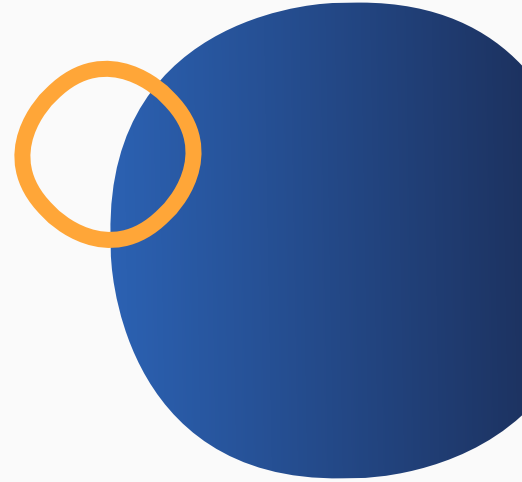




White Paper

The ultimate Visual Merchandising Handbook

A paper about the importance of Visual Merchandising, Tips & Tricks and more.



VisualRetailing

Table of content

- 01 Introduction
- 02 What is Visual Merchandising
- 03 Values and Benefits of VM
- 04 VM as an Art and a Strategy
- 05 Why Visual Storytelling?
- 06 Tips and Tricks
- 07 How to measure VM strategies
- 08 Final words: Future trends in VM

1

Introduction

As brands and retailers increasingly look to pour more money into their online efforts, there is a recognizable need to remember the value of the physical retail store to the customer experience and wider brand identity.

More than ever, the physical store has to be looked at as a place to sell more than just merchandise. Modern consumers, especially Millennials and Generation Z, crave experiences. The very idea of what a store is has changed completely. It's morphed from a place where people come to buy to a place where people come to discover.

Visual Merchandising (VM) must be factored into the business equation in the earlier stages of marketing and product development. It is the first tangible representation of a brand's new marketing efforts. In order to communicate the intended messages properly, stores must be merchandised consistently. This requires investment in both, time and resources.

This brand book gives you an insight into the nature of Visual Merchandising, which role it plays in building customer relationships and how you are able to measure your VM efforts.

2

What is Visual Merchandising?

What is Visual Merchandising? It's presenting your products to customers in the most attractive way - with a focus on driving commercial performance and maximize sales. The impact of visual appeal cannot be overstated in retail. Visual Merchandising is able to tell a story, to represent your brand's values and inspire your customers.

It highly contributes to the first impression that customers get from your brand. It all starts with the window display. Gone are the days they were thought of as mere product shelving. The front window is revealing the soul of your store at first blink.

But this is not where the work ends. Once you are inside, the store itself should arouse you with a specific artistic presence which is known as Visual Merchandising.

Like any other medium, this ephemeral art form possesses certain attributes that define yet differentiate it from other creative expressions. But as consumer tastes evolve and become more demanding, merchandisers must continually reevaluate the role of contemporary Visual Merchandising strategies.

3

Values and Benefits of VM

The single and most important value of Visual Merchandising is to engage and inspire your customers. Encourage them to buy the products you want them to buy and therefore increase your sales, margin and return on space. If shoppers can feel a certain message delivered to VM practices within a store they will feel motivated to get involved with your brand. The way you merchandise your store is how your customers will receive the story behind it. Of course therefore you also need to know your customers' taste. There should exist a good balance between what they want to see and what you want to tell them.

Designing a store is so much more...

- Create experiences
- Tell immersive stories
- Develop new states of minds
- Generate moments, landmarks and points of view
- Adding value to the shopping journey
- Effective space planning
- Window displays are the eyes to your store's soul

4

Visual Merchandising is both - an art and a powerful strategy

The foundation of Visual Merchandising

Which skills are required from a good Visual Merchandiser and which of them come to them as inner gifts? Organization and self-management, communication and interpersonal skills can be learned. The innovative and creative aspects are most of the time the facets that really distinguish VM's from each other. What does that mean? Let's break 7 aspects down to prove why VM is an expression of art.

What you need to express VM as an art:

Talent, Concept, Medium, Context, Style, Value, Aesthetics

Talent

The chief aim of a Visual Merchandiser is to maximize sales by communicating with the target audience and creating a positive atmosphere. But as personal experiences mold artistic expression, the presentation of VM is intrinsically linked to its creator – a reflection and expression of their personality. While the ability to execute design is more academic, the intelligence needed to conceptualize these visual creations is not something easily taught.

Concept

There are four major Visual Merchandising messages: critical, reflective, testimonial, and exaltation. Within these messages lie manifest, codified, or intellectual concepts. When you dive

④ Visual Merchandising is both - an art and a powerful strategy

deeper into these concepts, personal themes may emerge that express feelings, ideals, motivations and experiences. Likewise, environmental themes including political, religious or philosophical ideologies of individual creative directors may also exist within their creations.

Most brands, however, tend to shy away from statement-making displays. Visual Merchandisers have the responsibility to express the principles and values of the client.

That said, it's nearly impossible to erase the complete individual identity of the artist. And sometimes, when you commission a more famous artist (perhaps with a more famous temper), you must understand that by employing their name and reputation, you may bite off more than you can chew.

By telling a story, you help the customer better understand the product and enable the buying decision.

Medium

In its format, both the store's exterior and interior showcase a storyline. This visual storytelling is similar to that of an artist's rendering - with regards to composition, proportion and lighting.

However, artistic techniques and disciplines are only the means expression, not the art itself. Consider hereby the differences between photographic and digital art. Contemporary Visual Merchandising and window dressing work in the middle of both, on presentation of merchandise with a commercial view on top of the mind.

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Visual Merchandiser

noun. [vizh-oo-uh l]

[mur-chun n-dahyz-er]

Someone who solves a problem you didn't know you had in a way you don't understand.

See also wizard, magician

Context

The ideal outcome of any conception regarding VM is to convert shoppers into buyers. This means that Visual Merchandisers have to set products in the context of merchandise but also in an aesthetically pleasing fashion.

Considering contemporary art disciplines and events, artistic displays often reflect a particular situation - place and time - which the merchandiser chooses. This means that the context is often influenced by personal preferences or by the merchandiser's personal environment.

Style

The work of visual art of the last century is influenced by the artistic styles that have defined certain aesthetic, conceptual or ideological characteristics shared and assimilated in certain eras.

Visual Merchandisers have obviously to stay up-to-date on latest fashion trends, but yet understand the values and history of the brand they are representing through their merchandising strategies. Another aspect they should never neglect is always focusing on the customers that are targeted to buy from the brand. After all, as consumers increasingly demand more personalized products and experiences, it is up to the VM team to create a sense of loyalty with a brand. They do this through taking a trend and making it their own - crafting a style - and embodying a specific personality.

Value

VM might be dependent on a viewer's perspective and visual art, but nevertheless it always has a purpose and value. You can't compare an art piece in MOMA with a shop window, no matter how cool the latter may be.

④ Visual Merchandising is both - an art and a powerful strategy

There are certain skills required by Visual Merchandisers, they have to be able to transcribe styles of a particular era into something customers easily understand. They should have the ability to approach certain themes with an objective yet creative eye.

Aesthetics

Art is not synonymous with beauty or aesthetics, although it's an intrinsic quality present in most. Aesthetics is completely subjective and there is no parameter to define it. From the viewer's preference, personal conception, and cultural context, all form aesthetic perceptions.

The globalization of Visual Merchandising – both in the context of stores and e-commerce – are imposing the same visual tastes across the planet. As Andy Warhol once said:

“Someday, all department stores will become museums and all museums will become department stores.”

Andy Warhol

Visual Merchandisers who create a complete visual strategy are artists in their field and their creations – from window dressing to online stores to merchandising – this is already an art.

It's not only linked to an attractive way of distributing the product but also to the selling logic. The sales monitoring in relation with the distribution of the product, let you define the consumers' behavior, giving out important information about the product and its presentation into the store.

5

Why Visual Storytelling?

In the current digital age, with information floating around us constantly, trying to get our attention, visuals matter! It is a fact that attention spans are notoriously shrinking. People get the sense of a visual scene in less than 1/10 of a second and 65% of the world's population are visual learners.

Change the conversation from “I want this” to “I need this”.

Visual storytelling is the cornerstone of advertizing, but the same is true for Visual Merchandising. Effective visuals are a strategic asset.

Today's consumers no longer simply want to buy – they're looking for a rewarding shopping experience, made of emotions – of stories. Stories make you feel things. They help convey information and help people retain information better.

Storytelling is a great way of conveying what your brand is about. It helps create a value proposition, a point of difference, and connecting products to a brand's mission. Additionally, good stories are worth remembering and sharing – a must in our current social landscape.

Using Storytelling in Visual Merchandising

The human mind craves meaning. It even goes so far as to create – even invent – connections. What's more, if the mind cannot create an orderly narrative from incoming information, it tends to ignore it.

⑤ Why Visual Storytelling?

If your merchandising is styled haphazardly, potential customers will not understand and, ultimately, will not buy. As such, selecting new product and making sure it's in the right store locations is a very small part of a merchandiser's responsibilities. The most important part is to present the merchandise in visually and imaginative ways that it engages the customer and compels them to buy.

Great merchandising should produce seamlessly clear storytelling – through aesthetic sensibility and creativity. Merchandisers themselves must be connoisseurs of lighting, layouts, window dressing, and advertizing graphics.

Merchandisers must become master storytellers – creating a world that customers can step into. They must choose the right decor, products, and branding to design and curate the perfect exhibition showcase concept – expertly telling stories with merchandise that connects with the needs, desires, and the imagination of customers.

More tips and tricks about storytelling in Visual Merchandising can be found in the following chapter.

6

Tips and Tricks - How to VM

- Grouping by style or type
- Color balancing
- Keep it fresh and interesting
- Storytelling
- Use symmetry in displays
- Focal points
- Leverage technology
- Always think from a customer experience point of view

Grouping by style or type

A high density of products needs to be balanced with a practical way for customers to interact with them. This could be by brand, product type, color or by price.

Grouping separate categories or styles of clothes ensures there is a clear defined space that can easily be interacted with.

It's one of the most common tools in a Visual Merchandiser's toolkit, especially when space is at a premium.

Color balancing

One of the most important aspects of a Visual Merchandiser's job is how he/she utilizes color. From the planning stage, creating product collections and ranges based on color can heighten the cohesiveness and visual styling of your store.

Whether you go for a high-contrast dramatic look or a palette of matched tones, what's important is that you balance them well and utilize an array of placement and spacing variations to achieve the right feeling.

Keep it fresh and interesting

Loyal customers return to your stores - that's one of your main

⑥ Tips and Tricks - How to VM

goals right? Deepen customer relationships with your brand and make them come back over and over again. But this also means that you have to mix up your VM game every now and then. If shoppers aren't seeing anything new when coming back, they will less likely make another purchase. Even worse, they might get bored and don't have the feeling they will find anything interesting in your store when everything looks too familiar. A fresh VM design also helps you to experiment with more creative ways of displaying your products and helping you to identify what makes your brand stand out in the eyes of shoppers.

Storytelling

As mentioned before Visual Merchandising is able to tell a story. Your brand story. Alongside telling the customers your brand story, they are able to trigger an aspirational feeling as they create inspiration for certain styles for the customer.



Picture: StudioXAG x Adidas Originals at the Fouberts Place store.

Storytelling in a broader sense

Your creativity should know no bounds when it comes to store design and temporary window displays and in-store installations. Customers nowadays, do not only want to shop, they want to be entertained. Surprise them with presentations they might not

⑥ Tips and Tricks - How to VM

expect - that will definitely make them stop and consider to walk into your store. And in the best case: buy.

Storytelling of collections in-store

Storytelling in Visual Merchandising is a way to incite imagination. A tight visual concept can give a potential customer inspiration for a certain style, and can trigger an aspirational feeling. Simply, it's all about conveying a theme through the way your products are laid out.

Keep your brand identity consistent

Your Visual Merchandising and the included storytelling plays a huge role in how you retain your loyal customers and create an impression in the minds of new shoppers. Whilst it is always important to change and spice things up from time to time, you should make sure that the displays always correspond to your brand identity.

Tell your customer their very own outfit story

By grouping items into a scene or showing consumers how to wear certain products, you are essentially teaching shoppers. What you want to achieve is that they say: "I want the lot". How come? By presenting them whole outfit displays, it's easier for them to imagine how to style those items at home. It puts such a clear picture of the whole outfit into their minds that they don't want to experiment themselves with single items but buy the whole picture. Especially since shoppers nowadays want access everything easily and fast.



Using symmetry in your displays

Repeating the way your products are folded, stacked, hung and styled in symmetrical ways can elevate your store's visual feeling. When repeating products around a focal point and using symmetry in styling your display, you can also look to incorporate different color balancing techniques to deliver an even more striking look.

⑥ Tips and Tricks - How to VM



ETRO store in Milan presenting outfits on mannequins to create focal points.

Focal points

A focal point is a hotspot - in a store window for example - that acts as the centrepiece in combination with styled mannequins or displays, props or signage. Place focal points in key sight lines, endcaps and entrance tables to a store or department. The focal point acts as the 'draw' and can compel a shopper to enter the store - or a specific area of your store - and take a closer look at your products.

Effective space planning is key

Whilst packing as much product per square metre in as possible may sound like a good idea from a sales perspective, it doesn't make for a particularly great in-store experience - especially in stores with high foot traffic.

When planning your retail space consider how many gondolas, mannequins, racks and backwall displays you have and how they can be placed in a manner that feels appealing for a customer to browse. This helps from a fixture cost planning perspective as well as maximizing the valuable retail space that you're paying for.

Include trends, holidays and themes into your VM calendar

Many stores will rotate their Visual Merchandising displays when it comes to specific holidays or capitalizing on modern trends in order to bring in shoppers and drive sales with a specific angle and story.

Make sure you plan your VM efforts well in advance of holidays to maintain a competitive advantage and allow more time to create a better product collection - and ensure you have all of the necessary fixtures and signage to create the best display possible.

Think about the Customer Experience

All those tips become worthless if you don't have the probably most important factor in mind: think like your customer and look through the eyes of your customer. It's all about how a prospective buyer makes the decision to enter your store to their feelings browsing until they exit and make a purchase.

All those tips become worthless if you don't have the probably most important factor in mind: think like your customer and look through the eyes of your customer.

You have to understand what your target audience wants and needs to create more relevant, effective VM displays. For example, a customer in a high-end retail store will expect the store to give off a luxurious feel and make them want to imagine how their home would look with the inclusion of your products.

Introduce technology! Everyone does.

How to easen up things? With technology! It's not a surprise that technology takes over our everyday and working lives. It just makes a lot of processes way easier. When it comes to Visual

Merchandising, teams can hugely benefit by the use of technology to help them plan and merchandise the collection in ways that are both, attractive and can help drive sales performance in the most efficient way possible. The store is a tool of communication, and it's the successful retailer who will strategically curate the deployment of technology into the store to expand the dialogue with the targeted customer. It's changing the way Visual Merchandising takes place in that it allows stores to change their in-store content anytime they want. From media displays to interactive floor models, creativity knows no bounds.

Windows are the eyes to your store's soul

The customer engagement starts even before they have set foot in your store. But in a world where consumers have their faces buried in their phones, you only have a few seconds to attract customers to your store.

That's why the window is really your first chance to grab your guest's attention. The purpose being to stop customers in their tracks.

Shop windows symbolize the job of a host – the smiling face that greets passersby, the wind of change that delivers new seasons. Important to remember is hereby, that a dynamic and eye-catching window display doesn't mean a big budget. Often the most inventive windows are the result of limited budgets, those where you have had to stretch your imagination in creative terms rather than financial.

7

How to measure VM strategies

As we mentioned above, Visual Merchandising serves the customer, makes the shopping experiences inspiring and is able to increase sales, if you know how to implement it correctly.

But, as with any other business as well, every action in-store should be able to be measured. There's the need of following up and evaluate the performance of your VM efforts. Otherwise you are not able to see if they actually worked and increased sales.

Building VM into your overall marketing plan should be considered as an investment, and not as an expense. We present two ways to measure the effectiveness of VM. In the following section we will also explain how "simple" add-on sales can effectively increase the turnover within, let's say one year. Why? Because it's easier to sell to a person that has already entered your store than trying to get more people into the store. In this case, VM can act as a silent salesperson.

The basket size basically describes the value of the shopping basket: Sales divided by number of customers.

Naturally there should always be targets set, and follow ups to see if the window displays are performing as they should, and analysis to find out what is working and what is not.

Example for add-on sales: *How much do 10 euros add-on sales for 4 customers per day increase the turnover in 1 year?*

⑦ How to measure VM strategies

Taking a retail store in consideration that is open from Monday to Sunday, 4,5 weeks per month. The target is to make \$ 10 add-on sales respectively with 4 customers. To sell those add-on items they should pragmatically and cleverly be merchandised in the store to get the customers' attention. The task of Visual Merchandisers is therefore, to place those add-odd items in this way, that sales associates have an easy job to suggest those to customers (e.g. for rounding up a whole outfit and give it an extra kick). The add-on sales target is also taken into account in window displays, in-store campaigns and in social media marketing campaigns. Let's break it down: Per day: $\$ 10 \times 4 = \$ 40$, Per week: $\$ 40 \times 6 = \$ 240$, Per month: $\$ 240 \times 4.5 = \$ 1,080$, Per year: $\$ 1,080 \times 12 = \$ 12,960$

*Per day: $\$ 10 \times 4 = \$ 40$,
Per week: $\$ 40 \times 6 = \$ 240$
Per month: $\$ 240 \times 4.5 = \$ 1,080$
Per year: $\$ 1,080 \times 12 = \$ 12,960$*

You see, you are able to increase the yearly turnover by almost \$ 13,000. And here we are only speaking of add-on sales. Imagine what main pieces of a collection can do, when merchandised creatively and strategically.

Translating add-on sales targets for in-store teams

Imagine a company that has \$ 200,000 turnover per year. They want to increase sales by 10% (\$ 20,000). Now the question is how to make a sales target for add-on sales more reachable and easier to grasp for retail employees? How can a VM do his or her work in a way that is aiming for the target while planning and creating the displays?

What you can do is simply divide the big amount into monthly, weekly,

⑦ How to measure VM strategies

daily targets and even divide it into product levels. This basically signifies using the basket size option, only in a reversed way.

Let's assume the store is open six days a week for 4,5 weeks per month. In order to reach the target of \$ 20,000, the company needs to have additional sales: $\$ 20,000/12 \approx \$ 1,667$ per month, $\$ 1,667/4.5 \approx \$ 370$ per week, $\$ 370/6 \approx \$ 62$ per day.

*$\$ 20,000/12 \approx \$ 1,667$ per month
 $\$ 1,667/4.5 \approx \$ 370$ per week
 $\$ 370/6 \approx \$ 62$ per day*

Breaking it down, we know that add-on sales worth \$ 62 per day have to be reached. This could be divided into \$ 10 per 6 customers, or one product of that price per customer, or two worth \$ 31 items etc. This target also provides a monetary target for Visual Merchandisers whilst planning displays and product combinations.

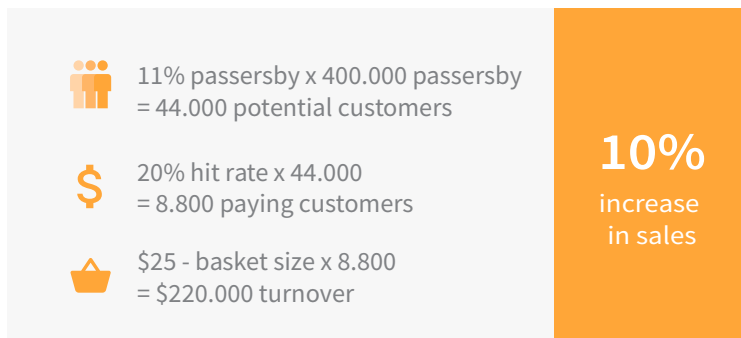
Another tool to measure in-store merchandising, service and store performance, is to calculate the hit rate: the percentage of how many store visitors actually bought something. It is easily calculated by the number of sales divided by the number of visitors.

How to use basket size and hit rate to measure the possible effects of Visual Merchandising in creating more sales?

Imagine a store owner, that has a shop with a yearly turnover of \$ 200,000, hit rate is 20% and the basket size is \$ 25. Furthermore, there are 40,000 visitors and 8000 sales per year. When people are passing the store, the rule says that 10% of passersby actually enter your store. In this example we know that as a result 400,000

⑦ How to measure VM strategies

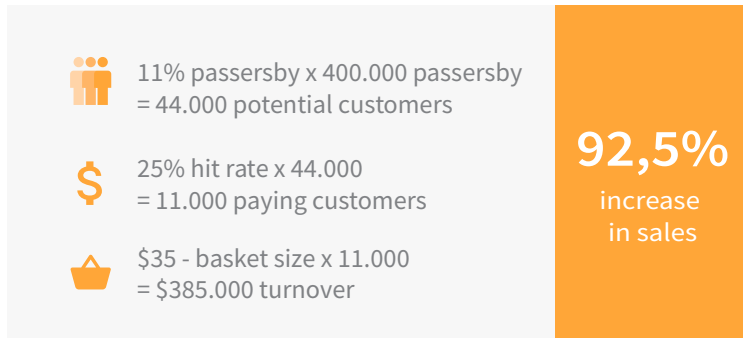
potential customers pass by our store annually. If the store owner decides to increase the passersby number by 1 %, and hit rate and basket size would stay the same, the shop could increase sales by 10 %. Have a look at the calculation in figure 1.



To reach the target of increasing the hit rate up to 20 % with 11 % of passersby entering the store, the store owner decides to invest in great customer service and customer experience, having great items ready for campaigns, themes, sets and styling in order and seasonal items at the right time at the right place. Just by increasing the hit rate by 5%, its effect on increasing sales is 25%.

The third step is to include a raise in basket size. The right styling of add-on sales and specific marketing strategies are helpful to inspire the customer in-store. Creative window displays even draw more people into the store. Increasing the basket size by e.g. \$ 10 would lead to a turnover growth by 40 % compared to the original numbers. So what if a store owner truly understands the value of VM, great customer service and decides to increase hit rate by 5%, basket size by \$ 10 and get 1% additional passersby into your store?

⑦ How to measure VM strategies



In Figure 2 you can see that the result would be a 92,5% raise in sales. Sounds promising, right?

Setting targets to increase hit rate, turning passersby in actual customers and enhance basket size should all be accompanied by an omni-channel customer experience, great VM and exceptional marketing strategies. If you successfully implement all VM strategies, you have the right items at the right times in-store and your omni-channel marketing works out, you will be able to increase your turnover by 92,5%!

Strategically planned seasonal add-on items in-store, a tidy store front and well laid out window displays are hereby all factors that VMs have to keep in mind. This way VM can significantly help to increase turnover.

8

Final words: Future trends in VM

Some might argue that the job of Visual Merchandisers face critical times as retail is changing every day in a rapid pace. But here lie - what we think - very multifaceted and adventurous perspectives. Since retail has to think of new ideas to attract customers and turn them into loyal returners, VM's carry the responsibility to come up with creative strategies and are able to explore the limits of their own imagination and cross over them.

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