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## **Merchandising as a marketing activity – benefits, functions and types**

The activity of promoting the sale of goods at retail. Merchandising activities may include display techniques, free samples, on-the-spot demonstration, pricing, shelf talkers, special offers, and other point-of-sale methods. According to American Marketing Association, merchandising encompasses "planning involved in marketing the right merchandise or service at the right place, at the right time, in the right quantities, and at the right price." [1]

**Benefits of Merchandising.** Some small business owners hire professional visual merchandisers to come in and spruce up their displays and selling floor, finding that the cost is well worth it. But merchandising goes beyond just moving inventory around, to space planning and product staging. Effective merchandising yields: Higher sales, Faster inventory turnover, Buyers who spend more time in the store, More satisfied customers, Increased customer loyalty [2].

**Types of Merchandise:** Merchandise can be broadly classified under following heads:

- 1. Staple:** These are necessities of life that are used everyday (Food, Clothing, Stationery, Cosmetics, toiletries). They have regular and stable demand. Fluctuation in demand supply and price is minimum.
- 2. Fashion:** Consumption of these goods is dependent on current fashion. Depending on nature of goods, fashion may be for seasons or years. Retailer has to stock the product until the fashion lasts. If the stock remains unsold as goods become out of fashion, he has to adopt marketing strategy like discount, 'buy one get one offer' to clear stock.
- 3. Fads:** Goods that are in demand for a very short period of time. It can be said as fashion which lasts for a very short period of time. It is risky to store such goods in bulk quantity as there is no guarantee regarding duration of demand.
- 4. Seasonal:** Goods that are demand in particular seasons. Based on weather features, we can classify seasons as Monsoon, Summer, Winter accordingly specific products like,

Umbrella, Sweaters, Cool Goggles, soft drinks, Ice creams etc., are demanded accordingly the product is to be stored. Similarly season of festivals, marriage have its own demand for sweets, Jewellery, Clothing, etc.

### **Principles of Merchandising:**

Merchandising is delivery of right product at right place and right time to the targeted customer. Successful operation of merchandising is dependent on following principles.

#### **1. Offer What Customer Wants:**

Retailer must offer in his store what the customer wants or desires. He must select the segment of customer to whom he has to serve (like rich, middle class, Youngsters, kids, ladies) assemble the goods that they expect, assort and Offer them at a price, style and content etc., that is liked by them.

#### **2. Prepare Merchandise Plan:**

Merchandiser has to finalise the merchandise plan. Such plan must be based on demands and specialty of each store and department. Micro details like types of products, brands, price category etc., have to be planned.

Such planning must be based on past records, consider the likely changes in fashion, consumption habits. Merchandise has to consult store manager in finalising merchandise plan. He has also to analyse financial implication of investment on merchandise to meet the profit targets.

**3. Consistency and Change:** There should be consistency in merchandise assortment. Regular customers are habituated to particular lifestyle, products, price etc. Retailers should be capable of offering regularly as to what his customer's desire. Along with this he has to introduce an element of novelty, bringing the gradual change in product, style of operation etc. to match the changing trend and demand of his customers.

**4. Present Right Assortment:** Retailers has to present right assortments of merchandise, i.e., types of product, brand, price range, and other features that the regular customers expects. Products must be presented category wise offering convenience and comfort to the customer in selection of product.

**5. Customer Delight:** A successful retailer not just satisfies visiting customer by offering the product he wants, he surprises him with much more. Retailer should ensure customers delight through new products, offers, discounts, installment, returns and other facility

something that is unique, which may please and delight a customer and make him to loyal be organisation.

**Merchandiser and merchandise departments have following functions:**

**1. Planning:**Merchandiser has to prepare purchase budget. Purchase of merchandise is based on estimated sales, objectives of organisation and expected returns. Merchandise plan is prepared for the entire organization i.e., store wise, department and also product wise. Plan also determines new products to be added and old products to be deleted based on prospects of sales.

**2. Directing:**Firm may have specialized buyers who are expert in finding suppliers and negotiate with them. Merchandise department gives guidelines and directions to buying department regarding quantity and budget of purchase. As per the broad guidelines and directions, buyers make timely purchase of merchandise to match the needs of organisation.

**3. Co-Ordinating:**Merchandiser undertakes balancing, timing and synchronizing the activities of buying and selling. He takes periodic stock report from each stores, monitors stock level, and determines purchases to be made. He also co-ordinates buying efforts of different buyers of the organisation.

**4. Controlling:**He controls entire operations of merchandising: (a) buying (b) issue of merchandise to stores, (c) visual display (d) pricing of sale, (e) sales promotion activities. He periodically takes stock reports determine financial implication of investment on merchandise. Cost cutting measures are adopted to increase profitable lines. Sections and products that have no future may be eliminated. He controls the entire functioning to ensure that merchandising operations are profitable[3].

References:

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