PowerPoint for

# THE WORLD OF FASHION MERCHANDISING

By

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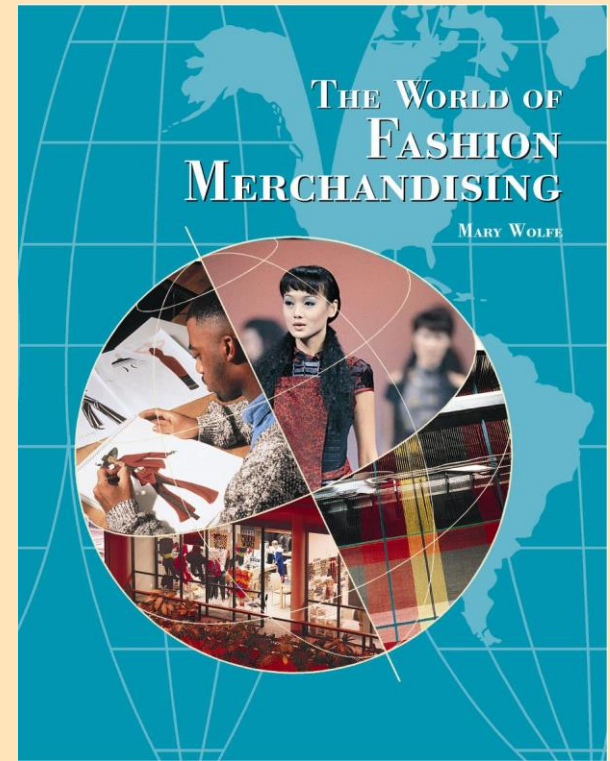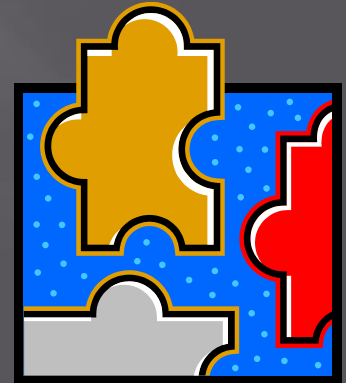
# PART 4: RETAIL BUSINESS FUNDAMENTALS

## Chapter 13

# Retail Positioning

# Objectives:

- Explain how to target a specific retail market
- Analyze consumer buying motives
- Describe how stores differentiate themselves
- Summarize merchandise and service product strategies
- Interpret various pricing strategies
- Explain place strategies of site location and facility design
- Summarize promotion strategies
- Identify changing trends in retail positioning

# Retail Positioning

- Where a store situates itself in the consumer market
- Amount of service
- Merchandising and operational policies
- **Product**
- **Price**
- **Promotion**
- **Place**

**"4-P" Equation**

# Targeting a Specific Market

- Defining a target market through
  - Demographics, psychographics, and other information
- Research of actual and potential customers
- Merchandising and operational policies established to satisfy their customers

# Understanding Buying Motives

- How badly is the item needed?
- How often will it be worn?
- How long will it last?
- Does quality equal price?
- Is it affordable?
- Emotional buying motives
- Product motives:
  - Qualities or images of certain products
- Patronage motives:
  - Prefer certain retailers or stores

# Four Types of Apparel Retail Competition
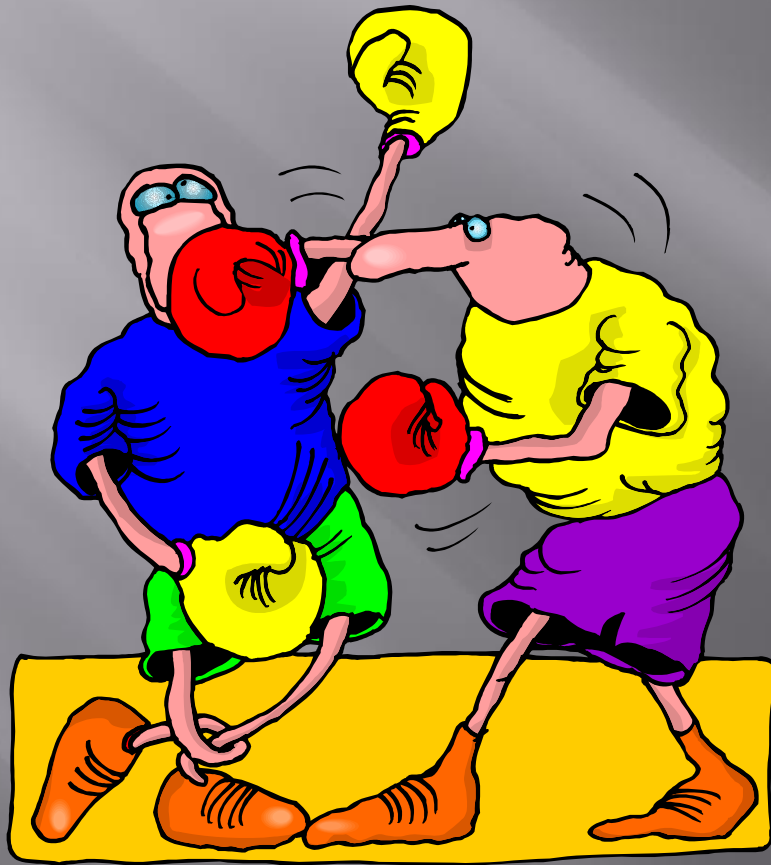
- Direct
  - Between two or more similar retailers
- Indirect
  - Between different types of business formats that sell similar merchandise
- Vertical
  - Between businesses at different levels of supply chain
- Lifestyle
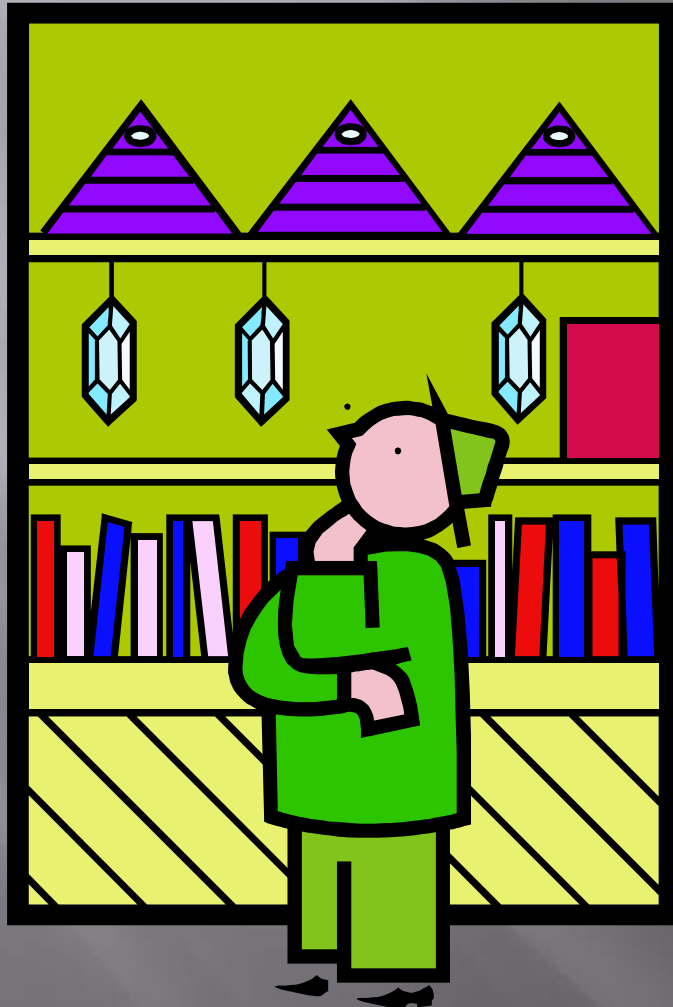  - Vying for customers' time and money

# Presenting an Image

- How a store is perceived by the public
- Image formed by
  - Merchandise level
  - Services offered
  - Physical environment
  - Employees
  - Promotion

CONNI'S COUTURE

# Product Strategy

- Merchandise assortment: breadth and depth
- Broad and shallow
  - Small amounts of many different styles
  - Limited selection of colors or sizes
  - Upscale, prestige retailers
- Narrow and deep
  - Few styles, but many colors and sizes
  - Mass merchandisers

# Service Selection

- Services provided comparable to prices customers are paying
  - Self-service
  - Limited service
  - Full-service
- Services encourage customers to stay in store as long as possible

# Price Strategy

- **Price and quality usually correla**
- **Prestige pricing**
  - Setting high prices to attract cu         o want high quality
- **Price promoting**
  - Advertising price reductions t         customer
- **Below-market pricing use**
  - Inconvenient location or self-ser        ly
  - Concentrate on high volume sales
  - Private label or floor-ready merchandise
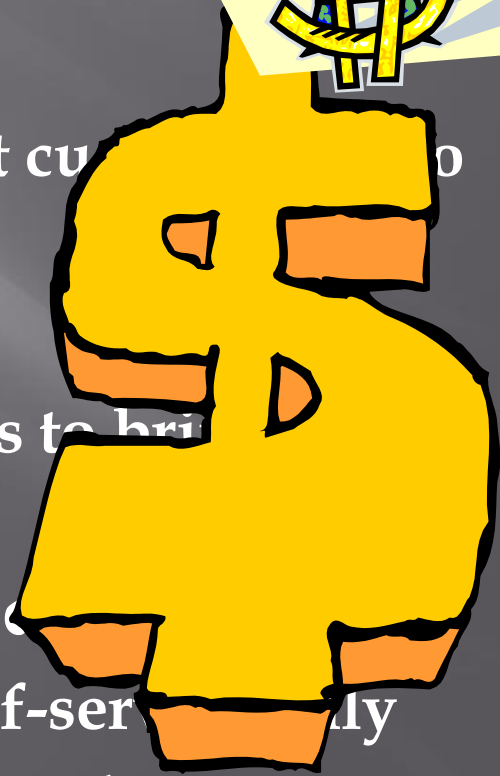
# Place Strategy

- Site location and physical store design should complement each other

- Site location
  - Selected part of country or state
  - Population base with certain percent of target market
  - Visible to passing traffic
  - Safe from crime
  - Have "pulling power"

# Store Clusters

- **Central business districts**
  - **Many stores and offices**
- **Neighborhood shopping centers**
  - **5-15 stores serve locals**
- **Community shopping centers**
  - **15-20 stores, 5-6 mile radius**
- **Regional shopping centers**
  - **70+ stores, 10+ mile**

# Store Exterior Gives First Impression
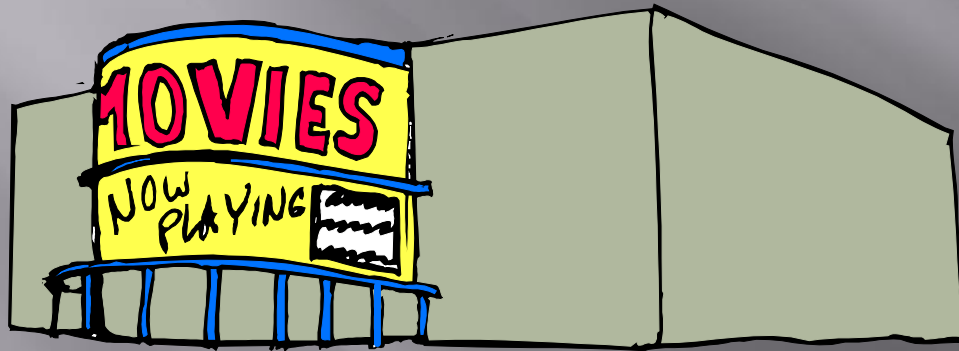
- Store visible to traffic from best angle and elevation
- Design and construction harmonious with environment
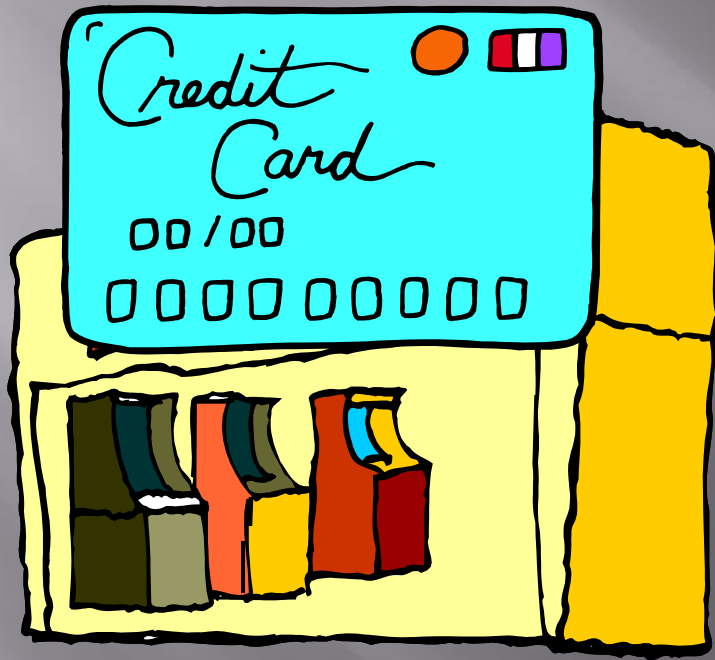- Convenient for consumers with ample parking

# Promotion Strategy

- Any activity that encourages consumer interest in the purchase of goods or services

- Attract customers through
  - Advertising aimed at target market
  - Publicity
  - Visual merchandising
  - Special events

# Trends in Retail Positioning
## Efficiency Versus Entertainment



- **Efficiency for shoppers**
  - **Quicker and easier**
  - **Strip malls popular**
  - **Barcode scanning at check-out**
  - **Organized shopping**
- **Entertainment plus shopping**
  - **Theme park atmosphere**
  - **Marketed as tourist attraction**

# Do You Know . . .

- A retailer might adopt a below-market pricing policy. Identify some reasons why this approach might be used.

- Pleasure, entertainment, convenience, and efficiency are all purchasing motives. Which motives do you most identify with when