



Welcome to the next edition of Targett's Tactics for 2002

If you are not learning today, you are not earning tomorrow.

This is a free newsletter produced bi-monthly to keep you informed of the latest ideas, techniques and services available for us to provide service beyond our customers' expectations, each and every time. It's too hard doing it by yourself, so fortunately there are alternatives.

Would you like this newsletter emailed to you? Or to another manager in your office?

For an e-version of this newsletter, simply contact us at info@targetttraining.com.au so that we continue to send you this publication as an e-newsletter. **This is a free bi-monthly newsletter.**

In this edition we have discussed merchandising and its link to driving profits for a retailer, in terms of how to present the merchandise selection and working with stock turns.

Prepare now for the busy Christmas season....look out in the next edition for more details on our new 3 hour seminar "Minimise Theft", or look at our website for more details, at www.targetttraining.com.au We have an introductory price of \$1,650.00 valid until December 2002 only.

Remember: *With Willingness Comes Success.*

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Happy Retailing

Louise Targett

Merchandise to Drive Profits

Merchandising is a retailer's most essential activity. It is only through the successful completion of the merchandising task, that it culminates into a sale to the customer.

THERE IS NO ONE CORRECT SOLUTION TO FLOOR LAYOUT, WHEN MERCHANDISING A STORE. THE GOAL IS ALWAYS TO MAXIMISE SALES AND PROFITS BOTH IN THE SHORT AND LONG TERM.

Some major objectives a retailer would set themselves are:

- ▶ The maximisation of space through correct use and design of fixturing;
- ▶ The creation of theatre;
- ▶ The enhancement of merchandise presentation to increase sales;
- ▶ The creation of a pleasant shopping experience for customers;
- ▶ The drawing of attention to merchandise displays and the merchandise itself rather than floors, walls, ceiling or other backdrops;
- ▶ Creating the store image and atmosphere in tune;
- ▶ Use colours, fixturing and lighting to form the backdrop to allow the merchandise to tell a story;
- ▶ Preserving adjacencies in layout, and co-ordinating merchandise in displays and stock placement to maximise additional or related sales.

Some areas of consideration in a store environment include cash register placement, traffic flow patterns, allocation of floor space, classification of store offerings and arrangement of individual products.

See over the page for more information in regards to presenting merchandise.

Special offer only valid until 30 November 2002:

Three workshops for the price of two....

Session 1: Merchandising Principles

Session 2: Merchandising For Profit

Session 3: Managing Store Inventory, including...

- ▶ Three x two hour high impact training sessions
- ▶ All learner's workbooks & pens
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All for \$3,360.00 [plus GST of \$336.00]

Presenting Merchandise

"If we are facing in the right direction, all we have to do is keep on walking."

To ensure that stock is arranged and displayed to maximise sales, there are 7 guidelines which should always be followed:

1. HAVE ENOUGH FACINGS

Facings are the number of times that a retailer shows the product on the shelf. For the maximum number of sales it is recommended to calculate facings on the rate of sale of a product, and its turnover.

2. HAVE FLAT LINES

When we put the product on the shelf, we do not put duplicates of the item on top of each other, more than two products high. This ensures that it is easily accessible to the customer and reduces the risk of the stock falling down on top of the customer when making their selections. When merchandise is stacked high, it is not easy for staff to place orders or to access stock. Having flat lines is important from an OH & S point of view.

3. BRING TO FRONT

We always have the shelves full. If there is not enough stock to achieve this, bring all the available stock to the edge of the shelf or fixture. By doing this, a well stocked, clean and tidy appearance is maintained and allows the customer to see the merchandise.

4. MERCHANDISE HORIZONTALLY RATHER THAN VERTICALLY

By putting the facings horizontal we expose a greater variety at the prime position level. Remember, people read from left to right, top to bottom, so we are trained to look in this fashion.

5. SIZING

On a group of shelves of similar product it is better to put the smaller items at the top and the larger ones at the bottom.

6. HANGING

If hanging stock such as a jacket or pants, we need to arrange them in a similar fashion to the stock on the shelves. There would be two facings with two coats in size 12, two in size 14, two in size 16, and the six coats would be arranged from left to right starting with the small size to the large size.

7. CONFORMS TO TICKET/PRICE AND BAR CODES

When placing the stock on the shelf, it is important the ticket used to help sell the merchandise is in the right spot for that stock. As a general rule the ticket is put on the extreme left hand side below the product.

These tips are a very basic guide any retailer could follow. There is so much more we can help retailers with, pertaining to this topic.

Managing Store Inventory

"Your first markdown is normally your best markdown."

The problem that continues to loom the largest in businesses appears to be the proliferation of dead or slow-moving stock.

In general terms, the higher the stock turn the better the cash flow. Many businesses may be able to show 'paper profits', however, this is not a true enough indication of the financial position of the business. The lower the gross margin, the higher the stock turn required. Retailers that trade on very high margins can survive on lower stock turns. Most people know that a successful retail business is not simply about having a great store or product.

Slow sellers not only represent inventory dollars but they tie up valuable space. A retailer should determine the stock turn rate he is seeking by classification and weeding out those lines that don't come up to that standard, unless they are used as a loss leader to pull traffic.

If slow moving stock is allowed to accumulate, it acts like a cancer, gradually strangling a business. If cash flow is seriously affected, inevitably you are left with slow sellers or you may not have the money to replenish them. Nor may a retailer have the money to keep advertising and promoting, losing market share and store traffic, and caught up in a vicious cycle.

On the other hand, strong stock turns usually means strong cash flow, which also means maintaining depth of best sellers, retaining visibility in the marketplace, and improving market share.

Therefore, we maximise stock turns by remaining in stock of best sellers, placing best selling classifications and lines in prime positions, allocating space in terms of priority to the strongest classifications, eliminating slow sellers, avoiding carryovers of seasonal lines, ensuring the most important classifications are ranged correctly in every respect, by monitoring gross margin return on inventory, return per square metre, and stock turn rates by classification, correcting anomalies, promoting the right lines at the right time in the right media and at the right price to your market segment.

We would be pleased to speak with you further about addressing these issues in your retail stores. Contact us at info@targetttraining.com.au or 02 9659-5313.