

insights that ignite
blue touch-paper No. 25

retailing in a hostile environment

how to develop assortments, displays
and selling tools for a non-ideal retail world



for retailers, brands & manufacturers
in the modern retail landscape

another blue-touch paper
from **VM-unleashed! Ltd**



“Retailing in a Hostile Environment”

how to develop and deliver store assortments,
displays & selling tools for a non-ideal retail world...
for retailers, brands & manufacturers
in the modern retail landscape

This delivery of retail involves many facets and elements:

- The myriad of processes and decisions in constructing the correct assortment structure and plan.
- The creative process of delivering a brand, through static imagery and a dynamic marketing calendar.
- The practicalities and trials of constructing physical stores which are both theatre and warehouse.
- The task of “shoe-horning” and allocating an ever-changing assortment into a wider variety of stores
- The role of delivering attractive and compelling visual displays in every product and shop combination
- The task of organising and coordination teams and individuals across functions and between head office and stores
- The challenge of developing organisational structures, processes and tools across wider international portfolios, linking more diverse workforce cultures with more varieties of demographic customer profiles
- The necessity to manage all of these ever-present issues in the context of the omni-channel retail world

We are all working in hostile environments whether we operate in our own, or in other peoples', stores

I hope that this blue touch-paper gives some insights in how to deal with your particular hostilities



Tim Radley

Tim Radley is the founder and CEO of VM-unleashed and has been working with best practice European retailers for over 20 years including:

Adidas, Ferrari, All Saints, Camper, Boots, Carrefour, Primark, Otto Versand, Cortefiel, Oviessa, Coin, Springfield, Motivi, Sonae, Alessi, Aena, Marks & Spencer, KappAhl, Imaginarium, Porcelanosa, Clarks, Duty Free Worldwide, Pepe Jeans, Trucco, Sony, Koton, Oltre, GasNatural, Marella, Orange...

At VM-unleashed, we to develop and deliver assortment planning, space allocation and grading, product story grouping, store layout planning, visual display presentation, and all of the essential tools and training essential to create commercial stores.

We have helped to restore retailer assortments to visual excellence.

We have helped re-energise tired old processes.

We have helped to increase store sales productivity.

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“Retailing in a Hostile Environment”

how retailers, brands and manufacturers can maximise relationships and sales in every store situation

- In many ways any retail environment can be a hostile one, even those that you own yourself, depending on how well you deliver and control your retail proposition and manage your store & field personnel.
- Selling in other peoples stores represents the ultimate “hostile environment” or at the very least a challenging situation, where getting your product seen by customers, never mind bought by them, can be a challenge in itself.
- For retailers, brands and manufacturers with selling opportunities in DOS stores, franchise stores or areas within multi-brand stores the environment is getting more “hostile” with every year that passes.
- Widening geographic store portfolios now encompass a variety of cultures, shopping patterns, customer demographics and customer service propositions and expectations.
- The multi-channel environment is creating stores where the opportunities to be sales, brand and fulfilment centres is pushing traditional retail boundaries and responsibilities to breaking point.
- The scope and delivery of traditional VM and selling tools are being tested to the limit, and now need to be supplemented with new approaches and tools for the evolving retail world.
- Literally, and commercially, the bottom line for stores is that “one solution does not fit all!”... if in deed it ever did.

One Solution Does Not Fit All!

All retail stores and partners are potentially different, and they need assessing and managing in a variety of ways. There are different approaches and tools that need to be developed to maximise every scenario, whether DOS or somebody else’s stores.

However retail objectives should always be the same:

- to sell more products of your own brand
- to sell more of your product category in general
- to increase your brand market share
- to become the store and retailer’s collaborator
- to recognise it is not necessarily a bad thing to help sell more of your competitors’ product as well!

When you are selling in a hostile environment it is essential to be aware of the fundamental retail principles behind achieving your objectives?

Why “hostile environments” are essential for growth

- International expansion is more than ever a necessity and a commercial balancing act.
- To be successful, brands must remain “niche” and exclusive, yet they must also attract as many customers as possible to generate maximum sales.
- Internationalisation is not just about planting the same flag all over the world, its about making a clearly defined decision about which markets to enter, then engaging and dominating them.

“Complexities of the Store!”

- The store portfolio remains the essential and intrinsic part of retail,
- However its role, its distribution, its relationship with online and social is creating new & fundamental issues.
- Brands, Manufacturers And Retailers must adopt and manage...
- Flagship stores
- Multi-brand stores
- Pop-up stores
- Hybrid stores
- DOS Store networks
- Franchise stores
- E-commerce
- M-commerce

“Hostilities begin at Home!”



“Retailing in a Hostile Environment”

Recognising that even the best store delivery mechanisms in the world may be irrelevant in some retail situations

A variety of approaches are required for retail selling...

- **“Front of Mind” & “Front of Visual”**
- Whilst some retailers operate 100% customer service, others will rely entirely or largely on self service, with most stores combining both approaches to varying degrees.
- Retailers, brands & manufacturers must as a necessity develop approaches & tools for these two drastically different scenarios

- **“The Brand Battleground”**
- In both service & self-service environments it is essential to be one of the top 2 or 3 brands – this is a battle that must be won
- Compete, learn from and beat your competitors

- **“Every store is different. Every product block is the same!”**
- Don’t think you are the only retailer or brand in the world handicapped physically and spatially where - “Every store is different!”
- Build brand blocks that can work in every situation

- **“Living Brands & Living Products!”**
- Keep your product alive, current and constantly relevant both visually and verbally in the minds of the retailer and the retail sales personnel, in your own stores or elsewhere.

- **“The Living Relationship!”**
- Work with your own stores and your partners constantly, in an open-minded collaborative and symbiotic way.
- History may be important to your brand but not your relationships

- **“The Hero Product Family”**
- Keep things visually simple
- Make sure you get the VM fundamentals absolutely correct
- Concentrate on strong product groupings

- **“Individual Product Heroes”**
- Keep you message simple and focused
- Communicate your brand and strengths through individual products
- Sell what your customer wants to buy, not what you want to sell

- **“Core & Campaign!”**
- Put your time, energy & resources into what makes the difference
- Never take your eye off the core product that generates profit
- Communicate new through campaigns but not at the expenses of historically best performing categories
- Let an integrated retail marketing calendar generate excitement and interest in your products, and fulfil that promise with sales in-store

The Stepping Stones to sales success in hostile environments-

Capitalise Existing space:

1. Ensure your brand is in best possible locations
 - in category ranges
 - in specific brand areas
2. Ensure your logo is strong and visible
3. Block product for maximum visual impact
 - brand blocks
 - category blocks
 - “Hero Product Families”
4. Focus on displaying best seller families & individual products
5. Negotiate more space for best sellers
6. Edit from space poor sellers and un-seasonal product
7. Ensure maximum impact from boxes & packaging
8. Best possible display with POS, graphics, plinths and props.

Conquer Dynamic Space:

1. Develop campaigns around seasonal heroes
2. Generate appropriate selling messages
3. Show retailers what you propose to do (for everyone’s benefit)
4. Negotiate space in windows and focal points
5. Promote best seller seasonally appropriate product to retailers for inclusion in their proposed calendar windows and focal points



“Front of Visual & Front of Mind”

Become an irresistible proposition visually for the customer, and both mentally & verbally for the store sales team...

The essential tools to be “Front of Visual & Front of Mind?”

Essential VMManuals:

- The answers to the question: “What do I do if...?”
- VM Manuals contain all the fundamental display principles
- Include principles of product stories, blocking, best seller merchandising, option density, unit depth, image makers, basics...

VM Formal Training Academy:

- Train store personnel to know “What do I do if...?”
- Implement formal training every six months to re-enforce VM principles & seasonal priorities
- Develop a Training Academy” with skills progression

Store VM Rules & Regimes

- Provide the operative standards to store personnel - “When and with which priority do I ...?”
- “Retail is Detail!” and small things done well can make a big difference
- Develop and train VM rules & regimes as hourly, daily, weekly, monthly schedules of actions

“War-Chest” of props, POS, furniture & displays...

- Assessing and applying appropriate visual support
- Branded material, display props, POS, fsdus, mannequins, busts and fixtures to enhance the area and to stimulate maximum brand awareness, visibility, stimulation and sales.

Dynamic Product Communication

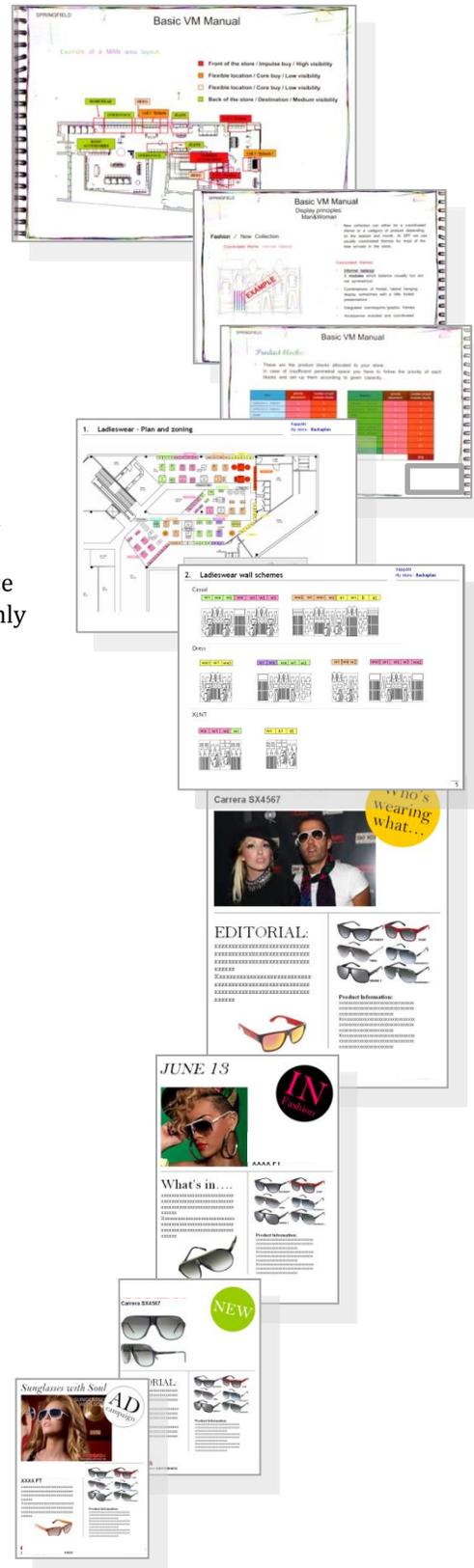
- Provide sales personnel with updated product information, & emotional product excitement
- Functional, buyer focused information is not enough!

Informal Store Training

- Inform and advise store personnel through quick, highly focused training sessions
- Provide product inspiration and sales performance updating
- Evolve store opportunities and retailer collaboration

Sales Incentive Schemes

- Review the use, scope and focus of schemes linked to both Front of Mind and Front of Visual tools
- Identify incentive targets realistic to achieve for field staff
- Validate the link to relevant Store KPIs
- Innovate types of incentives, introducing individual and team benefits



The VM Selling Toolbox!

Identify and develop the correct selling tools that enable you to build your customer proposition and deliver sales and profits

Develop the correct VM Selling Toolbox, containing the retail tools you need to enable your proposition to be powerful and irresistible.

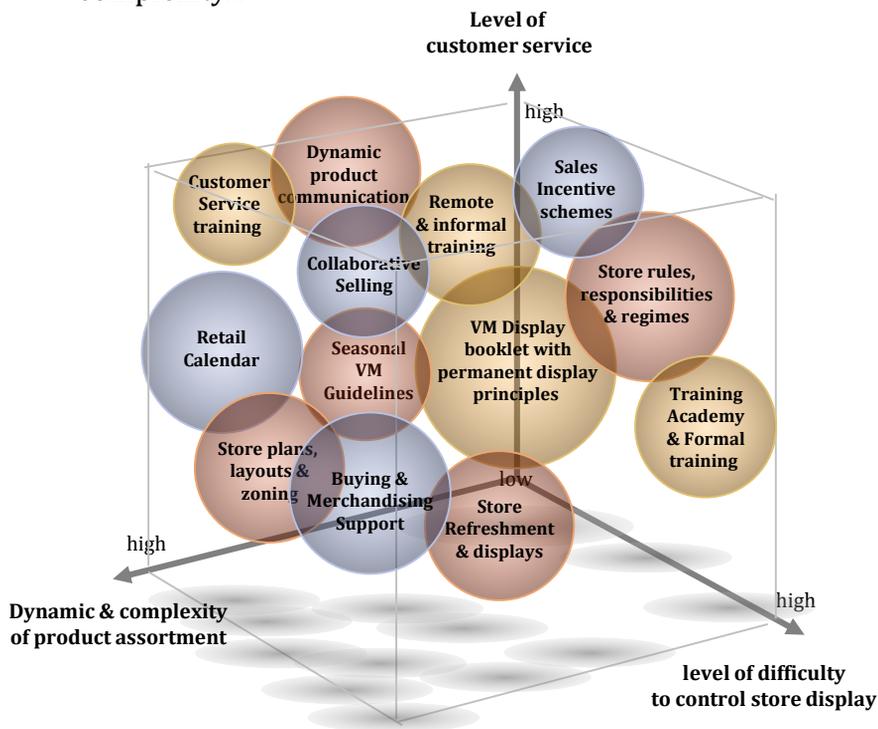
- define your most commercial selling propositions
- cluster stores by proposition and selling strategy
- identify and develop the most appropriate selling tools
- support tools and stores with training and education
- monitor the deliver tools effectively across stores

Produce and support the delivery of VM Selling Tools with the correct working structures so that the right people come together, at the right time and in the right place.

- Buying & Merchandising
- Store operations
- HR and personnel training
- Marketing
- Store design
- Visual Merchandising

“The VM Selling Toolbox”

Identify and develop the tools most appropriate to your proposition, your assortment and your product complexity...



Assessing the selling tools to build and support individual store propositions

It is an important part of the strategic process to assess which tools will actually deliver higher sales, profit, efficiency and brand equity.

Every store should be assessed, on its:

- service approach
- dynamic of product
- complexity of assortment
- difficulty of store control
- store manager influence
- sales personnel hierarchy
- staff experience & skills
- staff enthusiasm and “passion”
- store design evolution
- fixture efficiency & compliance
- delivery scheduling
- replenishment efficiency

Only from proper assessment, can stores be clustered and supported appropriately.

Roll-out your retail proposition, but Roll-up your sleeves and build it with all the VM Selling Tools you need to succeed.

Be the architect of your proposition, and not your downfall!



The Knowledge Map

Training “the heart and head” of retail – formally & informally
Education and instruction from “boardroom to stockroom”

Training has always been important for retailers. It just got more-so!

- To ensure the store is visually attractive
- To ensure that individual products and product groups are located correctly for maximum sales
- To ensure visual consistency across stores for a strong brand
- To ensure daily/weekly maintenance tasks are performed
- To communicate product attributes, qualities and selling points,
- To train best practice customer service skills, sales communication, customer identification and interaction
- To create coordination & cooperation between head office & stores

Why the importance of store based training is growing?

1. Store based training has become more practical & cost effective as store portfolios have grown more dispersed and store demographics and assortment grading more diverse
2. In this diverse, dynamic market – “education & informal training” has become more effective than “rigid instruction & compliance!”

Training issues from “boardroom to stockroom”

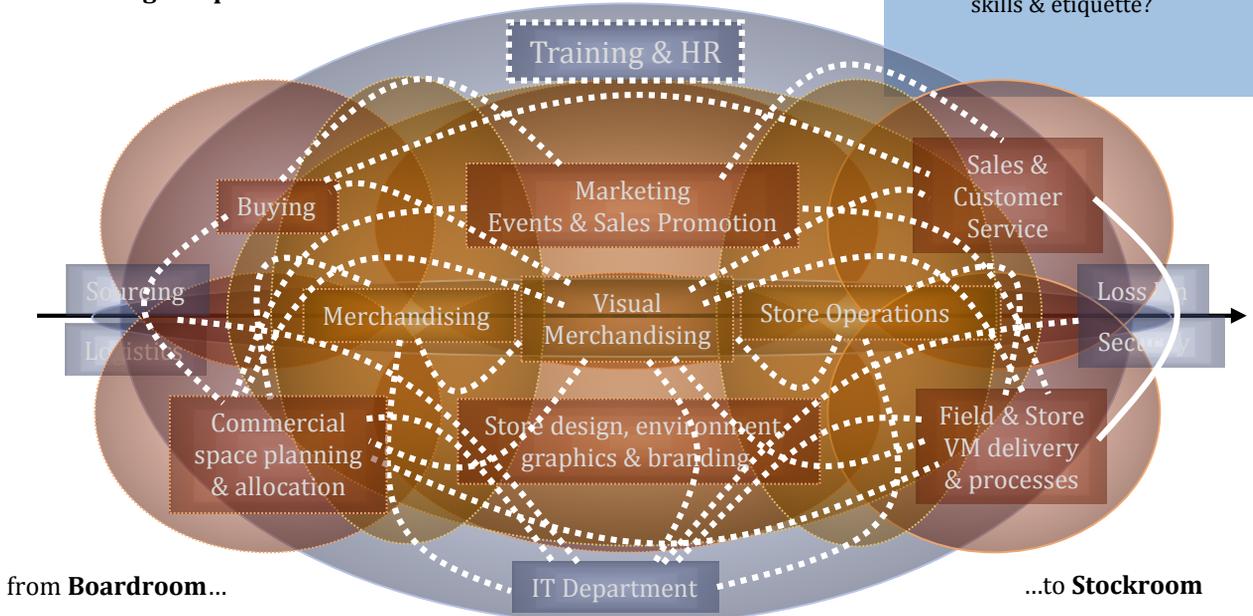
1. Do we have the correct skill-sets in our store teams?
2. Do we support & train them to build & maintain “Perfect Stores?”
3. Do we use training & VMGlue to integrate buying & selling teams?
4. Do we create VMPeople with VM awareness across the company?

Choose your weapons wisely!

Inter-disciplinary awareness and skills are important to the modern retail attempting to be both “Front of Mind” & “Front of Visual” in a variety of “hostile” environments

- Basic VM skills, techniques & commercial VM awareness?
- Dressing creative displays and window themes?
- Awareness of the importance of daily regimes and processes? Store operational tasks?
- Management of store relays?
- Understanding of the brand and a passion for product?
- Awareness of the market in which they operate?
- Knowledge of best sellers, unit depth, replenishment, merchandising?
- Identification of customer segments and matching product to the situation?
- Fundamental customer service skills & etiquette?

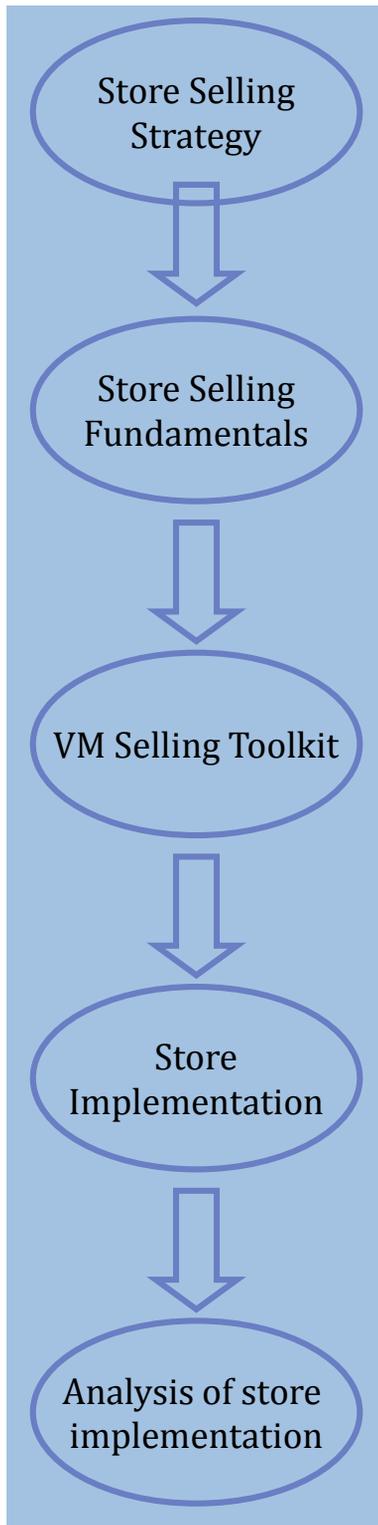
The Knowledge Map



The Learning Tree

Do you have “The Perfect Store or the Perfect Storm?”

Training academies and “VM selling tool-kits” are parts of a wider picture of retail strategy, store selling strategy and store selling principles that a retailer must use to drive sales and profit through its stores.



Do you know what your correct approach to service and non-service selling should be based on your product proposition, store skill-sets, customer demographic, geographic culture?
Do you grade stores by Selling Strategy and do you train your staff accordingly and appropriately?

Do you get your store VM principles correct based on your Selling Strategy and customer proposition?

- Assortment structure & segmentation
- Display densities & store capacities
- Store layout, locations & adjacencies
- Product display techniques
- Retail calendar & promotions
- Visual communication & branding
- Store design and customer experience

Do you have the correct VM Selling Toolkit to support your store selling strategy?

- VM Product Display Book
- Seasonal VM Guidelines
- Dynamic product communication
- A Training Academy
- A Retail Calendar
- Sales Incentive Schemes
- Store design & refreshment actions
- Buying & Merchandising Support

Do you have the correct skill-sets in your store teams, support and train them to implement and maintain “Perfect Stores!”

- Basic VM skills & awareness
- Product knowledge & brand passion
- Store space awareness
- Store operational disciplines
- Daily/weekly rules & regimes
- Customer & market awareness
- Customer Service Skills

Do you measure the new store KPIs?
Do you have the ability to measure the strengths & weaknesses of your stores and analyse store initiative ROI.

- Store Traffic & Conversion
- Attraction of store areas & displays
- Dwell times at displays
- engagement rate of displays
- Dwell conversion rates
- Conversion rates by display

“The Perfect Store or The Perfect Storm?”

“The Perfect Store” for the retailer is always the result of correctly aligned strategy, selling principles, tools and support training.

“The Perfect Storm” arises when the strategy, principles and selling tools are simply not correct, uncoordinated, poorly resourced and often the result of poor and outdated retail awareness, perceptions, education and training.

“A Fish Rots from the Head”

Remember a fish rots from the head! Training and education is not just for the seller on the shop floor but from the CEO downwards. To stay ahead of current best practice, latest thinking and best practice tools, processes and technique a retailer needs....

Train & Educate from “Boardroom to Stockroom”



“Creating a More Ideal World between brands & retailers”

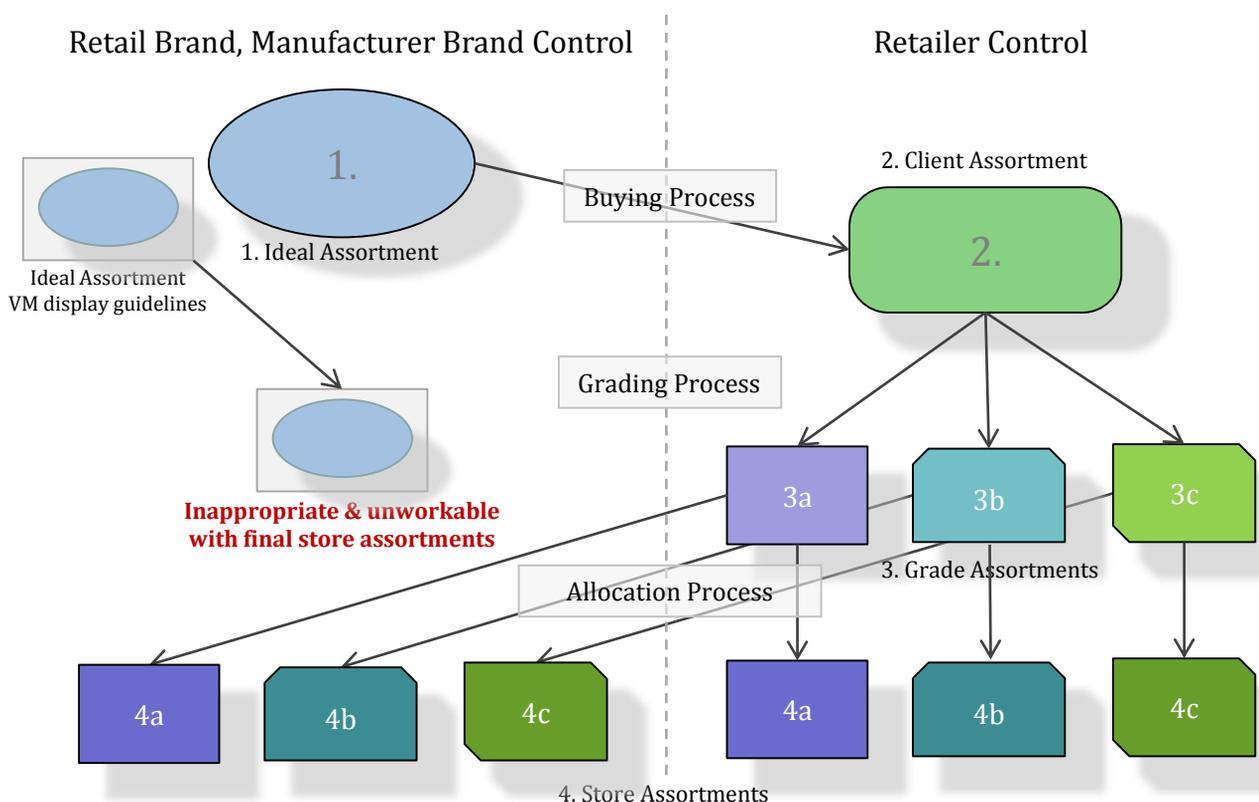
Delivering VM and sales in a non-ideal world is a fact of life, but improved collaboration always makes things easier.

- The strategic & commercial objectives of brands, manufacturers and retail partners will always be different to either greater or lesser extents
- The most fundamental incarnation of these different priorities is the actual assortment bought by the retailers and the allocation to individual stores.
- Brands take a great deal of time creating and “show-rooming” their ideal assortment to stimulate wholesale sales and drive brand evolution
- However client assortments and final store assortments are often distinctly different from the brands’ “ideal assortment” and the assortments of directly owned stores.
- However all parties do have one very common and special interest – to sell as much assortment as possible
- Collaboration between the brand and the final retailer will have a decisive impact on creating a much more commercial and visually manageable assortment for everyone
- Sharing sales analysis, historical best seller merchandising, market assessment, store grading analysis will make the store assortment and ideal assortment much closer,



VM-Guidelines for an ideal world...

- many brands and retailers spend a large amount of time, resource and investment on creating VM guidelines and selling techniques for their ideal world
- These are often inappropriate for the actual store assortment and for many of the store spaces and capacities that exist



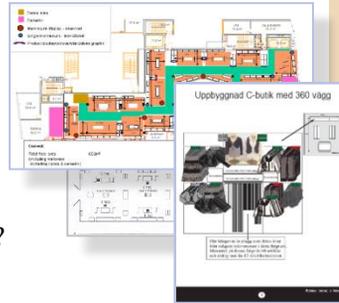
VM-unleashed!

Working with retail businesses to build the stores of tomorrow with the realities of today – “Making the most of what retailers have!”

VM-unleashed is a retail specialist company working with retail clients to unlock their sales potential by integrating the buying, space planning, visual merchandising and selling functions and then delivering real and tangible commercial improvements for every type of retailer and store.

Our commercial inputs are:

1. which product?
2. how much of it?
3. how to segment and group it?
4. how to display and communicate it?
5. how to promote and sell it!
6. ...and how to make it happen in your company?



Commercial Retail Strategy

Competitor and best practice benchmarking, identification of current and future trends, market opportunity and weaknesses, delivery planning

Buying & merchandising

Size, colour, price & product category architectures, optimising historical performance, defining product attribute, end-use & fashion positioning

Space planning & allocation

sales/profit productivity per sqm., display density, capacity, store grading, square metre/linear metre conversion, store allocation, fixture capacity

Assortment structure display

Assortment segmentation, product story types, option construction of stories, planning the flow of goods to construct and fragment stories.

Store layout & the customer journey

Store adjacencies, sightlines, layouts, event journeys, best seller merchandising, core categories and stimulating impulse purchasing.

Visual Merchandising

Commercial display, option & unit density, creative display, rates of sales, integration of actual/best sellers, image makers, high margin product.

Customer Engagement, Retail Calendar, Events & Promotions

Sales promotion strategies/calendars, price & promotional communication, controlling store space, time and graphic communication,

VM tools & processes, team structure & training

developing guidelines & manuals, space plans & zoning, developing store regimes and routines, developing & delivering training programmes.

Multi-channel benchmarking & analysis

competitor and best practice comparisons, current strengths and weaknesses, recommend actions, output charts to illustrate conclusions:

Retailing in a Hostile Environment – how to sell in DOS & other peoples' stores
blue touch-paper no.20

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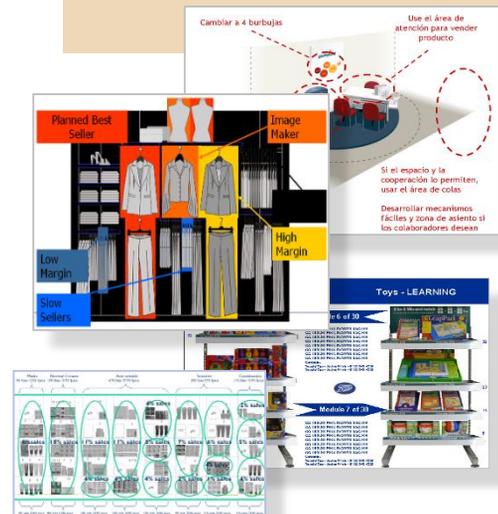
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We work with our clients to plan and deliver store and online actions to deliver sales.

We would be very happy to discuss how our experience and collaboration could deliver tangible sales improvement for your business.

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insights that ignite: blue touch-papers
from VM-unleashed! Ltd



“the hostile environment”
is a constant fact of retail life...

Is the product range you are selling
changing and expanding?

...are the principles and guidelines you
use to display becoming unworkable?

Many brands and retailers are widening and deepening
assortments to maximise their sales opportunities from
loyal customers, and to attract new customers.

It makes financial sense:

43% of shoppers choose stores because the product
suits their personal taste!

Is now the time, for you to develop
new processes, new principles
and new visual guidelines?

At VM-unleashed, we work with brands & retailers to develop the correct principles of store allocation and grading, product story grouping, store layout planning and visual display

We have helped restore assortments to visual excellence.

We have helped to increase store sales productivity.

VM-unleashed works with you on...

Space management

Sq. metre commercial densities

Linear metre display densities

Sqm. to linear metre conversion

Store grading

Range editing

Product story grouping

Assortment clustering

Assortment allocation

Space layout planning

Visual merchandising

Fixture development

Re-merchandising

Product story rotation

If you would like further information about VM-unleashed, or to discuss your opportunities...

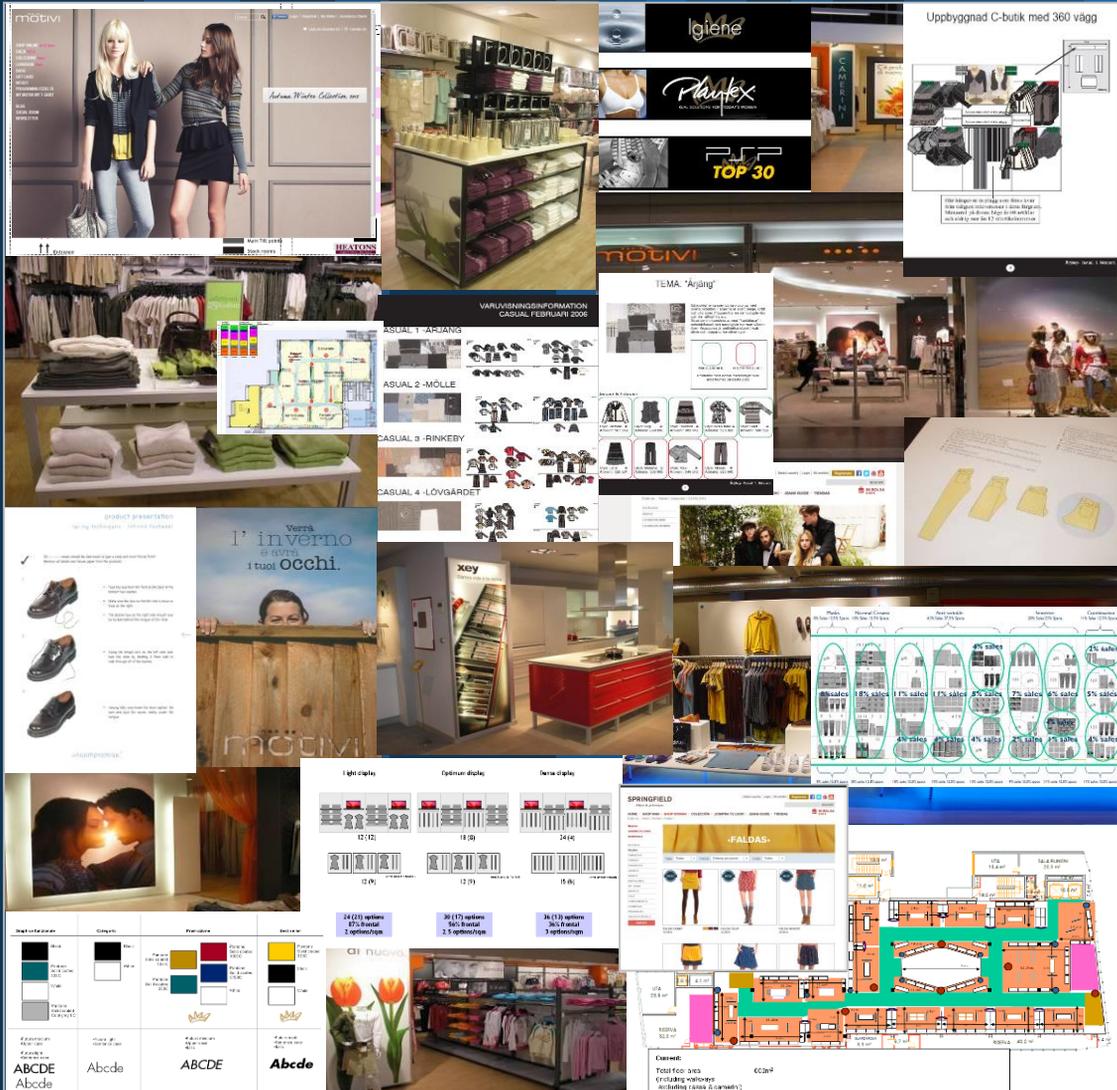
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“building the retailers of tomorrow, with the realities of today!”

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