

**Optimizing Store Execution**

**Using**

**Visual Merchandising Tools and Techniques**

Savvy retailers are utilizing web-enabled specialized software tools to squeeze greater profitability out of their real-estate and inventory investments

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August, 2008

## **The Challenge**

Retailers of all sizes recognize that merchandise execution at store level is critical, especially those whose sales are driven by frequent promotions. However, a surprising number of retailers do not have a clear idea as to their store floor-plans, placement of fixtures, placement of stock in those fixtures, and the degree of compliance setting up POP materials in support of promotions and deals.

Traditionally, distance and technology have limited the line-of-sight into remote stores. Merchandise departments have had to rely on faxes, e-mails, occasional visits by District Managers, and blind faith in store employees when it comes to ensuring that stores are properly merchandised and ready for the breaking promotions.

In addition, those retailers who are not fortunate enough to have common floor layouts are further burdened by the need to understand which fixtures and POP materials are in specific stores!

Mid-tier retailers are often forced to accept space in malls and power centres. Layouts become unique and subject to change by leasing agreements.

As retailers attempt to stay nimble and competitive, they often introduce new “Stores of the Future” but can rarely go back and retrofit all the older stores. Combine this with mergers, acquisitions, and divestitures – it is small wonder that merchandise departments require modern tools to gain control of exactly what’s out in the field.

## **Is this for me?**

Ask yourself the following questions:

- Where are all my store architectural plans and layouts? What format are they in? Are they electronically stored? How old are they and have they been kept up-to-date?
- How many different layouts do I have?
- How many different types of fixtures do I have and where are they? Do I have them listed by store? Do I have images of them electronically stored? Are they organized in a logical numbering scheme?
- Do I plan-o-gram each store or groupings of stores? How often do these change? What tools are used?

- How are plan-o-grams communicated to the stores? Am I sure that the changes are made in a timely manner? Do I ask the store managers to commit to the changes?
- How many different formats of POP are there? How often does it change, how does it get to the stores on time?
- How much do I spend on POP and how much is unused and eventually thrown away at the distribution centre?
- How many languages do I have to print the POP in?
- How do I know how to prepare a store “Kit” of POP at the distribution centre?
- How many support centre staff are engaged in managing this process?
- How do I balance the needs of the various merchandise managers when allocating space?
- How do I know the profitability of my real-estate space allocations?
- Do I have unique needs such as knowing where LAN drops and AC power outlets are located for wrap stations and electronic displays?

Chances are when you have honestly answered these questions you will realize the need for a modern approach to improve this critical business process.

### **What do I have to do?**

There are a number of steps that need to be done before you look for a system:

- Take a complete survey of the stores. Determine floor layouts and what fixtures are in place.
- If there is not a consistent numbering scheme for your fixtures because multiple suppliers are used, invent one and stick to it! Create a spreadsheet or database with all pertinent information. This will be valuable later.
- Review the existing process from planning to the suppliers, through the distribution centre and on to the stores. Look for bottlenecks and costly over-runs.
- Determine who creates the store drawings and the process to update them. You may choose to in-source Auto-Cad functionality to gain better control.

- Consult the marketing group to get a better idea of the promotional calendar going forward.
- Consult the IT group to determine the availability of support resources, equipment, store portals, network availability, and security issues.

### **What Benefits may I expect?**

Store layouts, fixture positioning, and plan-o-grams are all stored on one database forming a repository of key store data that is accessible to all levels of store staff, merchandisers, and senior management. A properly installed visual merchandising solution should return the following:

- Electronic delivery of floor-plans, fixture positioning, and plan-o-grams to the stores using images and accompanying notes.
- Consistent presentation in the stores at the right times. Faster set-up and fewer errors means reduced store wages.
- A store level compliance tool which will immediately inform merchandising which stores are not ready on time.
- A tool for stores to order missing POP and accessories (i.e. more hooks).
- A more nimble and responsive merchandising group whose efforts will shift from repetitive mundane activities to ensuring a high degree of compliance and execution.
- Reduced POP expense as you will know exactly what signage goes where, thereby eliminating the need for “extras”.
- Access to system wide inventory counts of fixtures and signage.
- A dramatic reduction in faxes and e-mails.
- New data for the creation of specific KPIs for the executives.
- The ability to relate POS detail data to real-estate dollars spent.
- A tighter integration with 3<sup>rd</sup> party designers, fulfillment houses and distribution centres – thereby reducing meetings, faxes, telephone calls and e-mails.
- The ability to create highly visual proto-types early in the new store planning cycle.
- The ability to “pull” POP at the end of a promotion quickly and efficiently.

- The ability to accurately budget the cost of replacing certain fixtures in the system because quantities and locations are known.

## **Conclusion**

A visual merchandising system is best considered a “Niche” application and as such, the IT function will probably not have resources available to build one in-house. There are a limited number of credible software suppliers who specialize in this unique application at affordable prices.

Access to these applications are easily folded into existing store portals, they are relatively simple to implement with minimal training and may be hosted at third party sites if desired.

Visual Merchandising solutions help address the need to improve wage, inventory and real estate costs – all key to achieving profitability through productivity.