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SYLLABUS

Unit I: Merchandising

- Fundamentals of Merchandising
- Responsibilities of the Merchandiser

Unit II: Introduction to Standardization and Quality Control in Apparel Industry

- Importance of Consumer Perception of Apparel Quality
- Managing apparel quality through inspection and sampling procedures

Unit III: Sourcing Strategies

- Role of merchandiser in sourcing
- Customer/vendor management

Unit IV: Fashion Visual Merchandising

- Functions of Visual Merchandising
- Elements of Visual Merchandising
- Store Exteriors, Interiors & Windows – Image
- Display Props, Fixtures, Mannequins, Floral, Signage & Graphics.

Unit V: Merchandise Planning

- Target Markets
- Market Segmentations

NOTES:

UNIT 1: MERCHANDISING

FUNDAMENTALS OF MERCHANDISING

DEFINITION OF MERCHANDISING

Merchandising is the promotion of the sale of goods that can employ pricing, special offers, display and other techniques designed to influence consumers' buying decisions.

The precise definition of merchandising depends on the specific context, but in reality, it involves stimulating interest and enticing customers to make purchases.

In simple words, it means presenting products at the right time, at the right place, in the right quantity and at the right price to maximize sales.

For example, at the marketing level, merchandising refers to the management of a product's life cycle and ensuring the right resources – such as space, brand, and display – to sell another product.

Both retailers and manufacturers are interested in motivating purchase behaviour. However, retailers are often more interested in increasing total sales turnover, unlike manufacturers whose intention is to depress competitors' sales and stimulate their own brands.

The two conflicting aims are reflected in sales. For example, Brand A is a low-profit line for retailers who do not devote much shelf space to it. On the other hand, the manufacturer is likely to emphasize on shelf space.

In that regard, some manufacturers draw from the benefits of good retail presentation to employ merchandising representatives to help move the products off the shelves.

KEY CONCEPTS

- Merchandising refers to the marketing and sales of products.
- Merchandising is most often synonymous with retail sales, where businesses sell products to consumers.
- Merchandising, more narrowly, may refer to the marketing, promotion, and advertising of products intended for retail sale.
- Technology is changing the face of merchandising, with electronic point-of-sale terminals to targeted and personalized mobile ads.
- Categories of merchandising include product, visual, retail, digital, and omnichannel.

UNDERSTANDING MERCHANDISING

Merchandising includes the determination of quantities, setting prices for goods, creating display designs, developing marketing strategies, and establishing discounts or coupons. More broadly, merchandising may refer to retail sales itself: the provision of goods to end-user consumers.

Cycles of merchandising are specific to cultures and climates. These cycles may accommodate school schedules and incorporate regional and seasonal holidays, as well as the predicted impact of weather.

Merchandising can take on different and more specific definitions in regard to different aspects of retail sales. For example, in marketing, merchandising can refer to the use of one product, image, or brand to sell another product, image, or brand.

In order to understand merchandising better, we must learn to differentiate this key term from the term 'Sales'.

Although sales and marketing are two closely related functions, they are not the same. Merchandising is the process of leading a customer to a sale, while the term "sales" refer to a customer actually selecting a product and completing a purchase transaction.

For example, a prominently creatively mindfully designed and rightly displayed banner inspiring a customer to search and select for a special brand/product is termed as merchandising. And when that customer buys that product/brand, it is termed as Sales.

ADVANTAGES OF MERCHANDISING

- **Brings Customers In**

Merchandising can increase the number of customers who notice and enter your store. With increased traffic may come increased sales and success. Merchandising should start outside, where customers first see the store and make the decision whether to come in and shop or not.

Bright signage and manicured grounds, a clean parking lot and well-kept retail structure are all factors that help shoppers to determine if a trip inside is warranted or if the store does not look like somewhere they would prefer to be. What happens once you get them inside is up to your interior merchandising, product line and pricing.

- **Increased Sales**

Effective merchandising can have a clear and definite positive effect on retail sales and the bottom line, which is, after all, the goal of any business approach. Pricing, displays, product packaging and arrangement, sale signs and promotional marketing can all drive sales upward while improving the shopping experience for your customers.

Good merchandising can help you to get more out of the same retail space without expansion or renovations. Your customers will begin to associate your attractive merchandising with your store and it may also impact where they go to shop on a regular basis.

- **Attractive Spaces**

Proper merchandising may require the rearrangement of aisles, shelves, display fixtures and the general layout of the interior retail space. Interior spaces should flow more easily while directing the consumer to important sale items and significant displays.

An effective retail space brings with it the advantage of flexibility and more usable space. It will also help to create an environment that can handle more people, more efficiently and makes the overall shopping experience less of a chore. This is attractive to customers and increases the perception of your brand.

DISADVANTAGES OF MERCHANDISING

- **Demands on Staff**

An increase in customers often translates to a necessary increase in payroll. With more people coming in on a daily basis, more sales and more deliveries comes more customer service issues, longer hours and a need for more bodies to do the work.

More work and more workers are two disadvantages of successful merchandising.

- **Once is Not Enough**

The greatest disadvantage of successful merchandising may be the need to keep at it to meet the expectations of your clientele and to keep a steady stream of new customers coming in. Once the bar has been set, allowing it to fall would negatively affect your sales and shrink your customer base.

The stresses and obligations of small-business owners are many, and some are not willing to take on the additional task of large-scale merchandising.

- **Expense**

The expense of installing new fixtures, creating new signage and improving the overall appearance of your retail space inside and out can add up quickly. Although good merchandising can result in an increase in profitability over the long haul, it will likely cost you time, effort and money in the short run.

You must be comfortable with the disadvantage of an initial investment to reap the rewards later in the process

MERCHANDSER & ITS RESPONSIBILITIES

Who is a Merchandiser?

-a person who plans and executes buying and selling of goods
-a person who plans or manages the arrangement of goods
-a person who plans and manages the promotion of goods
-a person who plans the display of goods

ROLE & RESPONSIBILITIES OF A MERCHANDISER

Merchandisers are responsible for everything that happens to a product from the moment it is delivered to the store to the moment a shopper picks it up off the shelf.

They monitor product appearance and supply in various stores throughout their designated geographic area.

KEY RESPONSIBILITIES
Responsibilities vary depending on the company and the retail sector, but will typically include:

- Collaborating with suppliers, manufacturers, and stores to ensure proper execution of plans
- Creating and organizing promotions and advertising campaigns
- Managing the educational materials for training employees
- Managing layout plans of store and maintain inventory of products
- Gathering information on market trends and customers' reactions to products
- Analysing sales figures - reporting growth, expansion, and change in markets
- Planning product ranges, and preparing sales and stock plans with buyers
- Communicating with buyers, analysts, stores, suppliers, and distributors
- Keeping a library of appropriate data
- Working closely with display staff and managers on how product should be displayed
- Producing 'statements' (layout plans for stores)
- Forecasting profits and sales

- Planning budgets and presenting sales forecasts
- Controlling stock levels based on forecasts
- Analysing the bestselling price points, colours or styles
- Staying aware of competitors' performance
- Keeping an eye on slow sellers and taking action to reduce prices or set promotions
- Analysing the previous season's sales
- making financial presentations to senior managers
- accompanying buyers on visits to manufacturers
- meeting with suppliers and managing the distribution of stock
- negotiating prices, ordering stock, scheduling delivery dates, completing paperwork
- identifying production and supply difficulties and dealing with any problems
- managing, training and supervising junior staff

ROLE SUMMARY

Merchandisers are responsible for product appearance and supply in various stores throughout their designated geographic area.

By working closely with both suppliers and manufacturers, they make certain that the promotion of specific products and services will increase sales over a period of time

WORKPLACE OF MERCHANDISER

Merchandisers can work in a variety of industries, such as fashion, homeware, DIY, or food retail. Employers may include multiple chain stores, supermarkets, department stores, manufacturers and wholesalers, mail order, and internet companies.

Merchandisers may need to relocate to gain promotion, and there are opportunities to work abroad, particularly for multi-national companies

MERCHANDISER TYPES

- Fashion Merchandiser
- Production or Export Merchandiser
- Retail Merchandiser

ROLES AND RESPONSIBILITIES OF A FASHION MERCHANDISER

Fashion merchandiser does all activities that are required to do fashion forecasting. After doing fashion forecasting, design development for that style is done and merchandiser makes that style come into reality. After some modifications merchandiser manages the product specification and merchandise planning.

- To do fashion forecasting

It gives an idea to the buyer about upcoming trends in the market and their popularity in a particular season.

- To do design development

Design is developed on the basis of forecasting using various design elements like color, texture, balance, proportion, etc.

- To do sample development

Design created by the designer is selected on the basis of potential and used for the sample.

- Product specification

Product specification helps the production department in planning their production and get more efficiency.

ROLES AND RESPONSIBILITIES OF A PRODUCTION OR EXPORT MERCHANDISER

Production merchandiser is one who do all activities right from order receiving till shipment fulfilling the 6R's.

- To do communication with different level of people in the industry and buyer or buying house.
- Production merchandiser must plan for given order and check the requirement of order and program for production activities.
- Follow up is the most important role of merchandiser. At every stage follow up is needed to complete order within time.
- Merchandiser may have to purchase and source fabric, trims, and accessories.
- Costing is one of the important responsibilities of merchandiser. Costing should be win-win for both buyer and industry.
- Production merchandiser arranges meeting at various stages of production for different purposes.
- Merchandiser co-ordinates various departments. If any problem comes then merchandiser solves that problem

ROLES AND RESPONSIBILITIES OF RETAIL MERCHANDISER

Retail Merchandiser is one who takes care of the customer at the final stage and provides the right product to the right customer with the right price.

- Merchandiser provides good service to a customer.
- Gives information from producer to a customer and vice versa.
- Takes care of the storage of merchandise goods.
- Keeps ready stock to give a customer.
- Creates demand by making window display, advertisements, etc.
- Undertakes sales promotional activities.
- Manages the risk of stocking the goods

UNIT II: INTRODUCTION TO STANDARDIZATION AND QUALITY CONTROL IN APPAREL INDUSTRY

CONCEPTS OF QUALITY & QUALITY CONTROL

Quality refers to how good something is compared to other similar things. In other words, its degree of excellence. When used to describe people, it refers to a distinctive characteristic or attribute that they possess. In this sense, we can also use the term for things. If I think that Mary's best attribute is her honesty, I can say "Mary's best quality is her honesty."

Quality in business

In business, manufacturing, and engineering, the term has a pragmatic interpretation as the superiority or non-inferiority of something. It also refers to a product as 'fit for purpose,' while at the same time satisfying consumer expectations.

Quality is mostly a subjective and perceptual attribute. Different people may not have the same understanding of the meaning of the term.

Quality management

In business, there are many aspects to quality. It may refer either to goods or services. The key aspects of how good or 'fit for purpose' goods are, are rooted in the concept of quality management, which covers four areas,

1. Quality planning

This is a means of developing the goods, systems, and processes required to meet consumer expectations. In many cases, the producer tries to exceed them.

2. Quality assurance or QA

QA is a program for the systematic monitoring of all aspects of production, a project, or a service. The aim is to make sure that the producer and what the producer makes meet the required standards.

IMPORTANCE OF CONSUMER PERCEPTION OF APPAREL QUALITY

Customer perception definition: *“Marketing concept that encompasses a customer’s impression, awareness, or consciousness about a company or its offerings.”*

Customer collects information about a product and interprets the information to make a meaningful image about a particular product. This is called as customer perception. When a customer sees advertisements, promotions, customer reviews, social media feedback, etc. relating to a product, they develop an impression about the product.

The entire process of customer perception starts when a consumer sees or gets information about a particular product. This process continues until the consumer starts to build an opinion about the product.

Everything that a company does affects customer perception. The way the products are positioned in a retail store, the colors, and shapes in your logo, the advertisements that you create, the discounts that you offer, everything impacts the customer perception.

FACTORS INFLUENCING CUSTOMER PERCEPTION

Customer perception can be influenced by external factors, some of which are listed below:

1. Personal experience

Customer perception is highly influenced by the personal experience that a customer had while buying and using a particular product. If the quality, customer service, price, logo, color, discounts, etc. were able to make an excellent impression on the minds of the customers, they would build a good perception of the brand. But in case they did not enjoy the experience with the brand, it will leave an everlasting impression.

2. Advertising

Customers get to see the products first through advertisements and therefore become one of the biggest factors that influence customer perception. The advertisement and campaigns that a company runs will help to build a positive customer perception.

3. Influencers

People generally buy things when another person has tried and tested it. Such people who have bought it first and tried the product become influencers. When people hear about the great product that the influencer has tried out, it will influence the person to buy it and test it out, as the recommendation has come from a known person whom they trust.

4. Customer reviews

Many people look into the customer reviews before buying a product. This shows that customer reviews are an important factor in defining customer perception. If the consumers see that a product has a lower number of stars it means that product does not have good customer reviews. The impression that it creates on the consumer's mind is negative.

5. Social Media

Social media has become the strongest medium to manage customer perception. When social media audience gets consistent communication regarding a product, the users build an image of the product. Social media can be used to post content, images, videos, etc. which helps to build the kind of perception intended by the company.

CONSUMERS' PERCEPTION OF CLOTHING QUALITY

Customer perception is also important to determine the kind of image a brand wants to build. For example, when a retail clothing store has displayed clothes in crowded racks using low quality plastic hangers, customers get a perception that it is a low-quality brand

Apparel garments, accessories and other textile products are assessed for quality in the preproduction phase, during production and with a final inspection after the product has been completed.

Quality Assurance is focused on the process. It builds quality into each step of the manufacturing process including designing, production, and beyond.

Quality Control is focused on the product. It is generally understood as assessing the quality of products upon completing manufacturing and after being classified into acceptable and unacceptable categories wherein checking of the actual results are done to ensure that things are as expected.

Customers review Quality in Apparel as per following factors:

- Look & Feel of the garment
- Placement of the garment/brand in the store
- Display of the product
- Hanger Value of the product
- Fabric Durability
- Garment/Clothing Strength
- Durability of Trims used in the garment

MANAGING APPAREL QUALITY THROUGH INSPECTION AND SAMPLING PROCEDURES

Apparel garments, accessories and other textile products are assessed for quality in the preproduction phase, during production and with a final inspection after the product has been completed.

Quality Assurance is focused on the process. It builds quality into each step of the manufacturing

• The percentage of packing materials, raw materials and finished goods already in stock or produced, and the expected date of receipt or production for goods and components which not ready.

• A review of the quality of those goods and components already completed. QC inspectors should draw samples from what is already completed and check for defects. Full review on what type of samples were drawn and what defects were found in those samples.

• Summary of the production status and schedule.

• Photo review of the current production line, products, and observed defects.

It's a lot more complex, but these steps sum up the areas you would normally need to inspect for quality during the production cycle:

- In-sample making.
- In-marker making.
- Fabric spreading.
- Fabric cutting.
- Fabric sewing.
- Pressing and finishing.
- In-line Quality Checl
- Mid-line Quality Check
- Final Quality Check
- Store Audit of Product Quality Check

UNIT III: SOURCING STRATEGIES

The process of merchandise buying is a five step process, which involves the following:

- Identifying the sources of supply.
- Contacting and evaluating the sources of supply.
- Negotiating with the sources of supply.
- Establishing vendor relations.
- Analysing vendor performance.

While short listing vendors and eventual selection, the retailer should try to go through the following checklist:

- How reliable is the supplier?
- The reliability depends upon the consistency of the supplier.
- At what price the product is being offered?
- What is the delivery lead the of the supplier? (Delivery lead time is the time between the creation of the order and receipt of the order)
- Additional services provided by the supplier like credit period, free transport etc.
- Honesty and ethics of the supplier.
- Possibility of having a long term relation with the supplier/manufacturer.
- Financial strength of the supplier.
- Risk involved, if any, in dealing with the supplier.

CUSTOMER VENDOR MANAGEMENT

Definition of Vendor Management

Vendor management is the process that empowers an organization to take appropriate measures for controlling cost, reducing potential risks related to vendors, ensuring excellent service deliverability and deriving value from vendors in the long-run.T

This includes researching about the best suitable vendors, sourcing and obtaining pricing information, gauging the quality of work, managing relationships in case of multiple vendors, evaluating performance by setting organizational standards, and ensuring that the payments are always made on time.

So, that’s where the vendor management system or VMS comes in place.

A vendor management system is an online web-based tool that acts as a single node to manage all vendor related activities in any organization or business while ensuring improved efficiency and long-term growth in a cost-effective manner.

Benefits of Vendor Management

By having proper vendor management in place, an organization can experience the following benefits:

(1) Better Selection
By implementing appropriate vendor management in place, your organization can benefit from a larger selection of vendors, resulting in more choices and ultimately better costs.
Your organization can benefit from a bidding war between vendors while ensuring that you get your money's worth.

(2) Better Contract Management

In a multi-vendor scenario, lack of vendor management system elevates the issue of managing contracts, documentation and other vital information in your organization.
By implementing a proper VMS in place, your organization can benefit from a centralized view of the current status of all contracts and other useful information which will enable your organization to achieve better decision-making capabilities and save valuable time.

(3) Better Performance Management

An integrated view of the performance of all the vendors can be achieved through the implementation of a vendor management system.
This can give your organization a clear understanding of what is working and what is not! This ultimately leads to improved efficiency, which in turns improves the overall performance of the organization.

(4) Better Vendor Relationship
It is never easy to manage multiple vendors at the same time. While some vendors may prove really fruitful, others may not. But managing relationship among the vendors is the key to successful project completion.
By getting all vendor related information in a single place, you benefit from getting all required information at once and it can influence your decision-making process, thereby simplifying it!

(5) Better Value
Ultimately the goal of a vendor management system is to get the most value for your buck. So, implementation of a vendor management system, when done properly can result in long-term savings as well as improved earnings over a period of time.

CHALLENGES IN VENDOR MANAGEMENT

Although there are many benefits, some challenges need to be overcome to ensure the smooth functioning of the organization.

There are many challenges that an organization may face if vendor management is not implemented correctly. They are as follows:

(1) Vendor Compliance Risk

Setting standards before dealing with vendors can save you loads of time and money spent. Not all vendors may perform as per your standards. It is important to choose the right vendor from multiple vendors, who meet your organizational standards and criteria while promising excellent performance.

(2) Vendor Reputation Risk

Dealing with multiple vendors is not an easy task. Also, the quality of work has to be gauged upfront before getting into a contract, which makes the process more complicated.

While some vendors may get your task done really well, others can put up with some poor performance and throw all your deadlines in a tizzy. Hence, background checks are a must before any selection is made. This may provide you with some insights into vital points that you may have missed in the first place.

(3) Lack of Visibility

While it is really important to have a centralized data storage solution for managing vendor data, it also benefits the organization from a centralized view and improved visibility, which can lead to better resource allocation and improved efficiency.

(4) Vendor Data Storage

As your organization grows, it becomes essential to have a vendor data storage solution in place. In the absence of a vendor management system, storing and retrieving data might prove to be really tough, considering the fact that you may be dealing with multiple vendors for multiple projects at the same time.

(5) Vendor Payment Risk

Some vendors may have different payment terms, while some may adhere to industry standard terms. Figuring out the terms and ensuring that the payment is always made on time is one of the major issues, especially while dealing with multiple vendors at the same time.

VENDOR MANAGEMENT PROCESS

At this point, we can infer that having effective vendor management is crucial. An organization has to plan and execute a process to guide how they will engage with their vendors at every step.
While it is not possible to have one specific vendor management process that encompasses all enterprises and vendors, we can bring together the basic steps that underlie an organization's start-to-finish engagement with its vendors:

(1) Identification and Establishment of Business Goals

Before the vendor management process starts, it is crucial to identify and establish business goals that necessitate vendor involvement. This helps in understanding the requirements of every business unit and prevents duplication of efforts and wastage of resources in terms selecting and contracting with vendors. It also helps in the later stages of measuring and evaluating vendor performance as these goals establish appropriate metrics.

(2) Establishment of a Vendor Management Team

After the business goals are recognized, the next step should be the foundation of a dedicated vendor management team. This centralized team should be skilled in identifying business goals and KPIs for vendor management, selecting relevant vendors, negotiating the contracting process, periodically assessing the performance of the vendors and tracking all transactions activities.
This team is crucial as they will act as an intermediary between the business units and the vendors and ensure collaboration between the two.
It will also prevent the engagement of too many stakeholders – When vendor management is decentralized to the business units, it results in a large number of contracts with the same vendor or disparate transactions with multiple vendors. This impedes tracking and evaluation of vendor performance and exposes the organization to vendor risk.

(3) Creation of a Database for all Vendor-related Information

After the business goals are clear and the vendor management team is up and running, the next step should be to build an updated and categorized database of all relevant vendors and vendor-related information.
The benefits of this are manifold –
(i) it will match the needs of the business units to the right vendor. For example, the administration can identify the relevant vendors for office supplies, computer equipment, etc.
(ii) after the categorization of vendors based on their type, cross-vendor comparison will become easier for evaluation
(iii) it will streamline information – scattered, disparate vendor information will be stored in a single location and provide insights into the current stage of the vendors, for example, vendors with contract in place, vendors that require renewals, etc. and
(iv) it will enable effective budgeting – you can easily recognize the long-term, critical vendors and the short-term, tactical vendors and assess the budget assignment accordingly.

(4) Identification of the Selection Criteria for Vendors

Once all vendor-related information is streamlined, updated and categorized, you have to select the criteria based on which all relevant vendors will be chosen.

While cost has been the primary selection criterion for choosing vendors, businesses are increasingly looking at other criteria to determine which vendor would best serve their requirements – after all, lowest cost doesn't guarantee the highest value. A CIO article1 has recognized non-cost factors that need to be considered to select vendors – financial stability, previous experience in the field of work as the business, industrial recognitions, the procedures followed by the vendor, economies of scale and their legal/regulatory records. It is important to consider all of the aforementioned criteria to have a holistic assessment of the vendors.

For purchases of high value, companies also engage in bidding procedures that involve RFQs, RFIs, and RFPs before choosing the vendor.

(5) Evaluation and Selection of Vendors

At this stage, the vendors need to be evaluated based on the selection criteria and, if applicable, the bidding process.

The submitted proposals need to be thoroughly assessed to understand the pricing structure, scope of work and how the requirements will be met, the terms and conditions, expiry and renewal dates, etc. This will ensure that your organization is deriving the maximum value from the vendor. Look out for hidden savings opportunities!

Assess the internal strengths and weaknesses of the vendors and study how the external opportunities and threats can affect your transaction as well as the vendor management process.

Once you have ensured a complete start-to-finish evaluation process, it's time to choose your vendor.

(6) Developing Contracts and Finalizing Vendors

Well, now you have the chosen one. It's time to complete the contracting process and get your vendor(s) onboard.

Typically, the contracting stage is assigned to the legal and finance team and the senior management involved with the vendors. The rest of the business units receive the contract and engage with the vendors after the finalization process. This tends to be sub-optimal in the long run – the business units are the ones finally collaborating with the vendors on a day-to-day basis and have valuable insights on how to maximize the vendors' operational performance. Hence, all the relevant stakeholders need to be involved, at least in the decision-making process.

UNIT IV: FASHION VISUAL MERCHANDISING

P.S.:
NOTES IN PPT FORMAT

Attachment added

UNIT V: MERCHANDISE PLANNING

DEFINITION OF MERCHANDISE PLANNING

Merchandise planning is a method of selecting, managing, purchasing, displaying, and pricing the products in a manner that brings in maximum returns on investment, value addition to the brand name by satisfying the consumer needs while avoiding the creation of excess inventory.

Merchandise planning refers to an approach based on data to select, buy, present, and sell merchandise to consumers so that the maximum rate of investment can be achieved and consumer demand also be satisfied.

The purpose of merchandise planning is to fulfil consumers demand by making available right merchandise at the right place, time at right prices, and in the right quantities.

It is normal to feel confused when it comes to defining and understanding merchandising planning. You will get a new definition each time you will speak to a new retailer. The meaning f merchandising planning is different for different retailers, and there is no single approach that one can use.

This is because every retailer has different goals. Even merchandising planning has a different meaning for a different retailer; it is not that complicated to understand. It is closely related to assortment planning as assortment planning is about category management of merchandises.

You will be able to meet customer needs by making decisions and planning according to the stock you store. In addition to this, you will also find it easy to meet your financial targets set by you by choosing the right merchandise to sell.

IMPORTANCE OF MERCHANDISE PLANNING

Buying merchandise and placing them in store for selling is one of the biggest expenses a retailer makes. There are several additional expenses that come with merchandise are delivery costs, shipping costs, storing costs, etc. in case you order wrong merchandise, your expenses will be doubled easily.

However, having a merchandise plan is much more important than only saving money. You will often find yourself struggling to meet consumers' demands if you don't have a well-prepared merchandise plan and satisfy the consumers' needs is one of the most important duties of a retailer.

Challenges in planning your merchandise

Therefore, it is evident that you are bound to face a few challenges while planning your merchandise to stock in your store. How you tackle these challenges will determine your success.

1) A lack of clearly defined goal
Most of the merchandise planning challenges attributed to "lack of clearly defined goal. It happens because merchandising planning is different for different stores depending on the size and type of the retail store. for example, it is easy to diversify and focus on various goals in a large retail store.
However, excessive data available in large retail store sometimes can cause hindrance in merchandise planning. Old data can make planner confused, and he might get lost in minute details.
Learn more
Therefore, it is advisable if you take data and divide it into different sections to get desired outcomes rather than replicating the whole process all over again. with a good sales plan you can reach your financial goals easily.

2) Determining the balance between the right products and the right quantity

One of the biggest challenges for a retailer is to determine the balance between the right merchandise and the right quantity. As per an old saying "too much of a good thing can also be harmful" and becomes rather more difficult when you have to place an order today for next one year not for next one month only.

Fortunately, you can use retail data to get help in making a decision. in fact, all-wise retailers make the use of past data to plan for the future because an effective merchandise plan can't be prepared without past data.

However, even past data can help you to determine the quantity and type of merchandise to order, but it is not full proof.

Even retailers of 20 years of experience in retail business say that they only guess for how much quantity they are going to need for a certain product in the near future.
Therefore, it is right to say that you can't only depend on the data from the past, but you will also need an experienced planner who understands the merchandise and its requires and also understand buyers and their buying behaviour.

COMPONENTS OF MERCHANDISING PLANNING

In this section, you will learn about the important components of merchandising planning
A) Product
Merchandise or product is the most basic component of merchandising planning. The retailer has to provide products which are expected to be demanded by his consumers. He is required to keep enough inventory of each products category so that he never runs out of it and lose business.

Products can be classified in the following categories:
1) Seasonal products:
This type of products is in demand in a particular season. An adequate amount of this type of products has to be kept in inventory before the beginning of the season, and it should be maintained properly so that it can sustain the whole season.
2) Staple:
Products which are always in demand such as food, clothes, etc. irrespective of the season. Adequate inventory should be maintained for such products.
3) Fashions:
Products which will remain in demand until fashion prevails. The retailer has to buy an estimated quantity of such products to last the fashion without running short of it.
4) fads:
This type of products has a limited period of demand. Retailers have to buy such products carefully by rightly estimating the fads.

B) Range
Range refers to breadth, width, and depth of products that you sell in your store. There should be enough choices options for the customer so that they can choose the right products for themselves. Stores with limited width should provide enough depth options.
For example, stores like Nike and Raymond’s are stores for particular categories. Therefore, it must have depth such as different design, number, size, price range, and colour, etc. so that customers have enough options to choose from.
On the other hand, departmental stores, which deal with various categories of products, should not only have width but also need to have depth and width.
You need to make more investment in a wide range of products. The retailer has to make sure that he is getting profit on the investment he made. In addition to this, he also has to make sure that products are in demand and saleable. Order and store only those merchandise which is saleable.

C) Price
Price is another important component of the marketing mix. Price is an important factor when your customers are price sensitive. It is the job of a retailer to determine different segments of consumers and which price segment they belong to.
You can make categories such as low, medium, and premium range. Customers should be offered products of the price range they belong to.
In addition to this, the retailer has to adopt various strategies such as markdown prices, price skimming, offers, and discount prices, etc. for example; you can give offers like “Buy one Get one” depending on the product and its inventory in the store. Your planning should result in regular sales, adequate profits, and stock clearance.

D) Assortments
Assortment means the combination of various products to be made available at retail stores. Products should be assorted and presented department wise and category wise. For example, toiletries, cosmetics, staples, electronics, furniture, vegetable, etc. each category of products will have different price level, brands and size.
The retailer should make systematic classification and assortment. Products which belongs to the same category should be placed in one place. For example, electronic items should not be placed near fruits and vegetables. Apart from this, the retailer should keep SKU (Stock Keeping Unit) for each product and item.
He should regularly monitor than enough varieties of products are available for customers to make a choice from and assortments of products is convenient for customers to locate, select, and adequate variety available to select from.
Along with this, he should make sure that products are getting sold and there is good turnover, and a line of product is contributing to the overall profit of the store. The products which are not popular and in-demand should be replaced with products which are in demand and have new features.

E) Space
Visiting customers should be able to locate products easily. If a retailer has limited storage space, then he should make sure that each type of product is displayed properly.
Available space can be utilized to display and showcase products, using a hanger, different types of fixtures, mannequins, gondolas, and fridge depending on size, nature, and dimensions of products.
The retailer should also decide the hierarchy of products and decide how to create space for different categories of products. For example, products can be categorized as fads, new arrivals, vegetable, fashion staples, furniture's, electronics, kids', etc.

It is important to priorities place for different merchandises:
1) It should be convenient for customers to locate and pick products.
2) Products should be easily visible.
Implications of merchandising planning:
Merchandising planning is planning about the products, range, price, and assortments. Followings are the implications of merchandising planning.
1) Marketing:
Retailers have to invest in marketing measures such as advertising sales promotions, etc. to ensure the quick sale of merchandise in the store.
2) Finance:
A large part of finance is invested in buying merchandise for the store. Therefore, it is important to plan price, range, products, etc. to make sure adequate profits on investment.
3) Store operations:
Each department in the store should be informed about the various merchandise bought, and they should start thinking about various strategies to sell out the stock in the store.
With the help of effective merchandising planning, products can be labeled with the correct price, offers, and showcase to increase the sales of products.
4) Warehousing and logistics:

PROCESS OF MERCHANDISING PLANNING

Presenting merchandise demanded by the customers at the right time and at right place ensures the success of the retail business. Stores need to do meticulous planning for the products, their pricing, presentation, etc.
The planning process should be done thoroughly, and it should be detailed. It must cover every single aspect of merchandise management. A store's success depends on what customers desire to buy and how those things are presented to them.

Merchandise planning can be
1) Store-Based:
The demand for the store or department, products wise, category wise, etc.
2) Location-Based:
Ordering merchandising for the entire organization and dividing the quantities of merchandise on the basis of the demand in each store.
3) Time-Based:
The annual budget must be prepared for the requirement of merchandise and then break down expense on a quarterly, weekly, and daily basis.

STEPS IN THE PROCESS OF MERCHANDISE PLANNING:

1) Forecast of Sales
Estimated sales are the key to deciding the merchandise budget and plan. It is important to make a forecast of sales for the entire organization, department, and on the basis of categories of products. Addition of new products and the elimination of non-performing products should be considered.
The forecast can be done on the basis of data obtained from present scenarios, past records, and impacts of trend variations, the, etc. organization should also determine the pricing strategies on the basis of the information for future sales of products.

2) Merchandise Budget
Estimation of merchandise required is made on the basis of expected sales. Estimation should be made at the managerial level of the organization to determine the level of merchandise requirements for each store and department.
Besides this, the organization should weight the implication of investment in the purchase of merchandise. Effective planning ensures that the estimated return on investment will be achieved. The plan must ensure that each department and store is getting merchandise as per the requirement of each store.
Along with this, it should also make sure that there is adequate turn-over on merchandise and if required, what strategies like markdown, discounts, offers, etc. should be given to get rid of stock.

3) Merchandise control
It is important for a retailer to balance between the purchase of goods and their sales.
Over or under-stocking of merchandise should be avoided. Daily and weekly reports should be prepared to know about the sale rate of merchandise. Order for New merchandise should be placed before the stock reaches a danger level.

Each organization has its own policies to maintain the stock level. Control over the merchandise can be obtained by monitoring the movement of stock from inventory to store and store to the department. If you keep control of the stock, then you can easily avoid clearance sales, discounts or offers, etc.

4) Assortment Planning

The meaning of assortment is the arrangement of products on the basis of their categories. It means the presentation of all range of products under department, categories, or section. For example, food section, garments section, and cosmetic sections, etc.

A retailer should ensure the proper assortment. Each section and department must contain related products. Each category should have enough SKU (Stock Keeping Units), and no shelf, rack, or display should be empty.

Similarly, it should be ensured that no products category and department should be overloaded with goods. All merchandises should be given optimum space on the shelf, and the space on the department should be used properly.

TARGET MARKETING & ITS SEGMENTATION:

Target marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments consisting of the customers whose needs and desires most closely match your product or service offerings.

It can be the key to attracting new business, increasing sales, and making your business a success.

The beauty of target marketing is that aiming your marketing efforts at specific groups of consumers makes the promotion, pricing, and distribution of your products and/or services easier and more cost effective and provides a focus to all of your marketing activities.

For instance, suppose a catering business offers catering services in the client's home. Instead of advertising via a newspaper insert that goes out to everyone, the caterer would first identify the target market or its services.

It could then target the desired market with a direct mail campaign, flyer delivery in a particular residential area, or a Facebook ad aimed at customers in a specific area, thereby increasing its return on investment in marketing and bringing in more customers.

Social media platforms, such as Facebook, LinkedIn, Twitter and Instagram have sophisticated options to allow businesses to target users based on market segments.

A bed-and-breakfast business, for example, could target married Facebook followers with an ad for a romantic weekend getaway package. LinkedIn, on the other hand, is more B2B oriented, so you can target businesses using a variety of criteria such as number of employees, industry, geographic location, and so on.

Although you can approach market segmentation in many different ways, depending on how you want to slice up the pie, three of the most common types are demographic segmentation, geographic segmentation, and psychographic segmentation.

DEMOGRAPHIC SEGMENTATION

Demographic grouping is based on measurable statistics, such as:

- Gender
- Age
- Income level
- Marital status
- Education
- Race
- Religion
-

Demographic segmentation is usually the most important criterion for identifying target markets which means that knowledge of demographic information is crucial for many businesses. A liquor vendor, for instance, might want to target its marketing efforts based on the results of Gallup polls, which indicate that beer is the beverage of choice for people under the age of 54—particularly in the 18 to 34 range—whereas those aged 55 and older prefer wine.

GEOGRAPHIC SEGMENTATION

Geographic segmentation involves segmenting the market based on location. Home addresses are one example, but depending on the scope of your business, you could also use:

- Neighbourhood
- Postal or ZIP code
- Area code
- City
- Province or state
- Region
- Country (if your business is international)
-

Geographic segmentation relies on the notion that groups of consumers in a particular geographic area may have specific product or service needs. For example, a lawn care service may want to focus its marketing efforts on a particular town or subdivision inhabited by a high percentage of older residents.

PSYCHOGRAPHIC SEGMENTATION

Psychographic segmentation divides the target market based on socioeconomic class or lifestyle preferences. The socioeconomic scale ranges from the affluent and highly educated at the top to the uneducated and unskilled at the bottom. T he UK-based National Readership Survey segregates social class into six categories:

Social Grade	Social Status	Occupation
A	Upper class	Higher managerial, administrative, or professional
B	Middle class	Intermediate managerial, administrative, or professional
C1	Lower middle class	Supervisory, clerical, junior managerial, administrative, or professional
C2	Skilled working class	Skilled manual labour
D	Working class	Semi- and unskilled manual labour
E	Subsistence class	Unemployed, seasonal, or casual

The lifestyle-preferences classification involves values, beliefs, interests, and the like. Examples include people who prefer an urban lifestyle as opposed to a rural or suburban lifestyle, people who are pet lovers, or people with a keen interest in environmental issues.

Psychographic segmentation is based on the premise that the choices people make when purchasing goods and services reflect their lifestyle preferences or socioeconomic class.

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