RETAIL MARKETING

Instructor:
Dr. Mayo De Juan Vigaray

Power points: conceptual framework
PART 1
2. COURSE DESCRIPTION AND OBJECTIVES

First part
- merchandising philosophy
- retail store image
- atmospherics and visual merchandising
- customer service
- “retail-tainment” and Lifestyle merchandising

Second part
- promotional process
- promotional methods
- promotion objectives
- sales promotion tools
MERCHANDISING OBJECTIVES

To examine the concept of retail image

To describe how a retail store image is conveyed to consumers

✓ VISUAL MERCHANDISING
✓ ATMOSPHERICS

To show the importance of communicating with customers & customer service
MERCHANDISING CONTENTS

M.1. Communication methods
M.2. Retail image
M.3. Design of a store
M.4. Physical environment
M.5. Customer service

Atmospherics
- Exterior
- General interior
- Store layout
- Interior displays
M.1. Communication methods

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<th>M.1.</th>
<th>COMMUNICATION METHODS</th>
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A retailer needs a communications strategy

- well-devised
- well-executed

To properly position itself in customer’s minds
A REVIEW

Once customers are attracted: it is imperative . . .

To create a

“PROPERLY MOOD for them”
For shoppers to achieve the “nirvana” of “fulfilling their dreams” ......

...... retailers must inspire them to be positive, “smart” shoppers

It is the “smart”, inspired, positive shoppers who stay longer and purchase more ..... 

...... due to the psychology of the perception of time

If in negative mode, they will leave early, will grab and go, or even worse !!!

they simply get out quickly,

might abort the purchase and,

maybe, never shop there again!!!

And... even do not recommend it to anybody!!!!
A REVIEW

The information must be interpreted by the target market in the manner intended by the retailer.
COMMUNICATION METHOD

M.1. Communication methods

MERCHANDISING

COMMUNICATION METHOD

IMPERSONAL

PAID

Advertising
Store atmosphere
Visual merchandising
Sales promotion

UNPAID

Publicity

PERSONAL

Personal selling

Word-of-mouth

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Advertising

Paid nonpersonal communication transmitted through out-of-store mass media by an identified sponsor

Sales promotions

Short-term incentives to increase the effectiveness of the promotional efforts

VM & Store atmosphere

A situation in which merchandising is shown to its best advantage and in the most appropriate setting to influence customers to buy
FOCUS MORE ON:

**Store-based retailers**

- Overall principles aply

**Non-Store-based retailers\(^\)\)

- Mail-order retailer: storefront = covers of catalog
  layouts & displays = interior pages

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Even in a product category like apparel, where catalog and internet outlets have made some of their greatest inroads, consumers still make...

... 90% of their purchases at brick-and-mortar stores

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MERCHANDISING

M.1. Communication methods

M.2. RETAIL IMAGE

M.3. Design of a store

M.4. Physical environment

M.5. Customer service

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Image how a retailer is perceived by consumers and others.
Positioning
firm’s devising its strategy

In a way that projects an image relative to its retail category and its competitors

That elicits consumer responses to this image
Space productivity represents how effectively the retailer utilizes its space and is usually measured by:

- sales per square "metres" or "cm" or "foot" of selling space
- gross margin ($ €) per square "metres" "cm" "foot" of selling space.

- 1 foot = 30.48 cm
- 1 mile = 1.609 metres
Typical Grocery Gondola Size Has Remained Stagnant

<table>
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<th>Confectionery In-Aisle Gondola Grocery Space</th>
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<tr>
<td></td>
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<tr>
<td>1993</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>Length (Feet)</td>
</tr>
<tr>
<td>21.7</td>
</tr>
<tr>
<td>22.2</td>
</tr>
<tr>
<td># Shelves</td>
</tr>
<tr>
<td>7.4</td>
</tr>
<tr>
<td>7.9</td>
</tr>
<tr>
<td>Shelf Space</td>
</tr>
<tr>
<td>160.0</td>
</tr>
<tr>
<td>176.6</td>
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<tr>
<td>(Linear Feet)</td>
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- The length (running footage) is almost exactly the same as it was 13 years ago
- Retailers have added shelves & increased pegs to accommodate more product

Source: Store Audits
ELEMENTS OF RETAIL IMAGE

Attributes of Physical Facilities

Shopping Experiences

Service

Overall Retail Image

Attributes

Store

Customer

Firm’s

Market
MERCHANDISING

M.1. Communication methods

M.2. Retail image

M.3. DESIGN OF A STORE

M.4. Physical environment

M.5. Customer service

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RETAILERS THINK OF A STORE AS ......

Like the theater, the store design and all its components should work in harmony to support the merchandise rather than competing with it.
OBJECTIVES WHEN DESIGNING OR REDESIGNING A STORE

Managers must bear in mind the costs associated with the design and the reoccurring costs.

Retailers need to consider the costs associated with each store design versus the value received in terms of higher sales and profits.

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Visual Merchandising & Atmospherics Defined

Everything the customer sees, both exterior and interior, that creates a positive image of a business and results in attention, interest, desire, and action.

Visual Merchandising

1. Supports sales - “the silent salesperson”
2. Supports retail strategies
3. Communicates with customers
4. Communicates image
5. Supports retailing trends
Visual merchandisers are responsible for the total merchandise or service presentation, the overall business image, and even the building and placement of design elements.
MERCHANDISING

M.1. Communication methods
M.2. Retail image
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THE PHYSICAL ENVIRONMENT COMMUNICATES

Managing Attention is Key
Retailers’ Goal:
• Get Initial Attention
• Direct Attention
• Sustain Attention

Store Planning
Creating the Physical Environment
• Exterior Building Design
• Interior Design
• Allocation of Space
• Arrangement and Location
## MERCHANDISING

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### ATMOSPHERICS

- Exterior
- General interior
- Store layout
- Interior displays


ATMOSPHERICS

The physical characteristics of the store, such as

•Architecture, Layout
•Signs and Displays
•Color, lighting
•Temperature
•Noise and Odors

Together they create an image in the consumer’s mind

(*) Kotler, P. (1973-74) “Atmospherics as a Marketing Tool”
Journal of Retailing, 49, núm. 4, pp. 48-64.
ELEMNETS OF ATMOSPHERE

Exterior
General Interior
Store Layout
Interior Displays (point-of-purchase)