



Keys Terms

Add-on sale – Additional items a customer buys due to suggestive selling.

brand – A name, term, sign, symbol, design, or a combination of all used to uniquely identify a producer's goods and services and differentiate them from competitors.

brand equity – The added value a brand name identity brings to a product or service beyond the functional benefits provided.

brand extension strategy – The practice of using a current brand name to enter a new or different product class.

brand recognition – Positions customer's relative perceptions of one brand to other competitive alternatives.

Business Cycle: The four phases of economic growth and subsequent decline. It's more commonly called the boom and bust cycle. (Covered below)

cannibalization – The undesirable tradeoff where sales of a new product or service decrease sales from existing products or services and minimize or detract from the total revenue contribution of the organization.

Click and Collect: This is a service wherein retailers enable shoppers to purchase items online and pick them up in their physical stores. Click and Collect stores put the best of two channels (ecommerce + physical retail) together.

CRM - Customer Relationship Management: Customer relationship management (CRM) is a business strategy designed to reduce costs and increase profitability by strengthening customer loyalty.

Dead Stock - merchandise that has never been sold or has been in inventory for a while. Sometimes this is because a particular item is just seasonal, but other times it's because the product simply isn't in demand.

E-mail marketing - Sending customers friendly reminders, newsletters, and special event announcements via e-mail.

economies of scale – The benefit that larger production volumes allow fixed costs to be spread over more units lowering the average unit costs and offering a competitive price and margin advantage. Producing in large volume often generates economies of scale. The per-unit cost of something goes down with volume because vendors charge less per unit for larger orders, and often production techniques and facilities cost less per unit as volume increases. Fixed costs are spread over larger volume.

Etailing: Short for "Electronic Retailing", this is the practice of selling goods over the Internet. Etailers come in all shapes and sizes, from big name giants such as Amazon and Zappos, to neighborhood mom & pop stores selling items on their website, to stay-at-home mom

exclusive distribution – A distribution strategy whereby a producer sells its products or services in only one retail outlet in a specific geographical area.

Fair Trade: Fair trade is an organized movement developed to promote standards of environmentalism and fair wages; alleviate global poverty; and ensure that companies negotiate with the growers, manufacturers and producers of products for a fair price. This social-responsibility movement focuses on exports from developing countries.

Fashion Buying: Fashion buyers have to be aware of the nuances of trends. They have to anticipate where styles are going and what will catch on with consumers. Not every new style will make it to the marketplace. Fashion buyers make decisions about what to sell and how much based on their knowledge of fashion history, market trends and customer psychology.

Fashion Marketing: Fashion marketers are not so subtle. It's their job to promote fashion. They want to generate interest in new styles and products. Fashion marketing involves advertising, but it's more than that. Fashion marketers have to be on the cutting edge—endorsing the right thing at the right time. They connect the public with the world of fashion, and they help set trends.



Fashion Merchandising: A fashion merchandising job description is based around crafting a positive consumer experience. From choosing what to sell, to deciding how it's displayed in stores, fashion merchandisers have a customer-focused approach. They know that presentation counts. Fashion merchandising experts subtly inspire consumers to see the possibilities in their products.

First In, First Out: A method of stock rotation in which goods that are received first are sold first. Newly received product is stocked behind the older merchandise.

Inventory: Inventory is the merchandise a retail store has on hand. The term also refers to the act of counting, itemizing and recording in-stock merchandise or supplies.

Inventory Turnover: The number of times during a given period that the average inventory on hand is sold and replaced.

Markdown: The difference between the original retail price and the reduced price.

Markup: The amount of money added to the wholesale price to obtain the retail price.

Mass Customization: refers to the practice of offering products that can be tailored to each person's preferences, but can still be produced with mass-production efficiency.

Point of Purchase (POP) advertising – A retail in-store presentation that displays product and communicates information to retail consumers at the place of purchase.

premiums – A product-oriented promotion that offers some free or reduced-price item contingent on the purchase of advertised or featured merchandise or service.

Product Breadth: The product breadth is the variety of product lines offered by a retailer.

Product Depth: Product depth is the number of each item or particular style of a product on the shelves. Product depth is also known as product assortment or merchandise depth.

Product Life Cycle: The stages that a new product is believed to go through from the beginning to the end: introduction, growth, maturity and decline.

public relations – Communications often in the form of news distributed in a non-personal form which may include newspaper, magazine, radio, television, Internet or other form of media for which the sponsoring organization does not pay a fee.

regional marketing – The practice of using different marketing mixes to accommodate unique preferences and competitive conditions in different geographical areas.

scrambled merchandising – The practice by wholesalers and retailers that carry an increasingly wider assortment of merchandise.

Shrinkage: This pertains to the difference between the amount of stock that you have on paper and the actual stock you have available. In other words, it's a reduction in inventory that isn't caused by legit sales. The common causes of shrinkage include employee theft, shoplifting, administrative errors, and supplier fraud.

skimming pricing strategy – Setting a relatively high initial price for a new product or service when there is a strong price-perceived quality relationship that targets early adopters that are price insensitive. The price may be lowered over time.

SKU: The stock keeping unit (SKU) is a number assigned to a product by a retailer to identify the price, product options and manufacturer.

Visual Merchandising: Visual merchandising is the art of implementing effective design ideas to increase in-store traffic and sales volume.

telemarketing – A form of direct marketing that uses the telephone to reach potential customers.

website traffic – In broad, general terms, the number of visitors and visits a website receives. This traffic can be measured by a variety of website metrics.

wholesaler – A channel member that purchases from the producer and supplies to the retailer and primarily performs the function of physical distribution and amassing inventory for rapid delivery



Trends in Retail Management

Social networks will serve as shopping platforms.

Over the last several years, brands have used social media to market their products, talk to customers, and even make merchandising decisions; but in the coming months, we anticipate merchants to add “selling” to the list of things they can do on social sites.

Loyalty-wise, the points-for-purchases model will no longer be effective.

Enriching and personalizing the shopping journey will no longer be limited to tailored product recommendations and offers. Forward-thinking retailers will find additional ways to make each customer’s experience unique and memorable.

Retailers have to deliver more imaginative efforts to reward and incentivize shoppers. In addition to giving away generic points, the loyalty programs of the future will reward shoppers for their actions and engagement, rather than just purchases.

Brands will double down on Corporate Social Responsibility.

Consumers these days are more drawn to retailers that invest in Corporate Social Responsibility (CSR). More merchants to launch ethical and good deed initiatives. How does CSR improve the shopping experience? Simple. It makes customers feel good knowing that they’re contributing to a worthwhile cause

You Need to Create One-on-One Relationships With Your Customers

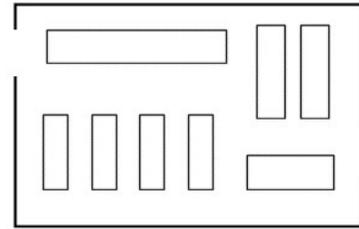
Having captured good information about consumer demographics and purchasing decisions, the next challenge is to build and maintain relationships with your customers. You need to provide a remarkable experience to all your customers, in your stores, on the phone, online, on their mobile, and any other time they come in contact with you in any way. If you build a positive relationship with a customer, they’re more likely to return. Retail marketing data must be local, accurate, personal, and actionable to be of any use.



Types of Store Layouts

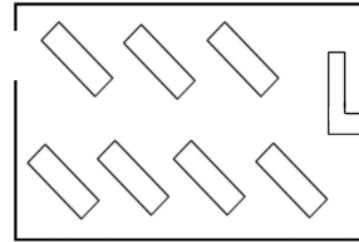
Straight Floor Plan

The straight floor plan is an excellent store layout for most any type of retail store. It makes use of the walls and fixtures to create small spaces within the retail store. The straight floor plan is one of the most economical store designs.



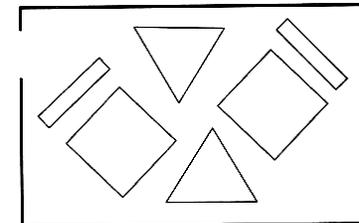
Diagonal Floor Plan

The diagonal floor plan is a good store layout for self-service types of retail stores. It offers excellent visibility for cashiers and customers. The diagonal floor plan invites movement and traffic flow to the retail store.



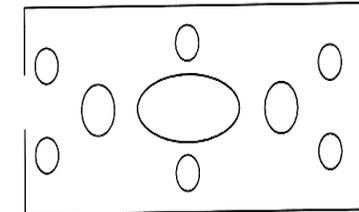
Angular Floor Plan

The angular floor plan is best used for high-end specialty stores. The curves and angles of fixtures and walls makes for a more expensive store design. However, the soft angles create better traffic flow throughout the retail store.



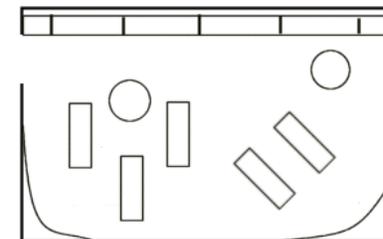
Geometric Floor Plan

The geometric floor plan is a suitable store design for clothing and apparel shops. It uses racks and fixtures to create an interesting and out-of-the-ordinary type of store design without a high cost.



Mixed Floor Plan

The mixed floor plan incorporates the straight, diagonal and angular floor plans to create the most functional store design. The layout moves traffic towards the walls and back of the store.



Types of Retailers

There are 7 main types of retailers which can be defined by the size of their business and the way they in which they sell their products.



1. **Department Store** – This type of retailer is often the most complex offering a wide range of products and can appear as a collection of smaller retail stores managed by one company. The department store retailers offer products at various pricing levels. This type of retailer adds high levels of customer service by adding convenience enabling a large variety of products to be purchased from one retailer.
Examples: The Bay, Sears, Macy's.
2. **Supermarkets** – Generally this type of retailer concentrates in supplying a range of food and beverage products. However many have now diversified and supply products from the home, fashion and electrical products markets too. Supermarkets have significant buying power and therefore often retail goods at low prices.
Examples: Loblaw, Metro, Sobeys.
3. **Warehouse retailers** – This type of retailer is usually situated in retail or Business Park and where premises rents are lower. This enables this type of retailer to stock, display and retail a large variety of good at very competitive prices.
Examples: Food Basics, Wholesale Club, Costco.
4. **Speciality Retailers** – Specialising in specific industries or products, this type of retailer is able to offer the customer expert knowledge and a high level of service. They also add value by offering accessories and additional related products at the same outlet.
Examples: Staples, Victoria's Secret, Lowe's
5. **E-tailer** – This type of retailer enables customers to shop on-line via the internet and buy products which are then delivered. This type of retailer is highly convenient and is able to supply a wider geographic customer base. E-tailers often have lower rent and overheads so offer very competitive pricing.
Examples: eBay, Amazon, Expedia.
6. **Convenience Retailer** – Usually located in residential areas this type of retailer offers a limited range of products at premium prices due to the added value of convenience.
Examples: Mac's, Variety Plus.
7. **Discount Retailer** – This type of retailer offers a variety of discounted products. They offer low prices on less fashionable branded products from a range of suppliers by reselling end of line and returned goods at discounted prices.
Examples: Bargain! Shop, Dollarama, Factory Direct.

Product Mix

Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors. The four dimensions to a company's product mix include width, length, depth and consistency.

Width

The width of a company's product mix pertains to the number of product lines that a company sells. For example, if a company has two product lines, its product mix width is two. A company's technology may allow the company to diversify into other industries and build the width of the product mix.



Length

Product mix length pertains to the number of total products or items in a company's product mix. For example, ABC company may have two product lines, and five brands within each product line. Thus, ABC's product mix length would be 10. Companies that have multiple product lines will sometimes keep track of their average length per product line. In the above case, the average length of an ABC Company's product line is five.

Depth

Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic. For example, if a company sells three sizes and two flavors of toothpaste, that particular brand of toothpaste has a depth of six. Just like length, companies sometimes report the average depth of their product lines; or the depth of a specific product line.

Consistency

Product mix consistency pertains to how closely related product lines are to one another--in terms of use, production and distribution. A company's product mix may be consistent in distribution but vastly different in use. For example, a small company may sell its health bars and health magazine in retail stores. However, one product is edible and the other is not. The production consistency of these products would vary as well.

Product Market Mix Strategy

Small companies usually start out with a product mix limited in width, depth and length; and have a high level of consistency. However, over time, the company may want to differentiate products or acquire new ones to enter new markets. A company can also sell the existing products to new markets by coming up with new uses for their product.

The Business Cycle

The 4 Stages of the Business Cycle

1. **Contraction** - When the economy starts slowing down. It's usually accompanied by a bear market.
2. **Trough** - When the economy hits bottom, usually in a recession.
3. **Expansion** - When the economy starts growing again. It's usually signaled by a bull market.
4. **Peak** - When the economy is overheated, and is in a state of "irrational exuberance."

Fashion Industry-Specific Elements

Fashion Industry Breakdown

The fashion industry consists of four levels:

1. The production of raw materials
2. The production of fashion goods by designers, manufacturers, contractors, and others
3. Retail sales
4. Various forms of advertising and promotion.

These levels consist of many separate but interdependent sectors, all of which are devoted to the goal of satisfying consumer demand for apparel under conditions that enable participants in the industry to operate at a profit.



Retailers make initial purchases for resale three to six months before the customer is able to buy the clothes in-store.



Fashion Marketing: Process of managing the flow of merchandise from the initial customers, with the goal of maximizing a company's sales and profitability. To be successful a company must understand customer desire, and responding with appropriate products.

Fashion Merchandising: Attempting to maximize sales and profitability by inducing customers to buy a company's product. Collection and effective use of customer information is crucial here, as well as presenting goods attractively and accessibly throughout a retail location.

Related Jobs in the Field

Fashion Buyer

As a fashion buyer one can be found traveling the globe to identify new trends before deciding which lines to purchase for a retailer. Depending on the size of the store one may be responsible for purchasing many types of goods, including shoes and accessories, or you might only handle one area, such as formal wear. In this position, you would work closely with designers, suppliers, and marketers to ensure that the lines you buy would maximize profit for all parties.

Visual Merchandiser

As a visual merchandiser, you would rely on advertising and design knowledge to plan appealing store displays. Through pleasing presentations of goods, you would not only draw customers into a store, but also make their shopping experience more pleasurable. Visual merchandisers complete these tasks with the hope of motivating customers to buy and return to the store.

Retail Store Owner

In the role of a business owner, you'd be able to make decisions about which lines to stock, how to advertise, and how to display goods - all the skills a fashion marketing and merchandising professional usually has. You might also choose to employ other professionals from the field to help you make the most effective use of your resources.

Trends in the Retail Fashion Industry



Brand Philosophy - consumers are looking for a new definition of value from your products and services, a value that is not necessarily driven by price or placement, but a value that matches their own value. A brand that represents a feeling, a way of life – a lifestyle.

Brand Storytelling - telling your brand's story is so very important to help solidify the bond with your customers. So when we start to tell our brand's story, it's important to emphasize what we stand for – the lifestyle we represent, support, and love.

Build Advocates - earned media, or users sharing positive experiences about your brand with friends, will lead to much more conversions and return on investment than reach - it's not about one million views, it's what you get from those views

It's All About Retention - retaining customer means they are happy with your products and services, and happy customers help to tell your story, increase your brand's value, loyalty and desirability.

Listen To The "Voice of Your Customers" - reaching today's socially connected consumers will require a digital campaign engagement model that puts you as the brand in the word of mouth conversation as much as possible with your consumers – with the ultimate goal being "Advocacy".

Make Your Events Eventful - events are "social media moments" in person, and excellent to draw customers in, and to keep them engaged, participating and talking about your brand.

Mobile Now - "Shop From Anywhere" - mobile is taking over the world; especially when it comes to online selling. Consumers are now spending more time with online retail on mobile devices (tablets and smartphones) than desktops and laptops. Augmenting your staff with fresh and cutting-edge freelance talent is a great way to stay ahead of the curve.

Optimize Each Social Platform (The Omni-Channel Approach) - different social media platforms are good for different things across each purchase "moment of truth". A deep understanding of each platform will allow your brand to express its story in creative and meaningful ways.

Fashion Retail Success starts with the Salespeople

1. Conversation

A good salesclerk doesn't have trouble talking to customers. In addition to answering questions, they greet them when they enter the store, engages in small talk if they feel like chatting and gives the impression they're glad to see them. If a customer wants to discuss what he's looking for, the salesclerk lets the customer do most of the talking and listens to what he has to say. Customers want your staff to be helpful, not to simply push whatever items are on sale.

2. Rapport

A passive sale is one where the shopper browses the store, doesn't ask for or refuses help, and decides which clothes to buy without input from your staff. In an active sale, your employee offers to help, provides feedback and suggests added purchases that might go with what the customer intends to buy. It takes skill because the salesclerk has to do it without forcing herself on a customer who wants to browse undirected. If the employee pushes items on someone who's not interested, it can cost you a customer.



3. Knowledge

To give customers recommendations or suggestions, your sales staff needs knowledge. A salesclerk has to have an idea of current fashion trends and an eye for what looks good on the customer and what accessories would fit with their purchase. They also need to know about your store: where to find the different sizes and styles, whether you can order a particular item that's out of stock, and what dresses or suits are on sale this week.

4. Problem Solving

If your customers come in with complaints or merchandise they want to return, employees have to handle it smoothly. A good salesclerk listens without getting defensive, even if the customer blames them for whatever went wrong. The salesclerk has to fix the problem, stay cool if the customer gets angry and know which supervisor to ask for help if they can't solve the problem herself. A good salesclerk can act as if the customer is always right, even when the customer's wrong.