Merchandising Manual

MegaMax department store maintains a standard of excellence in the display of merchandise across all stores in Australia. As an employee, you make an important contribution to the maintenance of these standards. The following guidelines have been formed to assist you:

1. Occupational Health and Safety Standards
   Staff must observe the store’s policy on occupational health and safety standards when unpacking, arranging and storing merchandise.

   • Use correct manual handling techniques.
   • Use a safety knife for opening packages.
   • Cut away from the body when using a safety knife
   • Don’t block aisles when unpacking.
   • Check that shelves and fixtures are safe before displaying stock.

   Special requirements for employees in food handling departments:

   • Employees must not handle food with bare hands – gloves and tongs will be used at all times.
   • All employees must wash their hands after visiting the bathroom, smoking, or touching their face/hair or returning from a break.
   • Employees in these departments must wear the caps that are provided.
   • All food items will be displayed under plastic, glass or perspex coverings. No food will be displayed without cover.
   • Food areas will be cleaned regularly with the anti-bacterial cleaning fluids that are provided.
2. **Housekeeping for Display**  
Merchandise and the fixtures must be kept clean and attractive at all times. Please refer to the manual on ‘Perform Routine Housekeeping Duties’ for further detail. These guidelines must be observed when unpacking and displaying stock:

- Apply the ‘clean as you go’ principle when unpacking merchandise.
- Cartons should be collapsed and taken to the compactor.
- Other packing material should be recycled if possible.
- All shelves and merchandise, in each department, must be cleaned daily.
- All price and display tickets must be replaced when they become dirty or tattered.

3. **Placement of Merchandise within the Store**  
New merchandise and advertised lines need to be placed in the areas that will attract most customer attention:

- In areas of greatest customer traffic flow.
- At the front of the department.
- Near the counter.

Merchandise that sells well or has a high profit margin must be placed in the **prime retail position**. This is the position on a fixture that is between the eye and hip area.

Make sure that fixtures are placed in a position that allows easy access for customers, prams and wheelchairs within each department.
4. Merchandising Principles

Employees must follow these guidelines when placing and arranging merchandise for display.

1. **Have enough facings of each product.** Facings are the number of each product that is displayed on the shelf. You would have more facings of a best-selling product than a product that sells less frequently.

2. **Maintain flat lines.** If possible, do not stack products on top of each other. This will ensure that products do not fall and are also easily accessible by customers and staff.

3. **Bring all stock to the front of the shelf.** Fixtures are more attractive and appear to be fully stocked when merchandise is brought to the front.

4. **Merchandise horizontally rather than vertically.** Place a variety of product lines along each shelf rather than having one product line per shelf. This allows greater exposure of a variety of product lines in the prime retail position.

5. **Place products in sizes from smallest to largest.** When displaying a product line that has several sizes, place the smaller products on the top shelves and the larger items on the lower shelves.

6. **Hang merchandise from smallest to largest.** Clothing should be hung on racks in sizes within each colour. Sizes must go:
   - from left to right starting with the smallest size on the left to the largest size on the right, or
   - from front to back starting with the smallest sizes at the front to the largest size at the back.

7. **Match product to ticket.** All products must have a price ticket or barcode. All price tickets that are to be placed on a shelf must be positioned under the left-hand side of the corresponding product line.
5. **Unsuitable Merchandise for Display**  
All merchandise on display should be appropriate for the image of MegaMax. The following merchandise should not be on display:

- Items that are damaged, dirty, or faded.
- Items that are out of date, or out of season items, eg, Christmas stock should not be on display after January.

Any items that are unsuitable should be removed from display immediately.

6. **Price Tickets**  
All prices at MegaMax are programmed by Head Office and price tickets are generated through the electronic ticketing equipment in each store. Every item must have a price ticket or barcode.

The electronic ticketing machines must be kept clean and in good working order at all times. They will need to be kept free of dust and spilled liquid.

Price tickets include the following information, depending on the requirements of the department:

- Size, or quantity, of the merchandise.
- Date code.
- Bar code.
- Price per unit.
- Identification code.
- Colour.
How to use the electronic ticketing machine in the Confectionary Department.

This particular machine generates a ticket for goods that are sold by weight. Follow these steps when weighing sweets:

1. Scoop the sweets into a bag and place the bag onto the scales.
2. Enter the code for the sweets. Check that the information that appears on the screen is accurate.
3. Enter the ‘Total’ button and the ticket will be generated at the side of the machine.
4. Remove the ticket from the machine.
5. Place the ticket onto the bag of sweets. Seal the bag and place on display.

7. Display Tickets
Display tickets will be provided by the Visual Merchandising Manager upon request. This will ensure that company standards for display are maintained. No handwritten display tickets are to be seen at MegaMax. To request a display ticket, the following information must be provided:

There are five basic parts of a display ticket.

1. The lead line – a short, catchy line eg. ‘Today only’, ‘Reduced’ or ‘New’.
2. The head line - this should identify the merchandise, eg. ‘New Summer Suits’.
3. The descriptive line - this tells the customer about the merchandise especially the benefits that aren’t obvious, eg. “Made from cool wool”.
4. The price line - tells customers the price of the merchandise. The cents are written smaller than the dollars to avoid confusion.
5. The base line - describes the quality, conditions or weight of the merchandise, eg. “While stocks last”.

The Visual Merchandising manager will provide coordinated display material for all store-wide promotions. Department managers will be given guidelines for the erection of store-wide promotional material.

**8. Maintaining Correct Pricing Information**

There are government regulations to ensure that information on tickets is accurate and appropriate for the goods they describe.

MegaMax must adhere to the Fair Trading Laws. These laws are:

I. All tickets must describe the merchandise truthfully in terms of the standard, quality, value, grade, composition, style, price or model.

II. If a ticket has more than one price on it then it is unlawful to sell the goods for more than the lowest price. The goods can either be sold at the lowest price or withdrawn from sale.

III. A ticket must state the item that is for sale and the full cash price for that item, including all parts of that item.

There is a second regulation that applies to supermarkets. This is the Australian code of practice for computerised checkout systems in supermarkets. This code doesn’t apply to Megamax but it’s handy to know what it covers. This code states that:

I. If the price displayed at the checkout and on the receipt is higher than the shelf label or ticketed price, then the customer is entitled to receive that item free of charge.

II. If multiple items are scanned and the scanned price is higher than the shelf label or ticketed price, then the first item is given free and the remaining items are charged at the lower price.
9. **Problem Stock**

This is stock that doesn’t sell very well. It’s important for a store to sell stock quickly to create a financial return. It becomes expensive for Megamax to have stock sitting on its shelves for a long time. Problem stock occurs for various reasons:

- **Old stock** – close to expiry date, or use-by date, superseded packaging, superseded model, out of season.

- **Oversupply** – too much stock has been purchased. This can occur when MegaMax has succumbed to a supplier’s discounts or, in the case of vendor refill, where the supplier reorders stock and the manager doesn’t check the quantities.

- **Wrong stock** – stock that is unsuitable for the target market, eg, polo neck jumpers to the Alice Springs store.

- **Lack of housekeeping** – stock hasn’t been rotated or cleaned regularly. Please refer to the housekeeping section in the MegaMax manual.

- **Poor merchandising** – displays in inappropriate areas or displays that aren’t kept full therefore stock is left in the reserve.

- **Poor pricing strategy** – price is too high or too low for the target market.

- **Staff reluctance** – staff reluctant to selling goods that they dislike or find too complicated to demonstrate. Product training is essential to overcome this problem.

All MegaMax staff must be alerted to the reasons for problem stock. Take action so that these problems can be avoided.