

One of the many challenges of growing an apparel business in today's post apocalypse, omni channel environment, is the paradox that ecommerce is taking sales away from brick-and-mortar stores but, at the same time, and in order to be more sensitive to the overall shopping experience, brick-and-mortar stores are allocating fewer square feet of selling space to the merchandise assortment and more to 'the experience.' We thought we would write in this Newsletter, about visual merchandising, one of a number of underutilized tools in brick-and-mortar retailing.

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### **This is where we are today**

The days of growth driven by store expansion are dormant or gone. The traditional means of fast growth – geographic, new channel, and/or store network expansion – have been exhausted. Online sales are cannibalizing brick-and-mortar sales.

The enforced focus on “below the line” cost reduction during the COVID pandemic, is now significantly played out.

As digital commerce grows, for “brick & mortar” it is now all about “the customer experience” which means that more and more retailers (through store remodels) are transitioning previously-allocated-merchandising-display space to customer event/activity/service space.

This creates the dilemma of how to “grow” organically while simultaneously reducing merchandise display space. The obvious answer is to maximize the return on the selling space available.

With the focus now on the customer, retailers are experiencing a new pressure to create and execute meaningful assortments at the individual-store level i.e. no longer at the corporate or at the store-cluster levels.

### **How does this change the retail merchandising process?**

The basic tenets of retailing haven't changed – have the right product, at the right time, in the right place and at the right price.

But now, “in the right place” could mean ‘in an endless aisle’ and not necessarily ‘in the store’, and this can, in turn, free some space for other endeavors.

The requirement now is to generate localized merchandise assortments that accommodate store-specific space constraints and yet, still deliver compelling offers that enhance the customer experience and grow traditional KPIs such as Comp Store Sales, Sales per Square Foot, Customer Conversion Ratios, Average Transaction Value, Average Basket Size, etc.

One of the most frequently communicated challenges expressed by retailers is related to too many or too few products. This becomes a nightmare for store personnel and a barrier to engagement and purchasing for customers. No amount of inspirational visual-merchandising planning and execution can work effectively when the volume of options (style/colors) and units is not planned, controlled, and delivered. Precious ‘rates of sale’ are affected adversely both through the confusion and chaos caused

by either; too many options, or by the monotony and repetition caused by too few options with too high unit depth.

Frequently, a significant cause of this challenge is the lack of integration between the assortment-planning business process and the space-planning business process. KPIs per square foot are essential commercial benchmarks, but KPIs per linear foot are essential for creating customer-focused propositions that can be displayed with impact in the store.

However, generating and maintaining linear-foot information by individual location has been challenging and not all retailers have, therefore, leveraged this measure in their business processes. Retailers that are not working with both square feet and linear feet experience an undetected disconnect in their business process.

Linear feet, after all, are what the customer sees, reacts to, and ultimately, from which the customer buys. They allow displays to be created with correct commercial parameters; not only option (Style/Color) and unit density but also the appropriate balance of product attributes – basics versus fashion; high and low margin products; category balances (good, better, best) and assortment attributes from color, fabric, price etc. Correctly used and displayed, such assortments strengthen an emotional customer perception and encourage purchasing behavior. Ultimately, store design and sales analysis by 'linear feet' enables the retailer to design, to buy and to allocate according to the reality of available space. Working throughout an integrated retail process in 'linear feet' allows customer propositions to be bought, delivered and displayed in every single store because while 'every store is different, every linear foot is the same!'

Most retailers have many variations of store size, dimensions, fixture programs etc. but the integration of localized-space-planning and assortment-planning processes that leverage linear-foot information will assist to enable the retailer to meet the new challenges of today's post apocalypse/omni channel environment.

### **What is a linear foot?**

So, what is a linear foot and how can retailers generate linear-footage information for use in their 'integrated' processes?

The 'linear footage' measurement of a hang-line on a fixture is the total length of the line i.e. a 'T-bar' with each bar measuring twelve inches has a total linear footage of two feet.

The 'linear footage' measurement for a shelf of folded merchandise is very different because a shelf is far more configurable from a merchandising stand point. The linear footage of a shelf is the sum of all of the merchandise stacks that can fit on the shelf, i.e. a table that can fit four stacks of merchandise with each stack being one foot high would have a linear footage of four feet.

Therefore, if the retailer has a store with only the above two fixtures (the T-stand and the table), the store has a total linear footage of six feet. Assuming the retailer has a visual merchandising guideline of two style/colors per linear foot and an average product thickness of a half an inch, then an appropriate assortment for this store with its two fixtures would be 12 style/colors and a total of 144 units.

### **The benefits of using visual merchandising applications**

Visual merchandising software enables the creation of each store's (or each prototypical store for each cluster) floor layout, together with all the fixtures and the automatic generation of both square footage and linear footage information as well as theoretical unit capacities for use in a retailer's *integrated* planning process. It will, in addition, permit the visual merchandising (together with graphics and props) of the merchandise assortment and the generation of clear visual-merchandising, electronic, color directives for accurate store execution.

When integrated with sales information, the software enables the retailer to understand not only return per square foot but also return per linear foot together with relative contribution per fixture, per store area and per store, as well as peer-to-peer comparisons, to make sure that both space and assortments are performing according to target, in line with peers, and meet localized variations/customer preferences. It is an underutilized tool with definite returns.