



# Merchandising 2017: The Real And The Unreal

Benchmark Report

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# When It Comes To Merchandising, Denial Abounds

1

The Research

2

The Challenges

3

The Opportunities

4

Technology Enablers

# 1

## The Research

Four subjects have dominated the retail trade press for several years, particularly as it relates to merchandising:

- Millennials: the new “key buying segment” and learning how to serve them
- The importance of tailoring assortments
- Hyper-promotionalism and its impact on gross margin
- Omni-channel: Satisfying the customer quickly by putting the right product in the right location

To download the full report, [click here](http://www.rsrresearch.com/research/merchandising-2017-the-real-and-the-unreal):

<http://www.rsrresearch.com/research/merchandising-2017-the-real-and-the-unreal>

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## The Research

It turns out that these concerns are a bit like the weather: retailers fret, but ultimately do very little to actually solve them. This is clearly borne out by the data.

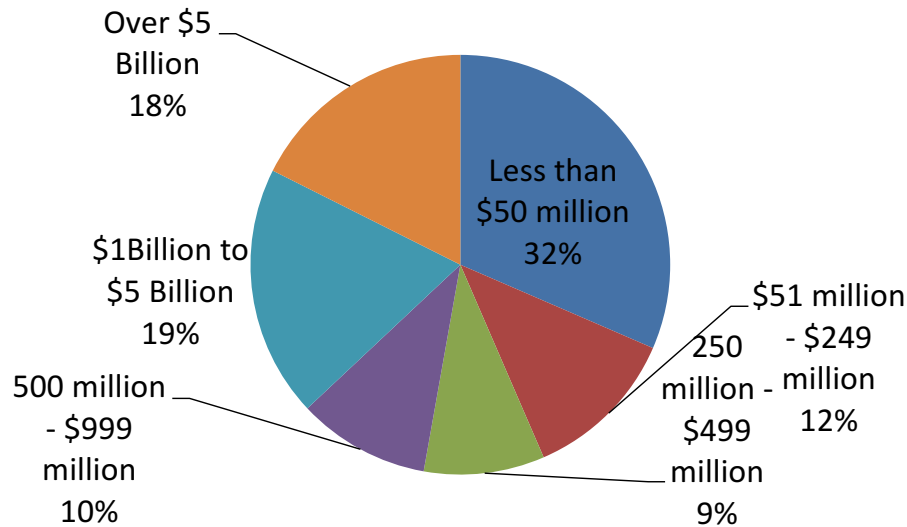
Until retailers create a congruity between what they believe and what they do, the industry will continue to struggle. Those retailers who self-identify as over-performers (Retail Winners) have made progress in some areas, but even they still have a long way to go.

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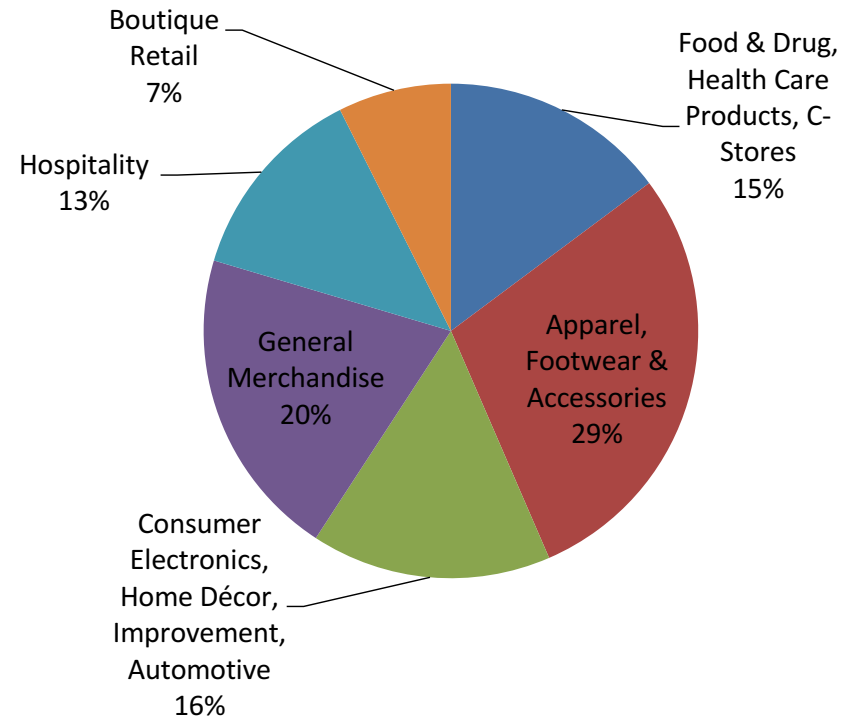
## The Research: Who Responded To The Survey

RSR conducted an online survey from October to November 2016 and received answers from 108 qualified retail respondents.

**Survey Respondents: Annual Revenue in US\$**



**Retail Verticals**

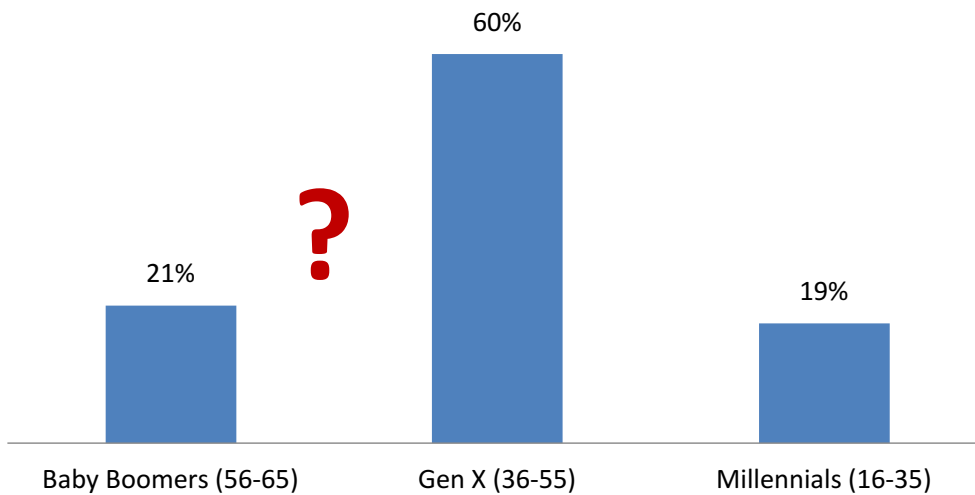


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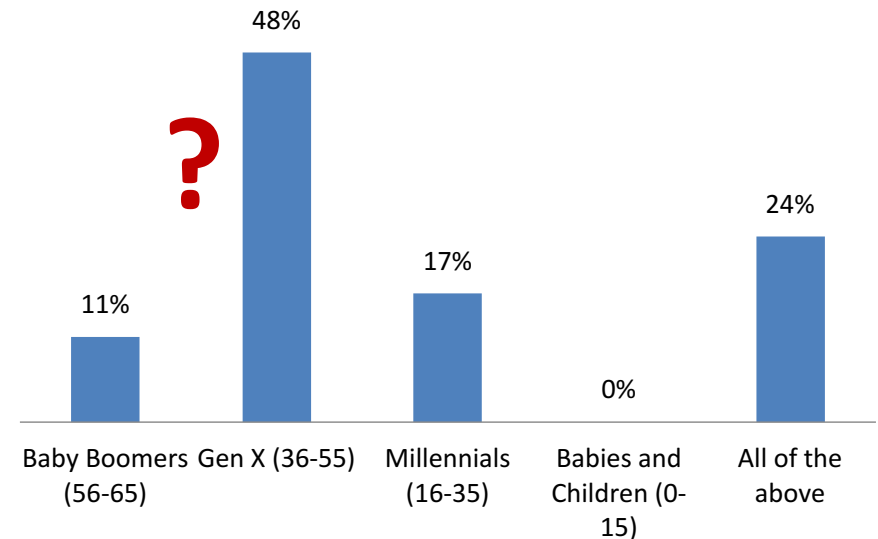
## The Research: Milleni-whats?

With all the talk surrounding Millennials and their rise to purchasing power, so far retail looks very much like Gen X Merchants buying for Gen X shoppers

To What Generation Does Your Merchandising Leadership Belong?



Which Generation Represents Your Core Consumer? (User, Not Necessarily Buyer)



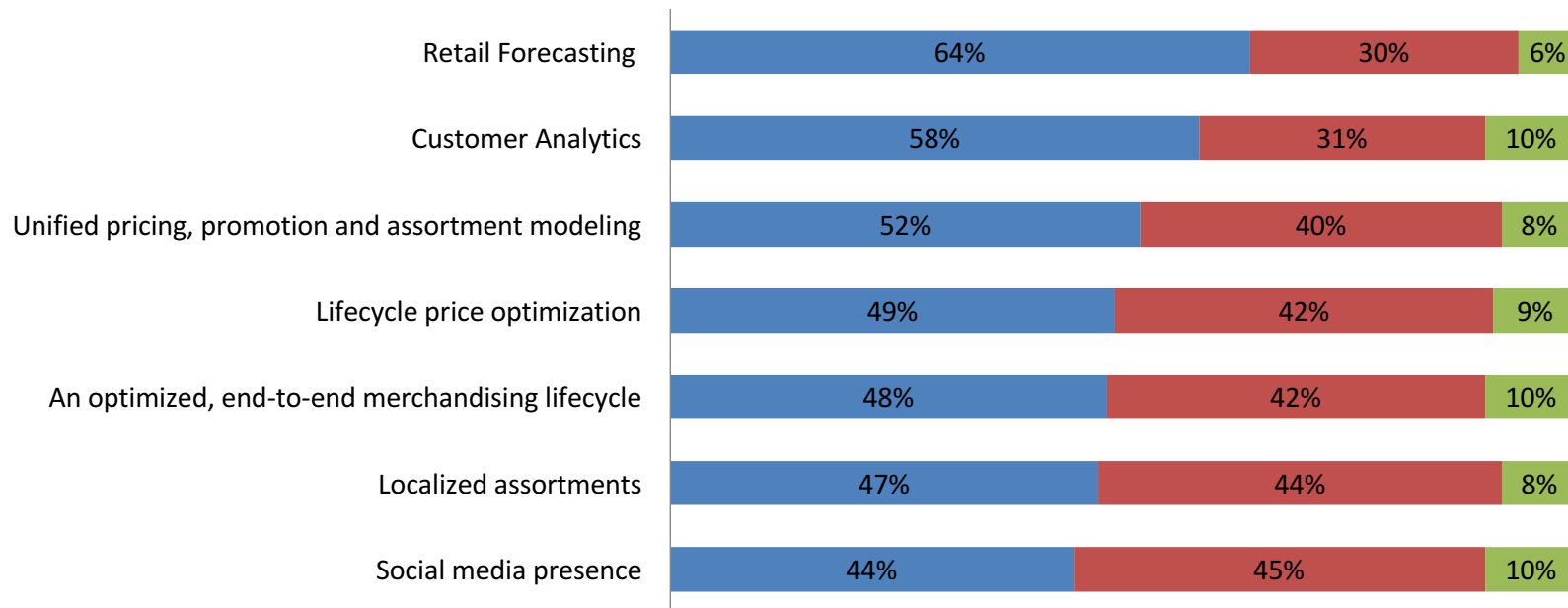
# 1

## The Research: Shouldn't The Science Tell Us?

If retailers really understood and used their forecast engines to their full capabilities, they would know more about what will sell to whom...

### Importance To Retailing Success

■ Very Important ■ Somewhat Important ■ Not Important

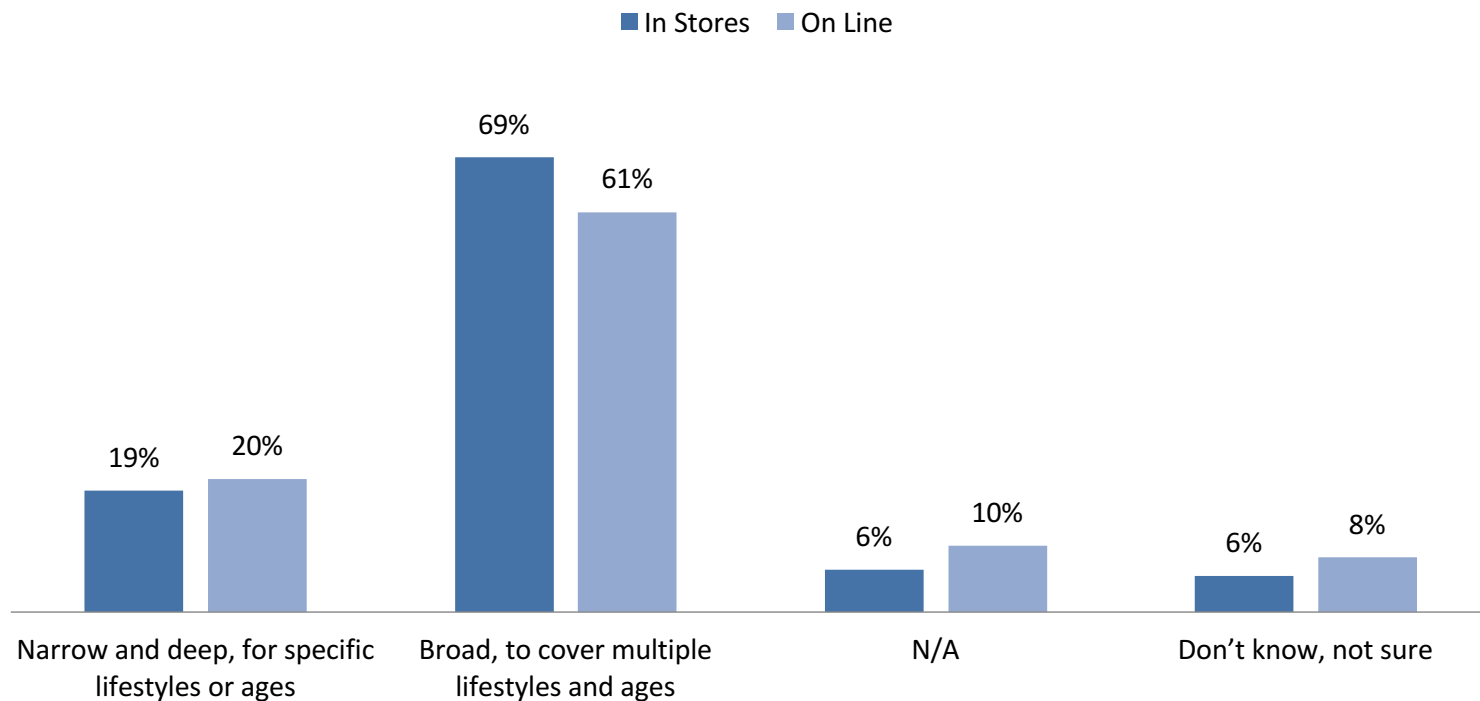


# 2

## Business Challenges

What happened to those 'personalized assortments'?

### Describe Your Assortment



And if Millennials really are the next big market, and they generally prefer tailored assortments, why would we want to just keep going broader?

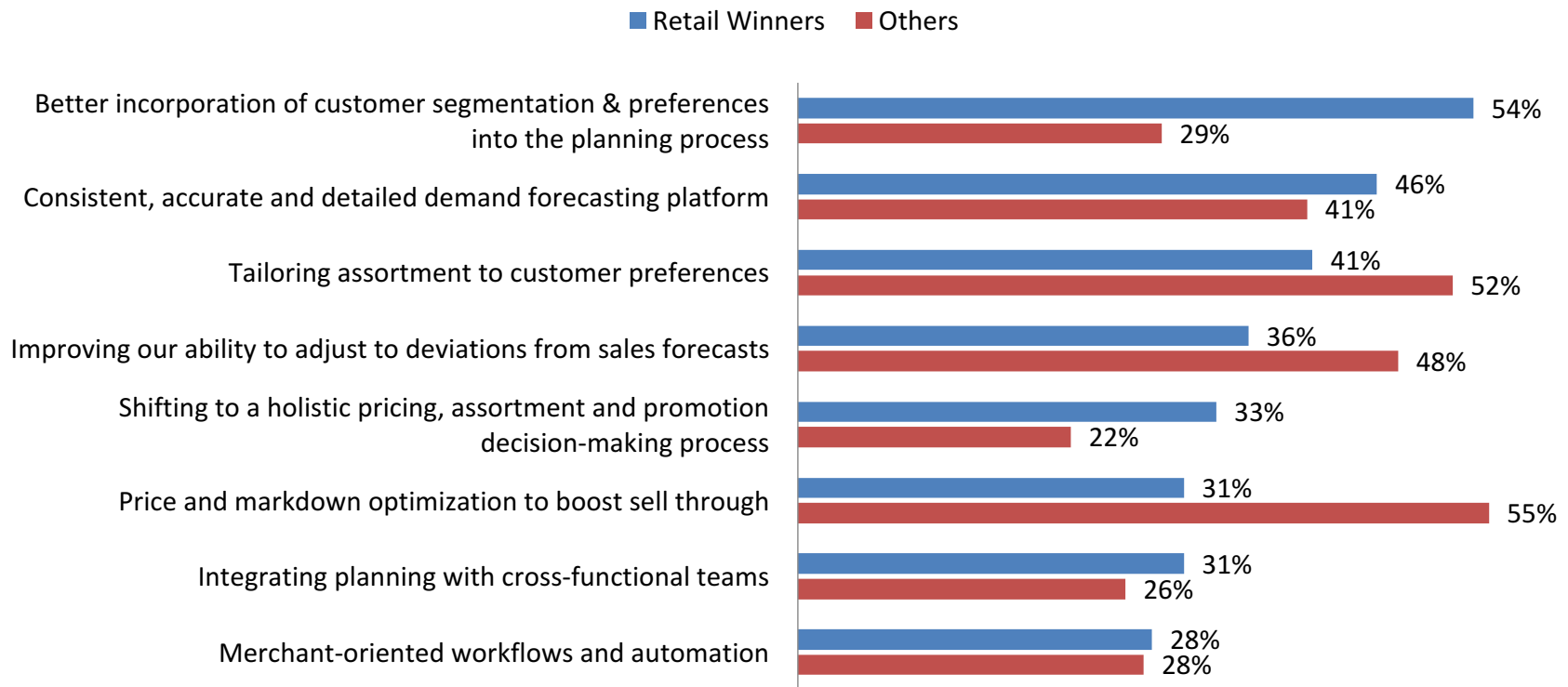


# 3

## The Opportunities

Winners Will Give The Customer What She Wants

### Top Three Opportunities For Improving Merchandising Processes



Non-Winners are far more fixated on price and markdown optimization. They put more value in better reactions than in better planning. This is not going to help them.

# 3

## The Opportunities

As the size of the retailer rises, the percentage who see opportunities in tailoring assortment to customer preferences rises. They recognize their vulnerability.

### Percent citing “Tailoring assortment to customer preferences” as a top-three opportunity

< \$50 million	\$51-\$999 million	\$1 -5 billion	> \$5 billion
33%	46%	52%	71%

The supply chain mastery that has enabled big retailers to grow ever bigger has an unintended consequence: taking them further away from understanding their broad swath of customers. And the larger they get, the more acute the problem, and in turn, the greater the opportunity seems to become.

# 3

## The Opportunities

### *Different perspectives for different Retail verticals:*



**Fashion and Apparel retailers** most frequently cite tailoring their assortments to customer preferences than retailers in any other vertical (63% vs. only 33% of hard goods retailers and 48% of those selling general merchandise and fast moving consumer goods), and are also most likely to cite price and markdown optimization to reduce sell-thru (55% vs, 39% of all other retailers). The product is very customer specific, and the seasonal nature of most apparel drives these retailers to do whatever they can to boost sell-thru before the next season's merchandise arrives.



**Hard goods retailers** are most likely to focus on getting better demand forecasting platforms while also focusing on deviations from sales forecasts in the meanwhile (50% cite the former and 56% cite the latter).



**Retailers selling general merchandise and fast moving consumer goods** seem to see a potpourri of opportunities, with close to equal percentages citing tailoring assortments to customer preferences, using price as a demand lever, getting to better forecasts and learning to react to deviations from those forecasts (between 35% and 45% as a top-three for each).

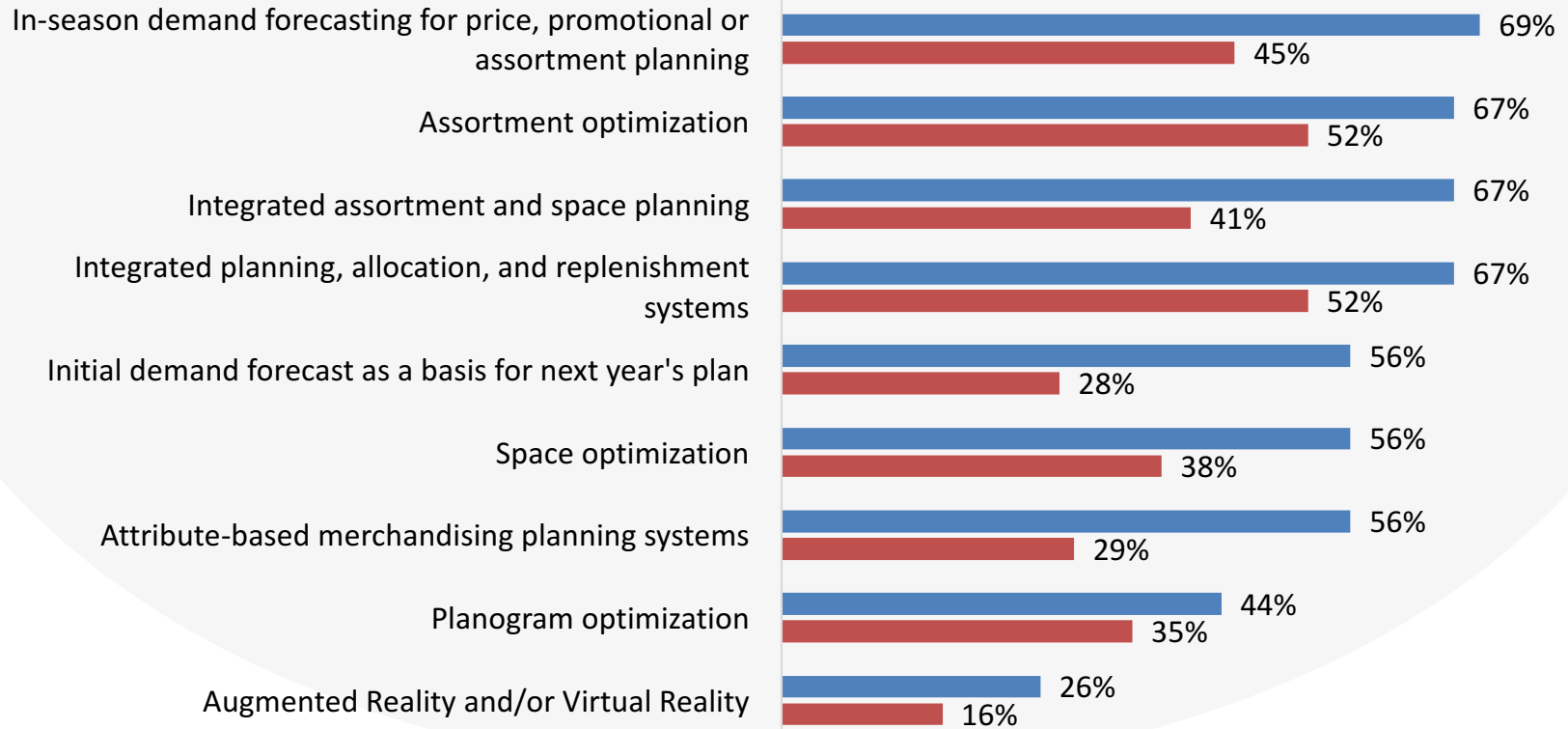


# Technology Enablers

Retail Winners understand the value of technology to support merchandising processes

## Merchandising Technologies: Perceived Value

■ Retail Winners ■ Others



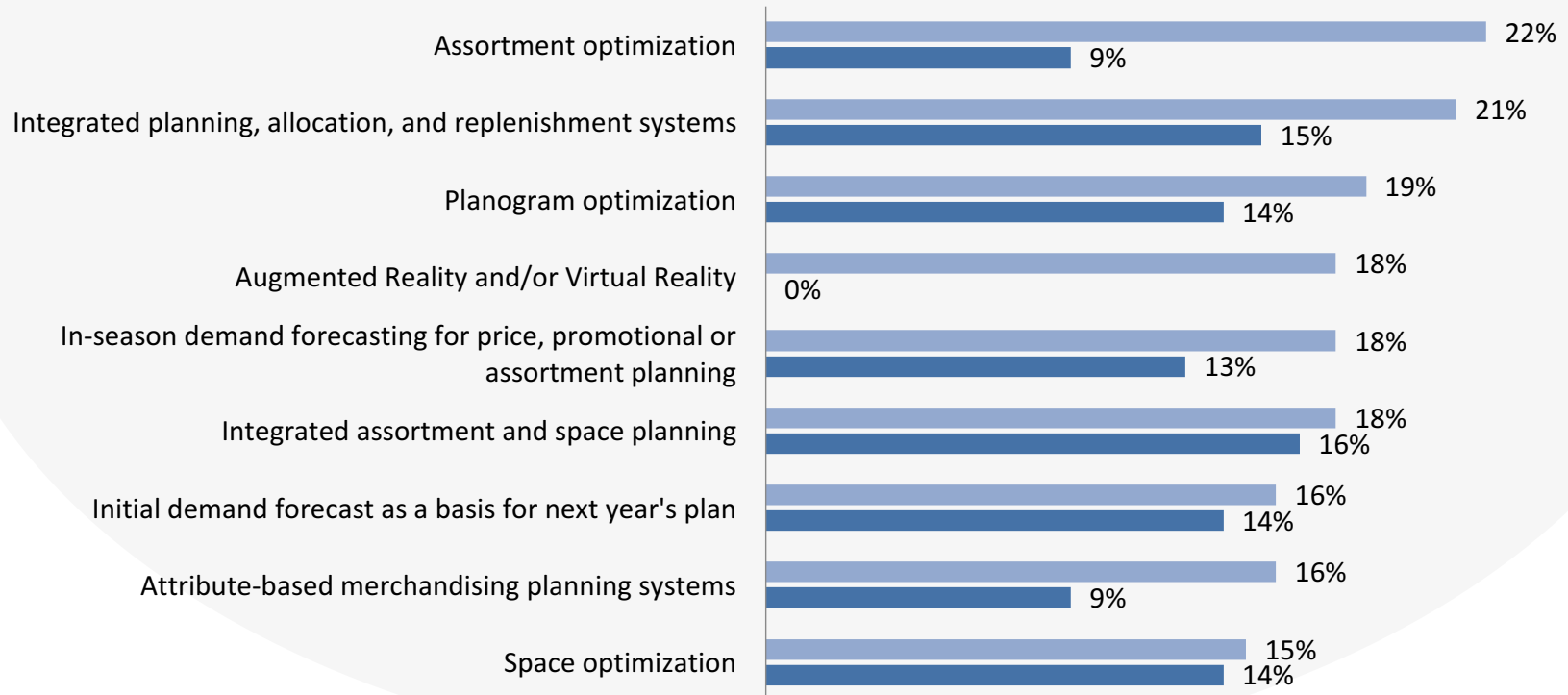
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## Technology Enablers

Budgets are growing as well

### Merchandising Technologies: Budgeted Project

■ 2016 ■ 2015



# Download The Full Report – And Follow Our Merchandising Topic For Even More Content Coming Soon!



## Retail Merchandising 2017: The Real And The Unreal

RSR Benchmark 2017

Paula Rosenblum & Steve Rowen, Managing Partners

Get the full details of retailers' challenges and opportunities for merchandising, and the technology solutions they are looking to implement to enable their merchandising strategies.

Download RSR's Merchandising Benchmark:

<http://www.rsresearch.com/research/merchandising-2017-the-real-and-the-unreal>

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