



FUNDAMENTALS OF ON-FARM RETAIL: Merchandising and Store Design

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In retail business, merchandising is paramount. You can have the best product in the world, but it won't mean anything without sales. Merchandising management is the process in which a retailer works to offer the right quantity of products of the right merchandise in the right place at the right time (Levy et al., 2019). By understanding and mastering the ideas behind merchandising, you will be better equipped to be successful as a retailer and meet your financial objectives for growth of your business.

In this fact sheet, information will be provided on merchandising to communicate the authenticity of your offering, details on store layout and design, and tips for product presentation.



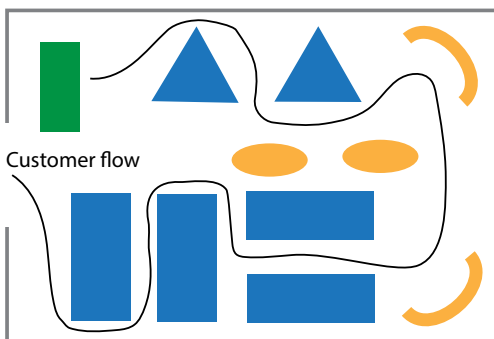
Merchandising for Brand Authenticity

A unique aspect of on-farm retailing is the authentic experiences customers can derive while shopping. In other words, maintaining your brand image (i.e., what your brand stands for) when planning your merchandise and visual display can differentiate your on-farm retail store from other retail outlets. To ensure brand authenticity, maintain consistency between your retail brand and merchandising elements related to store design and product presentation (Georgiou, 2021). Approach product assortment and presentation with your brand in mind at all times. Further engage customers and listen to their values and opinions to tailor product assortments.

Merchandising is a mindset. When someone shows interest in your product, offer them a taste or trial so they can know what it is like. Ask them if they would be also interested in something else. Show them products in which they may be interested. Ask them to come back and tell you how they liked it or to send an email to answer that question.

Retail Store Layout and Design

If you get to the point of a dedicated store with multiple products, then layout will be important. But whether or not you have a store, the presentation of products is critically important. How does it look? A store's layout, available signage and feature areas help to guide customers through your retail space (Levy et al., 2019). A free-form store layout, also referred to as a boutique layout, will encourage browsing behavior among customers and expose them to a greater number of products. Browsing behavior is encouraged based on the asymmetrical flow of figures and merchandise. To arrange a free-form layout, adjust fixtures and aisles in an asymmetric pattern, and use signage to ensure greater exposure of products and provide more information to customers. Feature areas (i.e., areas with unique and/or grouped products) can draw consumer attention into the store and should be rotated with merchandise at least once a month to maintain consumer interest from repeat customers. Most consumers turn right as they enter retail stores and the first third of a retail space is most heavily shopped (Levy et al., 2019), so new or seasonal items should be placed within this area. Consider placing frequently purchased products at the back of your retail space; these products are recognized as anchor goods that draw consumers through the store, thus offering greater exposure to additional products for purchase (Bell & Ternus, 2017). Square footage of the retail space can vary, but some factors determine your store size. These include how much merchandise you plan to sell, how much room between displays you need for consumer comfort, how many customers you expect to shop at any given time, and your plan for replenishing merchandise. Visiting other retail stores and talking to managers about their space needs over time, how they use their space and what they would do differently if they could start from scratch may be helpful.



Example of free-form layout.



Product Presentation Techniques

Merchandise presentation elements include all five senses, and when implemented correctly, can be an effective tool to draw consumer attention and increase the appeal of products displayed. When thinking about product presentation, ensure three-dimensional merchandising to utilize height, width and depth of your retail space. This can create a sense of abundance of products within your space while also encouraging customer browsing behavior. Products that are placed at eye level will attract more attention, while products below waist-level rarely get noticed. Ensure regular rotation of goods and proper signage to enhance customer exposure. Demand/destination merchandise are products that customers often decide to buy before entering the store, such as a signature product. Consider merchandising complementary products (i.e., items to complement a need) nearby to encourage unplanned buying behavior (Falk & Rafenstein, 2022). For example, if your on-farm retail store features cheese products, consider merchandising meats, nuts, crackers, breads, jams or trays and boards from local artisans nearby to complete a charcuterie board. Think about gift baskets of products at different price points and promote them as special occasion gifts. Add special touches to make it more like a gift.



To maintain an authentic farmstead brand image, product displays can be mixed with baskets, crates, racks and antiques. Like any retail store, fostering a welcoming store atmosphere through lighting, relaxing background music and appealing scents can encourage greater browsing behavior. Lighting can highlight special featured merchandise and allows customers to view accurate color rendition (Levy et al. 2019). Offering samples of products provides customers with an opportunity to try a product before making the buying decision (Levy et al., 2019).

Consider the benefits of illuminating feature areas with natural lighting. Benefits include moving shoppers strategically through the store (Levy et al., 2019) and can help to reduce costs and produce accurate color rendition of merchandise. If natural lighting is unavailable, consider LED light bulbs that have a color temperature between 4,000-4,500 Kelvin to achieve a look of natural light (RFP Design Group, 2021).

In summary, it may take time to find merchandising techniques that continue to attract your target audience. Keep track of any changes of merchandise display, how your store layout is designed, how and where products are presented, and any changes to store signage and point-of-purchase materials. Data on how these merchandising techniques influence your sales will contribute to growing your business and attracting new and existing customers.

References and Additional Resources

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