

Retail Product Merchandising: Retail Buying-Selling Cycle

SECTION 2: Establishing the Retail Merchandise Mix

Part 1: The Basics of the Retail Merchandise Mix

Part 1: 1-4 Product Life Cycle

All products evolve through various stages of the product life cycle (i.e., product development, introduction, growth, maturity, and decline). However, the speed of the movement, the staying power, and direction of the life cycle stages vary based upon each type of product and its acceptance. For example, some products are developed and introduced into the marketplace only to fade and die quickly. Other products may remain in the market for many years before they are displaced with new innovative products.

A tool for tracking the stages of a product through its evolution is the bell-shape Product Life Cycle curve. The various stages in this curve aid a company in relating investment dollars for product development and/or maintenance of appropriate inventory levels to the resulting sales volume and profit that the product produces for the company. At any one given time, there are several products in various life cycle stages.

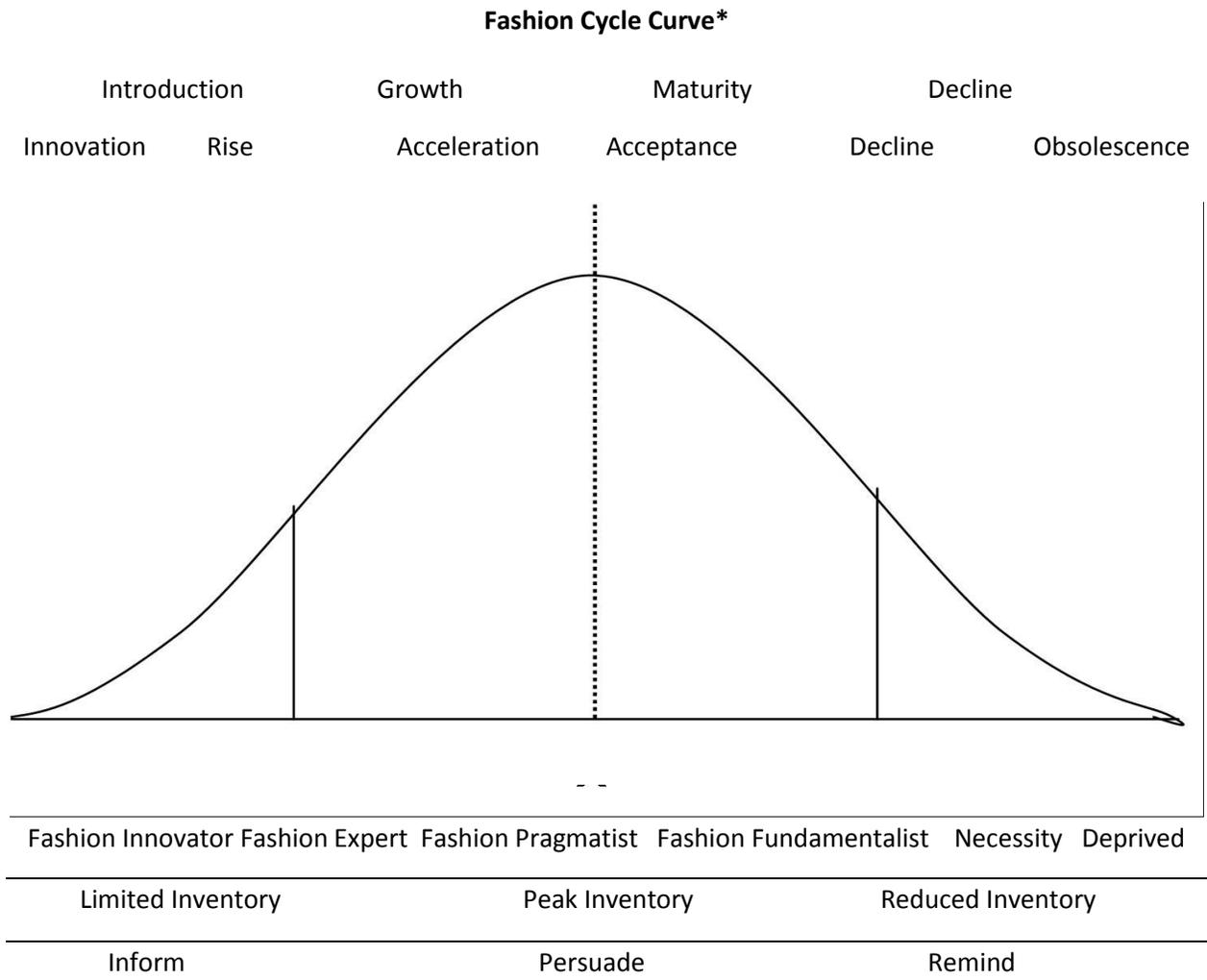
Fashion trends also evolve through a similar cycle as that of the Product Life Cycle. Thus, similar to when product classifications evolve through the Product Life Cycle stages, the life cycle of all fashion trends do not have the same endurance of length, speed of movement, or direction. A tool for correlating fashion trend information into the merchandising process is the Fashion Cycle Curve. (Refer to the following page for a schematic of the Fashion Cycle Curve.)



The Fashion Cycle Curve mirrors the bell-shape curve of the Product Life Cycle and follows the same stages of its cycle, beginning with product development or innovation and ending with decline and obsolescence. The Fashion Cycle Curve is based on the fashion level of the product. It relates the

product fashion trend progression to the merchandising activities needed to build a desired merchandise mix that attracts the retailer’s target consumers.

For analyzing the trend movement of fashion products, the curve is divided into four stages (i.e., introduction, growth, maturity, and decline) and each of the four stages is further divided into substages: innovation, rise, acceleration, general acceptance, decline, and obsolescence. Not all stores carry fashion merchandise in the beginning substages (refer to European Haute Couture and U.S. designer collections).



[Adapted from Kincaid, Gibson & Woodard (2004)] – *Fashion Level, Consumer Type, Inventory Level, Marketing Technique

The haute couture and/or designer fashion products are found in the *innovation substage* and are sometimes one-of-a-kind designer originals produced to fit the body measurements of a particular client of the selected designer. However, in the United States, many designer products are purchased in specialty stores and designer boutiques in specialty department stores.



Being very exquisite, high-end merchandise, these products are usually purchased by the “*fashion innovator*” who has a highly developed sense of style as well as the taste level, self-confidence, and income to purchase designer products. In this substage, the merchandise mix consists of carefully selected, limited sizes and quantities of specific designer creations that are received into the retailer’s inventory very early in the buying season. Frequently, due to the fashion level of the product and the high-end price points, these items are reduced early in the retail selling season.

In the next two substages, *rise* and *acceleration*, much of the merchandise is housed in specialty stores and specialty department stores. The target consumers in these substages are the “*fashion experts*” and “*fashion pragmatists*”. The fashion expert is cognizant of the latest fashion trends and selects product at the very beginning of the selling season. This consumer buys trendy, up-to-date items at the higher or best price points (i.e., good, better, best price range). The quality of the workmanship is good to better and the designs and fabrications reflect the most current fashion trends for the season.

The fashion pragmatist accepts the new, innovative fashion trends after these trends have been purchased by a substantial group of people. Moreover, this shopper is more practical with regard to the design aspects and retail prices of the merchandise. This consumer generally purchases wardrobe building pieces that can be incorporated into her present wardrobe and that remain in the fashion cycle for a substantial length of time.

In the acceleration substage the shopper desires maximum coverage of trendy, fashionable merchandise in a variety of styles, colors, fabrications, brands, and price points. The selection must be adapted to the taste level of this consumer and to the location in which the retailer is located.

After the fashion trend is accepted by the mass market, the merchandise is then positioned in the *general acceptance* substage. In this substage, the consumers or “*fashion fundamentalists*” have become accustomed to the fashion trend, automatically accepting and appreciating the look. Product is available in many versions, in all price ranges, sizes, fabrications, and colors. Furthermore, all store types carry knock-offs and adaptations of the designs.

In the remaining two substages of *decline* and *obsolescence* the product is usually offered at a markdown retail price and is most often procured for sale by discount stores or retail off-price outlets. Currently, in today’s competitive retail environment, these stores are implementing trendy visual merchandising techniques in order to sell off-price products as well as products produced exclusively for their specific retail outlets or brands.

In summary, the Fashion Cycle Curve is based on the fashion level of the product. It relates the product fashion trend progression to the merchandising activities needed to build a desired merchandise mix. The position of the fashion product on the bell-shape curve is determined by the industry zone in which the product is procured. Additionally, the positioning determines the type of consumer, the fashion level of the product, the price points of the merchandise and usually the quality of the product available to the retailer’s target consumer.