bargain before making the final purchase, but this quotient is missing in electronic retailing.
3. Also, the customers may not trust on the payment gateways and fear the misuse of credit cards or any other mode of payment.
4. Every customer wants to see and feel the product that he purchases, but it is not possible in case of electronic retailing where the customer makes the decision just by looking at the image.

5. The product is not readily available; the customer has to wait for some time to get the product in his hands.
6. The customer misses the emotional attachment with the seller that leads to less faith on the offerings.

## **Chapter-4**

### **CONCEPT OF BUYING HOUSE**

Garment buying house works as mediator between garment buyers (retailers) and garment manufacturers. Garment Buying houses try to communicate with buyers of other countries who want to buy garment products. This process also called **merchandising**. Buying house is also known buying agency and buying office. Buying office may be buyer's regional office or an independent company that works with multiple buyers. Basically garment buying house is a office with some testing machine and equipment's, as it is not directly execute the order. Working process of an apparel buying house is a complex process. Here working process flowchart of garment buying house is given below.

### **Working Flow Chart of Garment Buying House**

Contact with the Buyer



Communicate



Meeting



Send L/C to the Garment



Develop the product



**Inspection** by Buying House



Complete working paper or document for shipping



Send one copy to the bank Attach one copy with the product



Shipment

A **buying house** is a media between buyer and manufacturer.

### **Types of buying house:**

It can be a **buying** agency or a **buying** office. ... **Buying** agency is an independent buyer's regional office, from where all kinds of necessary approval has given.

On the other hand, **buying** office is that, which works at a time with different **buyers** and brands.

### **Role of Buying House in Garments Business:**

In normal sense, buying house is the combination of all marketing activities, which is not only related with searching foreign garment buyers, order

collecting media for the manufacturers but also placing order to local garments manufacturing factories and providing all the necessary support to the buyers and manufacturers.

Buying house plays an important role for **garments manufacturing sector of Bangladesh**. As garments sector is totally related with foreign buyers, but foreign buyers are too much dependent on garments buying house. Because they have no enough idea to place order and execution here, where as buying house provides them strong support by supplying garments products according to their demands. Foreign buyers are totally bounded with buying house. As a result, new buying houses are increasing day by day, which was too difficult to find out reliable garments buying house in the past 3-4years ago.

In another point of view its seen that, garments manufacturers also totally dependent on buying house, because they have to collect order from them. Also exporting garment product involves so many stages from marketing to distribution, which is not possible by any single group to do alone.

### **Normally a buying house has to do the following functions:**

1. Order collection from the buyer,
2. Finding good suppliers (local factory) to complete the order,
3. Order processing from local factories,
4. Making product development samples for buyers,
5. Contacting with buyers for necessary approvals,
6. Forwarding all the comments and approvals to the factories,
7. Follow-up order processing according to buyers demand,
8. Maintain desired product quality from sample to production,
9. Should follow inspection terms and conditions according to buyers demand,
10. Shipping the goods.

Buying house works not only with the reputed factories, it also helps to small factories. At present, a lot of small factories are growing; whose have no specified buyer. Buying house provides them sound opportunity by providing garments order if they have capability to complete an order by maintaining buyers demand. As a result, new entrepreneurs are willingly come to invest in garments sector by opening garments factory, which is too good for the nations especially for the garments business.'

## **Chapter-5**

### **Retail mix**

# The Retail Mix



## THE MARKETING MIX



The marketing mix is often called the four Ps and it represents four discreet areas of business planning and marketing decision-making. The four Ps are: Product, Price, Place and Promotion.



## The four Ps of the marketing mix

### Product

In general marketing terms, the product decision involves deciding what goods or services should be offered for sale to a particular group of customers. An important aspect of this element of the mix is new product development. As technology and tastes change, products become out of date and inferior to those of the competition, so companies must update products with features that customer's value or completely replace the product. Market leadership can change as new products are developed that give greater benefits than old ones. For example, the Sony Walkman was the market leader in portable music players. Following its launch, the Apple iPod soon outsold the Walkman as it offered the advantages of being able to download music and hold thousands of songs on a much smaller device. From the first iPod, Apple has developed a product range to cater for diverse customer needs.

Product decisions also involve choices regarding brand names, guarantees, packaging and the services that should accompany the product offering. Guarantees can be an important component of the product offering. For example, the operators of the AVE, Spain's high-speed train, capable of travelling at 300 kmph, are so confident of its performance that they guarantee to give customers a full refund of their fare if they are more than five minutes late.

From a retail marketing perspective, the product element of the mix is very important. Retailers provide stores full of products to suit every consumer's needs. Some retailers fill their shelves with extensive product ranges (this can be seen here in the image of an extensive range of hair care products) whilst others offer more limited choices of products (as you can see in the image of an exclusive range of jewellery products). The range of products a retailer sells is called the *assortment* and this defines the nature of the business and its position in the marketplace. By looking at the following two pictures, you can begin to get a feel for the difference in the type of retail operations that might be selling these products.

The basic components of product mix are:

- (i) Services
- (ii) Packaging
- (iii) Brand
- (iv) Product Item and
- (v) Product line

**The various product mix strategies are:**

- (i) Launching new products from time to time
- (ii) Alteration of Existing Products
- (iii) Eliminate an entire line or reduce assortment within it
- (iv) Trading Up
- (v) Trading Down
- (vi) Product life cycle management



According to many retailers, the product is the most important element of the retail mix. Selecting what to sell, making the *right* purchasing decisions, organising stock management and arranging how to display product ranges is so fundamentally important to retail management. However, considered by many retailers to be of equal importance is price.

### **Price**

Price is a key element of the marketing mix because it represents, on a unit basis, what the company receives for the product or service that is being marketed. It is the only element of the marketing mix that creates revenue, while all of the other elements represent costs. For example, expenditure on product design (product), advertising and salespeople (promotion) and transportation and distribution (place) all cost money. Marketers therefore need to be very clear about pricing objectives, methods and the factors that influence price setting. They must also take into account the necessity of discounting and giving allowances in some transactions. These requirements

can influence the level of list price chosen, perhaps with an element of negotiation margin built in. Payment periods and credit terms also affect the real price received in any transaction. These kinds of decisions can affect the perceived value of a product.

Because price affects the value that customers perceive they get from buying a product, it can be an important element in their purchase decision. Some companies attempt to position themselves as offering lower prices than their rivals. For example, supermarkets such as Asda (Walmart) in the UK, Aldi in Germany, Netto in Denmark and Super de Boer in the Netherlands employ a low-price positioning strategy.

Another strategy is to launch a low-price version of an existing product targeted at price-sensitive consumers. For example, Apple launched the Mac mini, a basic version of the Macintosh computer. With this low-priced machine Apple believes it can tempt people who have bought an iPod (and become fans of the company) to ditch their Windows-based PCs and switch to the Mac mini.

Many factors affect retail pricing policies. Choosing products and setting prices is an important part of retail management and the next element of the mix, place, focuses on where to sell the product assortment.



Low price strategy

## Place

Place considerations involve decisions concerning the distribution channels to be used and their management, the locations of outlets, methods of transportation and inventory levels to be held. The objective is to ensure that products and services are available in the proper quantities, at the right time and place.

Distribution channels consist of organisations such as retailers or wholesalers through which goods pass on their way to customers. Producers need to manage their relationships with these organisations well because they may provide the only cost-effective access to the marketplace. They also need to be

aware of new methods of distribution that can create a competitive advantage. For example, Dell revolutionised the distribution of computers by selling direct to customers rather than using traditional computer outlets.

Increasingly, music is distributed by downloading from the internet rather than being bought at music shops. Consequently, place is another important part of the mix that influences retail management decision making.

The final element of the mix we are going to consider here is promotion.

## **Promotion**

Retailers constantly communicate with their customers using a variety of methods and approaches. Retail promotions involve the management of elements of the promotional mix, which include advertising, sales promotions, digital and direct marketing, personal selling, sponsorship and public relations.

By these means the target audience is made aware of the existence of a product or service and the benefits (both economic and psychological) it confers on customers. Each element of the promotional mix has its own set of strengths and weaknesses. Advertising, for example, has the property of being able to reach wide audiences very quickly.

Procter & Gamble used advertising to reach the emerging market of 290 million Russian consumers. It ran a 12-minute commercial on Russian television as its first promotional venture in order to introduce the company and its range of products. Advertising can be a powerful tool in a recession. While its competitors cut back on advertising expenditure during the Great Depression of 1929, Procter & Gamble increased its spend. The company dominated radio advertising, bringing market leadership during the 1930s and the creation of the platform that has led to its continuing success to the present day.

Digital marketing via the internet is increasingly important as a promotional tool. A great advantage of the internet is its global reach – companies can now easily extend the reach of their communications to consumers worldwide by creating a website. The internet has also proven to be a powerful communication tool, sometimes replacing traditional media.

Many retailers now sell through the internet, either exclusively or in conjunction with a network of stores and/or paper-based catalogues. The internet brings opportunities for retailers to sell to and communicate with their customers through one highly interactive and flexible channel. In the final part of this course, you will learn about how retailers use marketing communications to engage the interest of their target customers. But before we do this have a go at the following activity.

**A good retail marketing mix must meet following requirements:**

1. Meet the expectations of the target customer.
2. Its elements must be consistent with each other to form a meaningful outflow.
3. Be competitive to offerings the competitor offers.

## **CHAPTER-6**

### **Visual merchandising**

**Visual merchandising** is the practice in the retail industry of optimizing the presentation of products and services to better highlight their features and benefits. The purpose of such visual merchandising is to attract, engage, and motivate the customer towards making a purchase.

**Visual merchandisers** use their design skills to help promote the image, products and services of retail businesses and other organisations. They create eye-catching product displays and store layouts and design to attract customers and encourage them to buy.

There are **4 key elements of visual merchandising**.

- Store exterior.
- **Store layout.**
- Store interior.
- Interior display.

**The following are common examples of visual merchandising.**

- Display Windows. Display windows are glass enclosures on the exterior walls of a shop. ...
- Store Layout. The floor plan of a **retail** location or showroom. ...

- Interior Displays. ...
- Mannequins. ...
- Point of Purchase Display. ...
- Lighting Design. ...
- Music. ...
- Scent.

### **What is the goal of Visual Merchandising**

The goal of visual merchandising is to capture the attention of your customers, draw them to your displays and turn them into active buyers. Effective merchandising will result in increased sales. It will help you better understand your customers buying motives and allow you to further tailor displays to match and satisfy your customers' senses. Do your displays speak to your customer? Are you maximizing the sales potential from every square inch of the selling space? Be the influencer and guide them through the buying process.

The best visual merchandising displays capture attention. Typically a display will have a certain theme, after you have chosen a theme choose display pieces that 'fit' with the look otherwise a customer will be confused by an element of the display that doesn't fit. Simple is better. It is easier for the consumer to understand and makes a better statement. A few quality elements will have a bigger impact than complex displays that are harder for the eye to take in. If you make a customer work too hard to see what you are selling, you give them a reason to move on. Remember the customer will make their buying decision 3'-4' from the case and in addition studies have shown that buyers can take in about 4' of a display at a time. Each 4' area should speak for itself or provide direction for the eye to move through that space to another space you highlight.

### **Elements of visual merchandising:**

#### **Landscaping:**

This is the element that creates interest by creating an intriguing composition. Not only does landscape work in three dimensions - lateral, vertical and longitudinal, it also provides depth, movement and product flow. Used

correctly the sequence of your offerings will tease and delight your customers into purchasing.

Typically we see either symmetrical or asymmetrical configurations. While symmetrical configurations not only draws the customers' eye into the display and helps a customer feel a sense of well-being, it also encourages them to look at every option. Unlike flat displays that can make the eye skim over everything and see nothing, symmetrical landscaping is effective at helping you help your customer shop the entire offering. On the other hand asymmetrical setups pull attention to a specific area. It is an effective way to create flow and movement in the display and help highlight signature or high profit offerings. Asymmetrical landscaping is more challenging to do well, if you are new to visual merchandising, master symmetrical displays first. You will quickly become proficient and in time begin to see how and where to implement asymmetrical setups much quicker.

Landscaping has a powerful impact on visual merchandising. Raising a specific food item above another with a riser lets consumers know that this is a prime offering and that items below them, while equally important, are complementary. One tip for using risers is to keep the spacing between risers equal and not to use risers that lift products up so high that you see excess space underneath the item. Doing this draws the eye to the empty space making customers wonder what is beneath the item. Remember, your food is the star of the show, not the equipment. In highly effective landscaped sets the platters, bowls and risers disappear and all you see is food. That is one way to know you have done well.

### **Texture:**

This is the touch and feel of merchandising. The textures of vessels in which foods are displayed in, on and around have an impact on their aesthetic appeal. Texture is represented by anything from the food, to the vessels, to the decor.

Differentiating surface textures will have an impact on the emotional feeling a customer experiences. Choosing smooth surfaces reflects light and creates an overall brighter more joyful experience while rough textures tend to hold light and make for a warmer experience. Of course different materials will account for different textures. Wire has a more industrial feel while plastic exudes lightness and efficiency, and wicker invites a warm cozy feeling.

Once you have chosen the materials and their texture, then consider which foods and their textures work best with the textures and materials of the display vessel. Complementary textures suggest a sense of familiarity. Opposite textures are attention grabbers and can bring either humor or shock.

Textures should work together with the other elements whose main purpose is to point to the star of the display, your food, and support your overall theme for the case and the store.

### **Color:**

Many consider color to be the soul of merchandising. There is much to consider when choosing colors for your case from the theme, to the store colors, to the food colors, and to your own preferences. Many studies on colors reveal that colors have certain associations. You will want those associations to match up with your own objectives for the operation.

### **Color Associations:**

**Blue:** productive, relaxing, trustworthy, reliable

**Green:** pleasing, restful, tranquil, fresh, natural

**Red:** [use sparingly] passion, excitement, youth, bold

**Yellow:** warmth, happiness, optimism, clarity

**Orange:** exhilarating, vibrant, friendly, cheerful

**Purple:** creative, imaginative, wise, whimsical, royalty

**Brown:** eco-friendly, healthy, dependable, solid

**Black:** powerful, sleek, wealthy, luxurious

**Pink:** [caution-sometimes emits raw/undercooked] calming, romantic, feminine, innocent

Also remember, that the same color can belong to different color families. Avoid mixing color families in displays. For example, mixing earth tones with pastels sends a mixed message.



When choosing colors, again less is more. Avoid using more than three colors of bowls and platters within a display. It will confuse your customers and your employees as they may not remember what color went where effectively damaging the look of your display.

**Communication:** Using proper signage to communicate with consumers is a direct approach to boosting sales. At a minimum signage should say what the product is and how much it costs. Spelling counts as does clear clean looking signs. Studies have shown that your signs have about 5 seconds to engage customers.

It has to be right and readable. Use simple language and easy to read font styles and sizes. Quality takes precedence over quantity. Don't create visual clutter by using too many signs or have too much information on the sign which will only serve to confuse your customer.

Signage also serves as a way of reinforcing your brand. It is important to maintain a certain level of consistency throughout your establishment in order to strengthen your brand and provide consistency. Also, never ever tape signs to displays or glass fronts of cases or sneeze guards. Obtain and maintain good quality sign holders and signs. If they are broken or begin to look grungy, replace immediately.

**Décor:** is the finishing touch that allows you to further enrich your display. It is another attention grabbing element that can capture the interest of a passing customer.

Décor should tie in and coordinate with your display. For freshness, look for floral or herbs. To evoke elegance, consider dark metals and woods. Remember simple is better, décor should enhance a display and not clutter it.

One way to evaluate if the décor you've chosen makes sense is to evaluate if the decorative item adds perceived value for your customer and subtly persuades them to purchase. Stand to the side of the area and observe customer interactions with the display. Take time each day watch your customers buying activity to determine if your displays and the décor are achieving your goals and objectives. Proper décor will provide a more satisfying overall customer experience; create a positive image of your business and result in attention, interest, desire and ultimately the buying decision.

## **CHAPTER-7**

### **FASHION MERCHANDISING**

Fashion merchandising is an exciting field that demands both an intuition for fashion trends and a shrewd understanding of business management. When most people think about the fashion industry they immediately think of fashion design. Yet there's so much more that needs to happen for the latest designs to get out into the world and into the hands of the customers who will wear them. In addition to being designed, clothing items need to make it into a retail store, they need to be displayed and marketed to customers, and they need to be properly stocked as items are sold. This is the business side of fashion - and this growing industry is generally termed fashion merchandising and management.

#### **WHAT IS FASHION MERCHANDISING?**

Exactly what is fashion merchandising and what is involved? Fashion merchandising and fashion merchandising management are the strategic analysis, marketing, management, and distribution of fashion products in order to maximize profits. Fashion merchandisers stay acutely aware of past and present fashion trends to project what consumers will want in the future.

Fashion merchandising is a dynamic and exciting field. Merchandisers are not fashion designers, but they stay close to the fashion world and use their fashion sense and analytical minds to determine how much of each style to stock, negotiate with manufacturers, and work with designers to determine emerging or existing trends. In a way, you could say fashion merchandisers buy

clothes for a living but the job is much more challenging and rewarding than that would make it sound.

### **WHAT DOES A FASHION MERCHANDISER DO?**

Fashion merchandising is a broad term. So, what does a fashion merchandiser do? Typically a fashion merchandiser will have several potential areas of focus and is used to juggling different responsibilities. As the name implies, the role of a fashion merchandiser combines fashion and merchandising, and requires a strong sense of style and fashion in addition to business acumen. What does a fashion merchandiser do on a day-to-day basis? Here are a few key responsibilities of a fashion merchandiser.

- **FASHION TREND ANALYSIS AND FORECASTING**

To successfully manage the profitability of a retail store you have to be in tune with fashion trends to know what will sell. To do this fashion merchandisers keep up with the latest fashion news, attend fashion shows, and communicate regularly with fashion designers. Fashion merchandisers are able to blend fashion sense with quantitative analysis to look at how products have performed in the past and forecast consumer demand for coming seasons.

- **FASHION BUYING AND MERCHANDISE PRICE MANAGEMENT**

This is primarily where fashion and merchandising aspects come together. Knowledge of fashion and trend analysis is used to decide how to stock retail stores. This includes which new styles to order, which items to reorder, quantity of items, and the colors and sizes to stock. The fashion merchandiser works within a budget and has to make sure stores can be properly stocked within that budget. Part of this process is buying and negotiating with manufacturers and designers to make sure items can be priced in a way that will sell and make a profit. If responsible for multiple retail stores, fashion merchandisers also need to determine how each store should be stocked since different stores likely have a different surrounding clientele with different tastes.

- **MARKETING AND PROMOTION**

In many cases fashion merchandisers are also responsible for drawing in customers via promotion of products. That requires marketing skills and a keen understanding of local customer demographics. To get their products out to the world and draw in consumers, fashion merchandisers may develop marketing campaigns, design store displays, and create sales strategies.

#### Responsibilities of a merchandiser

- Plan and develop merchandising strategies that balance customers' expectations and company's objectives
- Analyse sales figures, customers reactions and market trends to anticipate product needs and plan product ranges/stock
- Collaborate with buyers, suppliers, distributors and analysts to negotiate prices, quantities and time-scales
- Maximise customer interest and sales levels by displaying products appropriately
- Produce layout plans for stores and maintain store shelves and inventory
- Forecast profits/sales and plan budgets
- Monitor stock movement and consider markdowns, promotions, price changes, clear outs etc
- Build constructive customer relationships and team with channel partners to build pipeline and close deals
- Remain up to date with industry's best practice

#### **Merchandiser responsibilities include:**

- Planning and developing **merchandising** strategies.
- Analysing sales figures, customers reactions and market trends to anticipate product needs.
- Collaborating with buyers, suppliers, distributors and analysts to negotiate prices, quantities and time-scales.

**Merchandising is important** because: a new look attracts customers; current customers buy more; and it increases impulse sales, the average dollar transaction, seasonal items, the number of products stocked, market share, and customer awareness of product lines.

## **5 Types of Merchandising**

- Visual **Merchandising**.
- Retail **Merchandising**.
- Digital **Merchandising**.
- Product **Merchandising**.
- Omni channel **Merchandising**.

The **five** rights include providing the right **merchandise**, at the right place, at the right time, in the right quantities, and at the right price.

## **Key skills for merchandisers**

- Commercial awareness.
- Confidence.
- Able to cope with pressure.
- Team working skills.
- **Communication skills**.
- Interpersonal skills.
- Leadership skills.
- Strong numerical and **analytical** skills.

## Chapter -8

### Consumer buying behaviour

**Consumer Buying Behavior** refers to the actions taken (both on and offline) by **consumers** before **buying** a product or service. This process may include consulting search engines, engaging with social media posts, or a variety of other actions.

**There are four type of consumer buying behavior:**

- **Complex buying behavior.**
  - **Dissonance-reducing buying behavior.**
  - **Habitual buying behavior.**
  - **Variety seeking behavior.**
- 
- **1. Complex buying behavior**
  - Complex buying behavior is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest.
  - Consumer behaves very different when buying an expensive product or a product that is unfamiliar to him. When the risk of buying a product is very high, a consumer consults friends, family and experts before making the decision.
  - For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and family will react, how will his social status change after buying the car, and so on.
  - In complex buying behavior, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then making a thoughtful purchase choice.
  - For complex buying behavior customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand about their product. It is important to create

advertising message in a way that influences the buyer's beliefs and attitudes.

- **2. Dissonance-reducing buying behavior**

- In dissonance-reducing buying behavior consumer involvement is very high. This might be due to high price and infrequent purchase. In addition, there is a low availability of choices with less significance differences among brands. In this type, a consumer buys a product that is easily available.
- Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitation or the budget limitation, consumers buy certain products without a lot of research.
- For example, a consumer who is looking for a new collapsible table that can be taken for a camping, quickly decides on the product based on few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available with him.
- Marketers should run after-sale service camps that deliver focused messaging. These campaigns should aim to support consumers and convince them to continue with their choice of their brand. These marketing campaigns should focus on building repeat purchases and referrals by offering discounts and incentives.

- **3. Habitual buying behavior**

- Habitual Buying Behavior is depicted when a consumer has low involvement in a purchase decision. In this case the consumer is perceiving only a few significant differences between brands.
- When consumers are buying products that they use for their daily routine, they do not put a lot of thought. They either buy their favorite brand or the one that they use regularly – or the one available in the store or the one that costs the least.
- For example, while a consumer buys a loaf of bread, he tends to buy the brand that he is familiar with without actually putting a lot of research and time. Many products fit into this category. Everyday use products, such as salt, sugar, biscuits, toilet paper, and black pepper all fit into this product category.
- Consumer just go for it and buy it – there is no brand loyalty. Consumers do not research or need information regarding purchase of such products.
- Habitual buying behavior is influenced by radio, television and print media. Moreover, consumers are buying based on brand familiarity. Hence marketers must use repetitive advertisements to build brand

familiarity. Further to initiate product trial, marketers should use tactics like price drop promotions and sales promotions.

- Marketers should attract consumers using visual symbols and imagery in their advertising. Consumers can easily remember visual advertisements and can associate with a brand.
- **4. Variety seeking buying behavior**
- In variety seeking consumer behavior, consumer involvement is low. There are significant differences between brands. Here consumers often do a lot of brand switching. The cost of switching products is low, and hence consumers might want to try out new products just out of curiosity or boredom. Consumers here, generally buy different products not because of dissatisfaction but mainly with an urge to seek variety.
- For example, a consumer likes to buy a cookie and choose a brand without putting much thought to it. Next time, the same consumer might may choose a different brand out of a wish for a different taste. Brand switching occurs often and without intention.
- Brands have to adopt different strategies for such type of consumer behavior. The market leader will persuade habitual buying behavior by influencing the shelf space. The shelf will display a large number of related but different product versions.
- Marketers avoid out-of-stock conditions, sponsor frequent advertising, offer lower prices, discounts, deals, coupons and free samples to attract consumers.

• The 5 stages which a consumer often goes through when they are considering a purchase: problem or need recognition, **information search**, **evaluation of alternatives**, purchase, and post-purchase behaviour

Once a consumer has identified that they have a need or a want that has to be satisfied, the consumer then moves through a decision making process. This **5-step** process consists of need recognition, information search, evaluation of alternatives, **purchase** and post-**purchase** recognition.

### **Consumer black box model**

The **black box model** of **consumer behaviour** identifies the stimuli responsible for **buyer behaviour**. ... The **buyer's black box**, comprises two sub components - the **buyer's** characteristics and the **buyer** decision process. The **black box theory** is fairly popular method to describe psychology.



## Opening the “Black Box” of Consumer Behavior



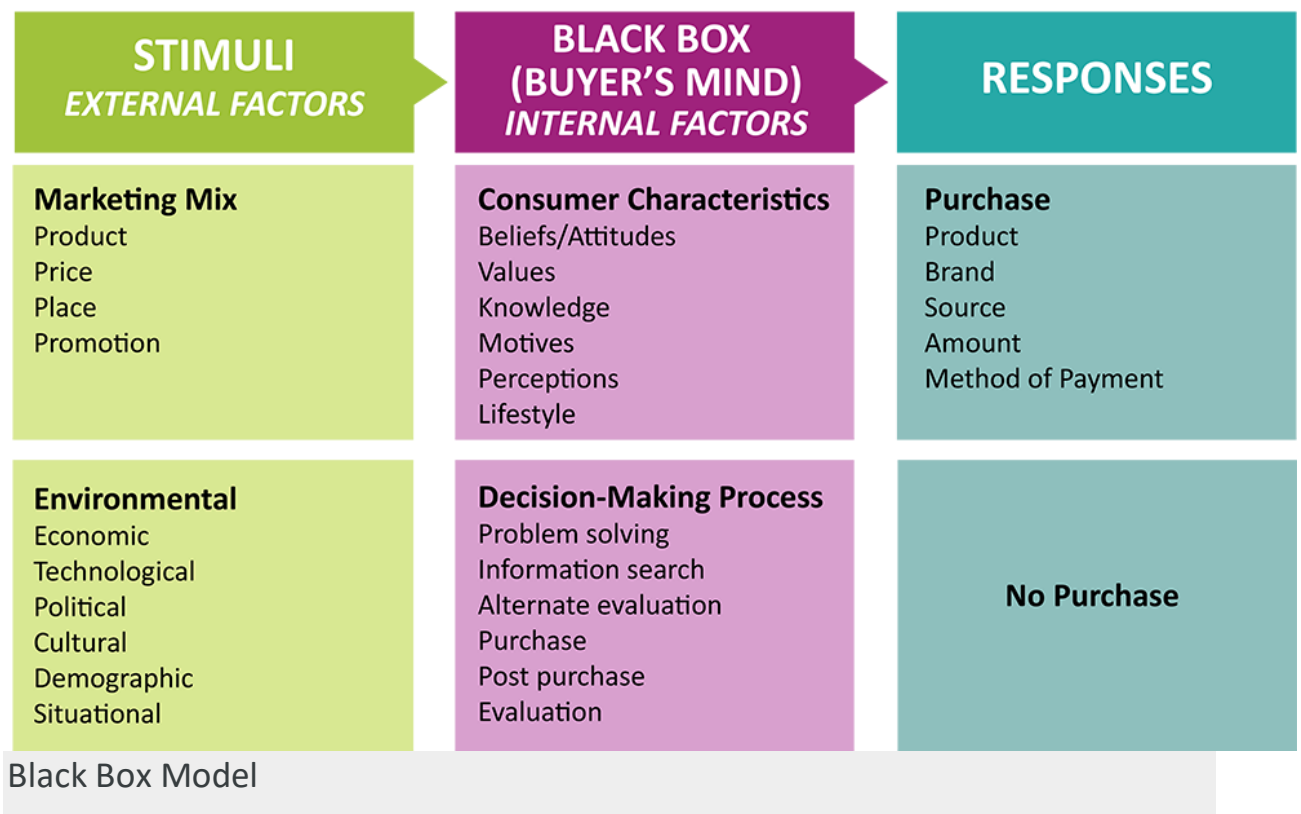
*Consumer behavior* refers to buyers who are purchasing products for personal, family, or group use. Over time, marketers have turned to the work of behavioral scientists, philosophers, economists, social psychologists, and others to help them understand consumer behavior. As a result, there are many different theories and models used to explain why consumers act as they do. Are consumers fundamentally active or passive? Rational or emotional? How do they make buying decisions?

### **The Economic Man Theory**

One early theory of consumer decision making based on principles of economics is known as the “economic man.” According to the “economic man” model, consumers are rational and narrowly self-interested. This theory assumes people act selfishly as consumers, always trying to maximize the benefits they derive from the exchange process. (This theory asserts that the seller/producer is also an economic man, who always strives to maximize his profits from an exchange.) The economic man model suggests consumers actively use information about all the available options before making a decision to purchase.

### **The Stimulus-Response Model**

Another model of consumer behaviour, called the stimulus-response or “black box” model, focuses on the consumer as a thinker and problem solver who responds to a range of external and internal factors when deciding whether or not to buy. These factors are shown in Figure 1, below:



As illustrated in the figure above, the external stimuli that consumers respond to include the marketing mix and other environmental factors in the market. The marketing mix (the four Ps) represents a set of stimuli that are planned and created by the company. The environmental stimuli are supplied by the economic, political, and cultural circumstances of a society. Together these factors represent external circumstances that help shape consumer choices.

The internal factors affecting consumer decisions are described as the “black box.” This “box” contains a variety of factors that exist inside the person’s mind. These include characteristics of the consumer, such as their beliefs, values, motivation, lifestyle, and so forth. The decision-making process is also part of the black box, as consumers come to recognize they have a problem they need to solve and consider how a purchasing decision may solve the problem. As a consumer responds to external stimuli, their “black box” process choices based on internal factors and determine the consumer’s response—whether to purchase or not to purchase.

Like the economic man model, this model also assumes that regardless of what happens inside the black box (the consumer’s mind), the consumer’s response is a result of a conscious, rational decision process. Many marketers are skeptical of this assumption and think that consumers are often tempted to make irrational or emotional buying decisions. In fact, marketers understand

that consumers' irrationality and emotion are often what make them susceptible to marketing stimuli in the first place.