

# Visual merchandising report essay



**ASSIGN  
BUSTER**

As a graduate from The University of Northampton I have been employed by a charity company that runs a chain of retail charity shops in the UK. I have been asked to write a report to the marketing team. My “live-client” is a British Heart Foundation store which is local to me so I can visit and familiarise myself with the stores visual merchandising.

Introduction Little attention has been paid to the evolution of charity retailing. A recent upturn in interest results from an increase in the number of charity shops in operation and their increasingly professional management. Charity retailing has expanded and developed over the past decade and the rapid expansion in numbers in the 1980s has heightened interest in them, although they do not feature as a sector in their own right in retail statistics, (Susan Horne, 2003). With the increase in the number of charity shops there has been a corresponding increase in the professionalisation of management, in the location choice and an improvement in merchandising and display techniques. The growth and evolution of the charity shop from a down-market thrift shop to an increasingly sophisticated high-street retailer is not, however, reflected in the official retail statistics and it is unclear where charity shops should be included.

Charities have benefited from a rise in major donations from individuals and corporate employee fundraising schemes, as well as the popularity of direct debit schemes. Meanwhile celebrities, sponsored events and online technologies have become a key to raising awareness and generating funds. However, there is still much to be done for the industry to earn the trust of all consumers. Seeing as the UK is going through a recession at the moment,

charity shops should be more profitable, but can only survive on the high street by bringing their shops into the 21st century.

It is the responsibility of the management to get good donations and attract shoppers who will spend. The shops are there to raise as much money as possible for the charity. Brief history of Charity retailSales in 2002 suggested there may be a large market for charity shops. While some trading managers continue to place a hold on shop openings, others see the future in diversification, niche marketing and innovation and are continuing to invest in new shops. But outside the sector commentators observe that there are simply too many shops in the market (Brindle, 1999). Whilst total sales in the charity retail sector grew quite in the period 1992-2002, so too have costs, and thus the surplus achieved from this income has remained quite static.

Figure 1 shows average costs and surplus per shop per week during the period. The figure shows average costs and surplus per shop per week. Costs include rent, rates and expenditure on wages. Target MarketCharity shops are often popular with people who are frugal, people who live on a limited or fixed income, collectors, and people with unusual tastes.

There are to date no published research findings on charity shop customers but a hypothesis is that they tend to fall into two categories. First are those on very low incomes who need to purchase cheap donated goods. These customers are looking for a bargain, and initial findings from current ongoing research by the authors suggest that they are not charity loyal but have a real need for cheap clothing. Second, are those fashion-conscious customers who want designer clothes at reasonable prices and are prepared to

purchase second-hand classic clothing, they are also willing to search charity shops in pursuit of individual designer garments. New goods were introduced in order to attract a third type of customer, one not interested in second-hand goods but who wishes to support the charity rather than purchase similar goods from a mainstream for-profit retailer. Just as the low-income customers purchase from charity shops through necessity, so it can be argued that other customers purchasing new goods do so in order to help the charitable cause.

Donated are perceived to be outlived and therefore the shop stock is seen to be similarly outmoded and of no interest to the donor. By increasing the percentage of bought-in goods, it is hoped to encourage new customers into the shop in the hope of introducing them to the whole range of merchandise on offer. By virtue of their donation of goods it is not unreasonable to suggest that these prospective customers are also charity or cause-specific and would therefore be likely to purchase new goods in order to support the charity. Since the new goods can be purchased from established retailers for a similar price, the motivation for purchasing from a charity shop would appear to be that of helping the cause rather than contributing to the profits of the established retailer.

There is no evidence, to suggest that customers are in any way category specific and this raises the issue of whether, and if not, how charities can encourage customer loyalty. Charities are highly aware of the need to procure high volumes of good-quality merchandise from the public. Along with heightened competition in the sector and increased sophistication in terms of retail strategy, there are now charity shops that exclusively

concentrate on particular types of goods, such as designer clothes, furniture, and books, and even those stores which carry more general merchandise emphasise certain product lines and target markets. Charity requests for used goods are most likely to prompt older people to give; mainly women's clothes are donated. The general visual 'look' of the inside of a charity shop is 'cluttered', un-organised, messy and 'scattered' which could put off customers searching for decent fashion. 70% of people that walk in to a shop do not purchase anything, charity shops need to tackle that.

Research has suggested that individuals with higher education levels are more likely to be donors and to donate more to charity (Edmundson, 1986; Harvey, 1990; Jones and Posnett, 1991; Schlegelmilch, 1988; Schlegelmilch and Tynan, 1987). Individuals leaving school at 17-18 are positively associated with door-to-door collections, sponsorships and attending events. However those leaving at over 18 are, in contrast, less likely to give to door to door collections. Education levels could be used, for example, to target regions that contain high levels of individuals with similar education levels and to approach them with different forms of appeals, (Journal of Business Research). Current Visual Merchandising Charity shops are important as the charity's "face on the high street".

As such the image and decor of the shops is important in what it says, or fails to say, about the organisation to the public at large. Their presence on local high streets means that the shops are ideal advertising spaces and many shops display posters in their windows promoting charity fund-raising events. Some charities use their shops as a point of contact for the relevant client group, using display units in their shops to distribute advice and

information leaflets and instructing volunteers on the best ways to offer help and advice. It has been estimated that the average person spends less than eleven seconds considering a window. The window is the eye to the soul of your shop and sloppy displays can turn customers away. Charity shops seem to have a ‘dim and dingy’ appearance when actually charity shops can be places to pick up designer labels at a fraction of the cost, with the possibility of a fantastic vintage find.

The shops often boast an amazing array of good High Street names and even selling brand new, labelled garment items that can be bought at a fraction of the original selling price. The image of charity shops tends to still be one of discarded clothing, bric-a-brac and an enthusiastic workforce. The appearance of the shops has greatly improved, with many taking a professional approach to how the shops are run. Through repeated observation it was found one British Heart Foundation store visited was brightly lit, with modern shop fittings and the stock was displayed attractively and categorised properly.

Charity shops used to have the “jumble sale” look; as the shops are arranged neatly, though customers are still able to have a rummage through for that “magic find”. Charities are continually improving their presentation and running of the shops, more and more people are beginning to realise the benefits of shopping in them compared to high street stores – bargains which can be found and individuality. With almost 500 branches nationally, The British Heart Foundation ranks as a significant retail player – and managing its mix of ever-changing merchandise is as challenging as for more conventional multiple retail chains. The British Heart Foundation tended to

have racks of clothes, sectioned off into men's and women's styles (mainly women's clothing), and further sectioned into skirts, tops, dresses, suits, pants and so on. There were also familiar labels, like Target and K Mart, and more expensive labels as well. The shop did have dummies and displays in order to show customers how you can mix and match complete outfits from the racks which is a good idea.

There were also accessories like bags and shoes from the stock, so customers could see how a complete outfit can be built up for low cost.

There were 'funky' young fashions as well as elegant dinner party wear, but the sizing seemed to be limited and did not have many average sized clothes (sizes 12-14) and many of the items seemed to cater for the very slim or the large, but this could not be helped as the shop mainly relies on donated fashion items. There were donated goods, but there was also an assortment of new giftware, fashion accessories, Christmas cards and toys which form a growing part of the product mix and ensure a loyal and supportive customer base. There are also specialist stores (which were not local so were not visited); some selling only music and books, others concentrating on electrical goods and furniture as well as larger. 'New Concept' outlets have a wider assortment of new merchandise and stylish, modern presentation, but could still be improved.

Paul Blandford from the British Heart Foundation (Bournemouth) stated, "I noticed the windows of the charity shops seemed a bit drab and not very adventurous. They always seemed to put in oversize outfits or the wrong stuff." He feels the biggest mistake that charity shops can make is the tendency to "chuck anything in the window" just because it is the most

expensive item. “ I think people try their best but with windows you need them to look more corporate.” (Daily Echo, 2009).

**The Concept and Importance of Visual Merchandising**  
The retail visual merchandising shares many of the same principles as advertising, graphic design, and interior design — the purpose of visual merchandising is to create a logical and visually pleasing environment that will grab attention and translate into increased sales. The basics are; a clean store, well lit, with merchandise displayed in neat groupings (especially important in charity retailing to detach them from the ‘ jumble-sale’ look), but as an industry, visual merchandising delves a lot deeper, focusing on the psychology and motivations of the target customer. Visual merchandising actually starts on the street outside the store. Creative window displays will catch the eye of people walking by and will draw them into the store. Numerous store owners make the mistake of cramming in lots of merchandise to indicate the variety of items they might carry, but the most successful window designs create a theme, mood, or “ lifestyle” that piques curiosity, changing the window displays with the seasons will reflect the newest or best-selling items.

Creating a bold and dramatic window display and placing a few big, brightly coloured, interesting items in the window will attract passersby. The state of visiting an establishment should be as rich as is appropriate, any prospective customer should be able to walk in and feel respected and comfortable, whether its music, product displays, lighting, or even the climate control, everything in the store can impact the shopping experience. Creating product displays (this can mean dressing mannequins in the latest fashion donations), using designer clothes in the window display can ‘ grab’ attention



inside the shop. Equipment should be organized in logical groupings, whether by item type, colour, or focal points, and signage and product descriptions should be clear and easy to read. Running this large retailer estate is as challenging as for any high street chain: merchandise assortments need to be selected and controlled, sales and promotional activity optimised, and popular lines identified and re-stocked. Efficient retail management systems are essential and even more so given the British Heart Foundation's charitable status.

British Heart Foundation and Merchandising theory  
British Heart Foundation (BHF) stores could improve by using merchandising theory and the merchandising model (figure 2) to create a more dynamic fund-raising experience. Economic trends – BHF need to take advantage of the recession, people's incomes are less so are in need of cheaper alternative fashion. Charity retail shops have only risen by 3% in profit. They need to consider population trends, society is aging (40% will be over 50 by 2015), and more inclined to have single-parent families.

Segmentation – Charity shop volunteers tend to attract the customer once they enter the shop, but they need to attract people before they enter by the use of strategic marketing. A lot of retail outlets that are surviving through the recession are aiming to target a niche market as this seems to be more profitable. BHF are already doing this as they have stores for toys, books and music, and special occasion fashion shops. BHF and other charity retail outlets need to attract a younger audience – Mary Porters (Queen of Charity shops) had the idea of giving students the chance to design and make clothes and accessories and offering them 50% of the profit if the item sells.

If shops want to attract a younger market a key to doing this would to encourage younger volunteers in to the shop. To assess staff BHF could use a system to data collect to see what staff members are good at communicating with the customers, making sales and ' add-on's' and generally being positive. These characteristics in volunteers are important to make the shop a more pleasant fund-raising experience, and could be improved by staff training and reward schemes. It's also important the volunteers conclude the sale after a customer says they want to purchase an item. Different customers need to be identified by staff so they know what the best way to approach is one is.

There are five types; loyal, discount, impulse, need-base and wondering. BHF could focus their effort on the loyal customers, and merchandise their stores to leverage the impulse shoppers. The other three types of customers do represent a segment of a business, but they can also cause misdirection if there is too much emphasis on them, (Mark Hunter, 2008). Its vital charity shops steer clear of the ' dig and dingy', stale appearance. The more a customer's senses are engaged, the more likely it is that they will purchase something. Using fresh scents like lemon or cinnamon to fill the air can be appealing.

It cannot be overpowering because each person reacts to a fragrance differently. BHF volunteers should greet customers when they enter the store. In a small shop, the attitude of the staff can be a positive or negative influence on the business. Its important not to overboard or else the shopper can feel as if they are being watched to avoid shoplifting. Also having soft music playing in the background is a plus.

In order to sell to different age groups, play music that includes both soft music and harder music. The clothing display should encourage touching and feeling the clothing. Shoppers will want to hold the clothing up to themselves, so it's important to have mirrors. The shopper will get a sense of how an item is going to look, this will give the shopper a desire to buy merchandise, and an idea of what looks good.

Clothes also need to be in a logical order (men's, women's, children's), although the BHF store I visited had done this, a lot of charity shops still have the 'jumble-sale' look. Another common application of merchandising theory is the practice known as cross-merchandising. This occurs when a manufacturer or retailer links the marketing of one product to the marketing of another. For example; if BHF wishes to promote a designer dress, which carries an attractive profit margin.

To improve the likelihood of selling the dress, the store may locate accessories that would look good with the dress nearby. All of these things tend to shore up sales. Pricing and Branding One of the four major elements of the marketing mix is price. Pricing is an important strategic issue because it is related to product positioning. Furthermore, pricing affects other marketing mix elements such as product features, channel decisions and promotion. Product pricing is a good example of how many considerations can go into merchandising.

Prices can be set in various ways to serve different objectives, with the ultimate goal usually being to maximize profitability. Charity shops tend to use variable pricing as they recognise the donated items they receive will

differ and the price depends on the quality and brand of the item. Some charity shops sell their goods at below-average prices in order to increase flow/turnover, especially if they're short of space. Where shops don't display prices, it saves them time (and labels) – but this can lead to problems:\* Some people will be put off buying an item unnecessarily, as their expectation of the price they'll be asked to pay at the counter is too pessimistic.

So the shop loses the sale.\* It tends to result in hurried, arbitrary pricing at the counter – by a volunteer who may quote an inappropriate price. o If too high, this can lead to embarrassing haggling and sometimes even arguments. o If too low, the shop has lost some revenue.

Branding has been advocated as a potentially successful response to heightened market concentration; it offers the possibilities of centralized control and format standardization, and an added value or cost driven strategy can be used to differentiate the retail offering and reinforce market positioning (Birtwistle and Freathy, 1998). Stanley (2003) states; from a retail perspective, branding has numerous advantages as it may result in:\* enhanced customer dependence on the retailer (customers will be more inclined to shop in charity shops for cheap designer products)\* increased sales (if word gets around, more people may shop in charity shops)\* improved differentiation and variety\* increased customer loyalty\* positive image building (builds a stronger name to the shop)\* improved stock control\* greater freedom in pricing; and better bargaining position in times of recession. BHF need to attract donors who donate higher quality clothing. They could hire someone who is good at negotiating deals with big brands

that can sponsor the charity; if the companies merge it could be profitable for both.

A way they could do this is to use Mary Porters idea of ‘ Donate don’t Dump’. They could team up with companies to collect the workers unwanted items every month. This could also be done at schools and universities. British Heart Foundation’s website They have included all of their in-store campaigns on the website and have additional ones such as their policies and future campaigns.

Newsletters are displayed in-store and online. The content on the screen complements the in-store environment. The colour combinations are the same, and they use the same slogans and have obvious connections to the retailer. The digital displays and in-store signage content is timed to coordinate with the in-store schedule.

They have made sure the text is big and clear enough so that donators can easily see it from normal viewing distance (they’re likely to be on the move when they see in-store displays). The website is attractive and easy to navigate, with quick links so consumers can get to what they want to and fast. This would be similar to the ideal in-store visual merchandising of having clothing items categorised and easy to find. The website seems to attract people to shop and encourage donations but they are missing one important factor. Celebrity endorsement could really boost their sales and maximise profit.

It would increase consumers’ awareness of an advertisement, capture their attention and make the advert more memorable. It tells the consumer that

the company is reputable, has good products or good customer service and is a sound company to deal with. It could make charity shops appealing to a wider target audience, especially young people. Conclusion This report has explored the visual merchandising surrounding charity shops.

BHF tend to use sophisticated methods of coordinating stock, but collection methods still remain haphazard. To acquire the stock that will enable charities to pursue sophisticated retail strategies, there is a need to refine current procurement methods and complement them with innovative approaches. The report highlighted the fact that charity retailing has the potential to expand their target market. They tend to already target higher socioeconomic groups to gain quality goods, but lack information on the goods, which is where pricing and branding needs to be properly identified to maximise profits.