

Merchandising

First, word of warning. This is an unqualified rant that sometimes includes less than polite words.

We are truly a nation of sheep when it comes to accepting what is provided for us by the retail merchandising masters of our nation. First of all, we are constantly being conditioned to purchase in accordance with “seasons” rather than in accordance with our needs. This is to accommodate the way merchandise is currently manufactured and warehoused. Each major retailer breaks the year up into merchandising seasons, each of which has specific content which is dealt with through large-scale purchasing contracts. For example, if you need a good pair of leather dress gloves in February, you’ll be out of luck as February ushers in the “spring” season—and, as everyone knows, no one wears gloves in spring. However, if you need patio furniture or a good gas grill, February will bring forth a cornucopia. Good luck, however, using your new grill in the middle of a snow storm.

It would not do to have good leather gloves available at all times. Mainly this is because they are not purchased by retailers on a continuing basis. At some point in time, retailers guess how many leather gloves will sell during the leather glove season—a season that probably starts in mid-August—and then they order the entire amount in order to get the best possible price. After that quantity is sold, or pushed to a lower level retailer (99 cent stores), the retailer loses all interest until the next season. Of course, sometimes leather gloves are totally out of style.



If the magic teenager-to-thirty group decides that gloves should never be worn, even in freezing weather, then there will be no purchase contract and no gloves—anywhere.

Next on the list of merchandising evils is what might be called “fad merchandising.” Most retailers are not really interested in carrying a complete line of products in whatever line of business they purport to be following. Why carry thousands of different items when you can get the fashion mavens to dictate a much smaller number of items to be “in” and everything else to be “out.” That simplifies the whole process and permits the writing of purchasing contracts for massive quantities of the “in” stuff.

But even “in” stuff has its limits. If you are outside those limits, like I am, you can forget about making any purchases at places that specialize in low discounts on fashionable merchandise. Instead, you’ll be paying premium prices at places which specialize in catering to the needs of the “not normal” crowd, and the merchandise made available to you will represent the very worst in style. Bear this in mind the next time you see a lady sporting a brilliant purple size 24 dress with a horrible yellow floral pattern. The poor dear is not trying to emphasize her weight; rather, her clothes reflect the poor selections made available to her by the few places that serve large ladies.



There are also certain market “interrupters.” Christmas is the best example. No matter what people might actually need, starting in late October, all else will be put aside or just ignored while every effort is put into to maximizing the sales of Christmas crap. Whole aisles of useful merchandise will be swept aside to make room for garish displays of totally useless junk whose only future purpose will be to enrich landfills. Other such interrupters are Thanksgiving, Halloween and

the Fourth of July, but none of those compares even in minor way to Christmas. Halloween, however, is coming on strong. Halloween has become the holiday where little kids everywhere have to have the latest ready-made costume and where dentists start sharpening their drills in anticipation of the new cavities that will result from the orgy of candy-eating that follows the holiday. Thanksgiving, by contrast, seems to be a holiday where the merchandisers have not been able to come up with any really good ideas for getting people to buy anything other than turkeys, bags of all-purpose flour and airline tickets. Come to think of it, Thanksgiving could be regarded as a “loss leader” holiday whose primary purpose is to get people into stores so that they can be exposed to the full brace of Christmas junk merchandise.

The primary yearning of every merchandiser is to provide greater focus for their purchasing agents. The more you can narrow the range of goods to be offered for sale, the greater the profit margins. Of course, when we peruse the merchandise in one of our local mega-stores it does appear that there is a huge range of goods available, but I would invite you to look closer. In grocery stores, the hot practice is for manufacturers to buy shelf space. If Cheerios is the big buyer of the month, you’ll see a very wide swath of shelf space devoted to that product while other cereal brands will merit only the width of one box or not appear at all. However, the frozen-food aisle is where you really see what sort of choices have been made by the merchandisers. In truth, if a store were to sell all the different varieties of all the brands of frozen foods, it would take up all the space in the store. In England they have stores that sell nothing but frozen food, but our merchandisers would never go that route. Instead, they try to predict our tastes and limit the selection offered to just that amount and no more. If that results in empty shelf space, it gets filled up by simply giving some varieties more “shelf width.”



I’ve always had this dreaded nightmare that hardware stores (my cathedrals) will one day decide to make the ultimate merchandising limitation decision by offering only one size of nails, albeit at great discount. The nail would have to be quite large so as to meet the



needs of those wishing to fasten large pieces of lumber together. For those who need a smaller nail, the retailer would simply advise them to cut off the unneeded part. This would save huge amounts of shelf space that could be used to sell higher profit, non-hardware items such as vacuum cleaners or refrigerators.

The worst of the worst when it comes to merchandising is car dealers. Even the best of them represent deplorable examples of “value subtracted” rather than “value added.” When you walk into most dealerships you’ll see a bunch of sales people hanging around like vultures waiting for prey to land in their path. They know almost nothing about the products they are selling, but they do know how to go for the jugular in trying to pressure you into their “office” so they can get serious about screwing you. Your trade-in, of course, is so worthless that you should have been embarrassed to park in their customer lot. They will take it off your hands for something slightly above its salvage value to save you from further embarrassment. The new car, of course, is a very valuable commodity, but not to worry, they can get you a “good deal.” But first there is a need for what they call “negotiation.” Basically, it amounts to getting you to accept the price they intend to get you to pay. You are required to spend hours playing a game with the sales person, who runs every five minutes to his “manager” to convey your latest offer. This is all bullshit, but it’s expensive bullshit and you will pay for it. It adds nothing to the value of the car. You will be paying for the maintenance of a squadron of totally worthless salespeople, not to mention the markup required to run the dealership showroom including its “finance” office (which is the other way you get screwed).



The latest model for merchandising is the “warehouse” store, and the most prominent examples are Costco and Sam’s Club. We are dedicated Costco shoppers. Not a month goes by without us spending at least \$400 at Costco. I suppose we are saving some money but, truthfully, we really don’t know. I would not be surprised to learn that only a few Costco shoppers do any sort of competitive shopping to determine if Costco prices are better than the local grocery store. The allure comes in buying things in bulk. We have been trained to believe that buying in bulk saves money, but we seldom test that theory. But let’s face it, the main attraction to buying things at Costco is being lured into buying things you didn’t know you needed. It happens to us almost every time we shop there. There is always a really neat gizmo—attractively priced—that provides a service we hadn’t thought of, but quickly regard as essential.

What about TV ads? Are they still effective and in our DVR world does anyone actually watch them? It does seem that the products being advertised on TV prime time have slid considerably down the quality scale. Where we once were treated to slick ads for cars, we now have ads for the Sham-Wow and other such lower tier products. Actually, I wonder about all aspects of advertising. Almost every day our morning paper is crammed full of advertising inserts—removing and discarding them is job-one before reading the paper. Likewise, every Tuesday our mailbox is full of junk ads and they go

straight to the recycling bin. I have to admit, even though I don't read any of that stuff, I do stop sometimes and ponder the huge costs of that sort of advertising and wonder how much of that gets added to the cost of the products we buy.

Lastly, I have to rant about food coupons. I hate them and I hate all the people who use them. Not really, but I would much prefer that they go away. Whenever I see someone who has one of those little pouches full of coupons and a list of the stuff they represent, I start looking for an alternative check-out stand. When I do get stuck behind a coupon buyer, I'm always mystified by the stuff they are buying. It often makes no sense from the perspective of providing a family with a well-balanced diet. I'm sure they are saving money but what good is that if you are forced to buy things that you either have no use for or really shouldn't be buying? My thought on this subject is that if manufacturers want me to try their product, just lower the price and put a sign on the shelf informing me of the wonderful discount. Okay, I'll admit it—that wouldn't get me to buy anything that I didn't want to buy.

So what does work? For us, the internet is our main source of information about products. If we are in the market for something new, our first effort will be to go on the internet and look for websites that provide information and product reviews. It doesn't make any difference whether we plan to buy a product on-line or from a local store, we still research the product on the internet. The various websites on the internet will give you a very good idea of what something should cost, what professional reviewers think about the product, and what sorts of experience ordinary folks have had using it. No other media provides that kind of information. Hopefully, as more and more folks become accustomed to using the internet for shopping information, the less likely retailers—and especially car dealers—will be able to rip us off.

Happy shopping.