



[SEARCH ARTICLES](#)

[More Options...](#)

Welcome, **lkd5**.  
[Edit your Profile.](#)

**Customer Touchpoints - Customer Retention**  
**Permission - Now Required!**  
 Learn to motivate consumers, on THEIR terms!  
 BEST PRACTICES From SmartReply®  
 Give Your Brand a Voice!



- [Discussions](#)
- [Headlines](#)
- [Tips](#)
- [Webinars](#)
- [BrainTrust](#)
- [RSS](#)

## RetailWire DISCUSSIONS

Hot Issue: [Organizational Structure](#)

2/13/07  
**BrainTrust Query: Is the power of the Merchant taking a front seat to Marketing?**

By [Laura Davis-Taylor](#), Founder and Principal, Retail Media Consulting

Last week, *DM News* reported the surprising development that the interim head of Home Depot Direct, Steve Skinner, will be reporting in to the merchandising division rather than directly to the CEO, which had been the case with Harvey Seegers, who resigned suddenly as President of the division earlier this month. The article positioned the news as signaling a potential shift in power from marketers to merchandisers throughout the retail industry.

**Of related interest...**  
 See upcoming speaking engagements with [Laura Davis-Taylor...](#)  
  
 --> [Click here for more info!](#)

According to the piece, multi-channel retailing now requires a combination of product knowledge, merchandising ability, online know-how and a strong passion for the brand to "capture the customer heart." According to Lois Boyle, president of direct marketing agency J. Schmid & Assoc., it's more likely this combination of skill sets would be found in merchants. She also notes that as more retailers understand the importance of having their brand message flow seamlessly across channels, it's increasingly the merchants that management is relying on.

Don Libey, president of consultancy Libey Inc., adds that merchandising's star may also be rising due to the critical need for new product integration, their ability to affect ROI and an opinion that marketing is now a mature field. He shares that twice as many of his clients are currently looking for chief merchandising officers than are seeking chief marketing officers.

Home Depot may be on to something big by integrating merchandising with direct marketing to better execute across all channels. But is it a bit presumptuous to state that marketing could be losing its stronghold in the retail landscape?

**Discussion Questions:** [Does the Home Depot news point to a potential](#)

- [Marketing Via RetailWire](#)
  - [Email Newsletter Sign-Up](#)
  - [Top 100 Retail News Topics](#)
  - [Archives](#)
  - [RetailWire Digests](#)
  - [BrainTrust Panelists](#)
  - [BrainTrust Resources](#)
  - [RetailWire Staff](#)
  - [About the Company](#)
  - [News Releases](#)
  - [Help/Tutorial](#)
  - [Contact Us](#)
- [Print This Discussion](#)  
---
- [Email This Discussion](#)  
---
- [See Related Discussions](#)  
(227)

**RETAIL NEWS HEADLINES**

- [U.S. Mint Releases New Dollar Coin](#)  
[BusinessWeek.com](#)
- [Cast New Strategy Chief at Wal-Mart](#)  
[Bloomberg News](#)
- [Talking Toys Go Bilingual](#)  
[Los Angeles Times/The Boston Globe](#)

[More...](#)

**LATEST NEWS DISCUSSIONS**

- [Is Security Failing Retail Shoppers?](#)
- [Does RFID Have Issues?](#)

[More...](#)

**BUSINESS TIPS**

- [From ACNielsen: Consumer Insights](#)  
[Baby Boomer Segmentation: Kids/No Kids Part 1](#)
- [From Campbell's: Growth Through Innovation](#)  
[Wellness, Part 3: Driving the Daily Better-for-You Habit](#)
- [From Concept Shopping: Automatic Marketing™ APPLIED](#)

**shift in power away from marketing teams? Do you agree that marketing is becoming a mature field in the retail industry?**

For many years, merchants have been laser focused on selecting the right product for their shelves and ensuring that the presentation and sales pitch hummed with the shopper.

Marketing, with its focus on brand positioning across channels, was centered on creating powerful promises and perceptions.

Direct marketing, however, is a different ballgame. It's about strategy, execution, measurement and a desire to "optimize" results for maximum impact. And like merchants, DM experts live and breathe results.

In my opinion, every department has value. Although marketing departments possess many results-oriented skills, the days of fluffy branding absent of accountability are dwindling.

The question I have is why we can't find a better way to integrate everyone's skills around the customer -- both inside the retail organization and outside, with their agency support systems. We're taking this talk...but, unfortunately, not many are walking it. Maybe Home Depot's new management team will be first. We'll be watching!

- [Home Depot shift signals rise of merchandisers - DMNews](#)

**What are your thoughts on this subject?**

**Take the Poll - Results delayed by 15 minutes.**



Do you perceive an industry-wide shift in power towards merchandising departments and away from marketers among large retail chains?

- Yes, definitely (40%)
- Perhaps a bit (33%)
- No discernable shift (13%)
- No, and in fact I see the opposite occurring (13%)
- Not sure/no opinion (3%)

**Comments... Send in Yours!**

Laura hits the nail on the head when she comments that it's about integrating skills around the customer. Customer centrality is a buzz phrase but it is for a reason--in an era where consumers are empowered to give instant feedback brands need to be accountable and responsive to their customers.

Having spent my career moving between direct and brand marketing I would say that neither is the perfect discipline--yet.

Introduction to new series: Put Your Marketing on "Speed Dial"

**From DemandTec:**  
**Consumer-Centric Merchandising and Marketing**  
Tip 5: Eight Ways to Support Consumer-Centricity, Part 2

**From IBM:**  
**Enhancing the Customer Experience**  
Teen and Boomer Shopping Habits - Fundamental Differences

**From Inovis:**  
**Real World Benefits of...DATA SYNC**  
Not All Data Sync is Global

**From Interactive Edge:**  
**Meeting Retailer Expectations**  
Actionable #11: Combine Wal-Mart and Syndicated Data for a Complete View of the Market

**From Monsanto:**  
**Food Labeling**  
Part 4: Tough New Milk Choices in the Dairy Case

**From Nestle Purina:**  
**Pet Care: Winning with Your Most Valuable Consumers**  
Tip 8: Consumers Expect Pet Food Innovation

**From NGA:**  
**Surveying the Independent Landscape - 2006**  
Part 2: Key Indicators Up for Independents

**From P&G:**  
**Fabric Enhancer Category Strategies**  
Part 2: New Products Promise an "Experiential" Awakening

**From P&G:**  
**Oral Care Category Strategies**  
Part 1: Put Your Money Where Your (Customer's) Mouth Is

**From P&G:**  
**Pet Care Category Strategies**  
Part 1: Shoppers Want Premium Ways to Pamper Their Pets

**From P&G:**  
**Hair Care: Category Strategies**  
Part 2: A Three-Point Strategy for Pumping Up Hair Care

**From SmartReply:**  
**Customer Touchpoints - Customer Retention Advancements in Direct Marketing**  
Tip 12: Permission - Now Required!

**From Unilever:**  
**AXE Success Story**  
Defeating Category "Gamekillers"

Direct marketing (and merchandising) tends to go for what pulls the highest number, even if the messaging or product form aren't in keeping with the positioning of the brand (sweepstakes direct mail creative, anyone?).

Branding, on the other hand, tends to be divorced from reality and is the ivory tower purview of CMOs and high priced consultants. The key is to find a way to live and breathe the brand in what you sell, how you service it and how your consumer's experience it.

I'm not sure I think most merchants really get this yet either. I think what we will see is that the line between merchandising and marketing will dissolve but people coming from either side will struggle in each other's shoes. Fleming's recent move at Wal-Mart highlights the difficulty of assuming merchandising and marketing are synonymous; retail executives need to start thinking of the two interchangeably and unify them under the "customer experience" or "customer centricity" theme to get the best out of each discipline.

[BrainTrust Profile](#) [Lisa Bradner, senior analyst, Forrester Research](#)

I realize that in general, the business world attaches a great deal of significance to who reports to whom. In the case of who reports to the CEO, it's often seen as a sign of who is in favor and who is out of favor. We then easily leap to astonishing generalizations about the meaning behind the meaning behind the meaning. This reminds me of other ways that we adulate the position of CEO, and appears to be somewhat of a misdirected focus away from the more pressing issues an organization faces. I see this as part of the political monitoring and maneuvering that many organizations engage in, and I am always quite sorry to see energy and resources spent in activity that, in my view, is so unproductive.

So then let's look at the issue of how important marketing is in the retail world and how it is best done and how it is changing. This appears to me to be an extremely broad question. I have seen discussions of this type boil down to how each person in the debate sees the world and how they think the world works. In the end, we face, I believe, a discussion that is so abstract and so generalized, that I often wonder what use we can get from it, other than noting what the world-views are of the participants. I have met many people who seem to thrill to discussions of this type, but I am afraid I am not one of them. I prefer to explore issues that have data that can be validated, and that deal with specific problems that need to be solved. I will leave this debate, along with political ones, to others.

[BrainTrust Profile](#) [Race Cowgill, Principal, Zenith Management Consulting](#)

Merchandising is marketing. So is store design, customer service and pricing. Oh, and that thread we had last week about the "Best Bagger" contest, well--bagging is marketing, too.

Attempts to divorce the positioning of the retailer from the day to day activities of the store are what is counterproductive. Marketing is not ethereal. Marketing is creating a palpable positioning in the consumer's mind. And everyone and

everything in the store plays a part in implementing that positioning--or detracts from it. Retailers who "get it" do this with or without a formal marketing department or CMO. It can go either way. Just look at two of the best--Wegmans and Wal-Mart.

[BrainTrust Profile](#) **Ben Ball, Senior Vice President, Dechert-Hampe**

As long as merchandising and marketing remain distinct entities within the corporate structure, there will be a need for a higher source that can hold them accountable, and at the same time direct and manage a collective strategy that focuses on the customer experience. What is needed is a Chief Brand/Experience officer.

**'emotioncommerce'**

As I sit at home watching the blizzard outside my office, I am reflecting on your question and find that it has a simple answer. First, let's bring back the system the way it was when I first entered this industry. The merchant was King, the next generation was filled with Princes and Princesses and some of the most innovative retailing ideas were born. Retailers stood behind their merchandise and any promises that were made in the early advertising. Somewhere, I think we got off track with too many brand managers and financial leaders heading to the corner office.

Now, I also like your earlier question: "Why we can't find a better way to integrate everyone's skills around the customer--both inside the retail organization and outside?" With the creative talents of marketers coupled with the selling knowledge of the merchants, any retailer can be well advised and led.

[BrainTrust Profile](#) **Jerry Gelsomino, Vice President of Marketing and Brand Experience, Pratt Corporation**

In any corporate structure, power and control are often synonymous. This power bases often ebb and flow with Wall Street and retailing trends. These power bases are often 'dotted lines' outside the hierarchy dictated by the latest organizational chart. The departmental disciplines within a retailer (marketing, merchants, IT, HR, legal, etc.) have evolved as independent silos within organizations. In order to truly address the customer on his or her terms, retailers need to break down these internal silos and create an environment where these departments work together to provide a truly multi-channel brand sensitive customer-centric shopping experience. The customer will value and reward those that can achieve this.

This leadership must start at the top and permeate throughout the enterprise right down to the high-school "bagger." I believe this will be more effectively accomplished by an external independent team that is empowered by the executive leadership. Internally based executives (CMO, Experience Officer) will find difficulty in being completely objective in making the requisite decisions in order to realign those deeply rooted silos.

[BrainTrust Profile](#) **Adrian Weidmann, Principal, Adrian Weidmann Consulting**

I agree with Ben Ball; marketing is merchandising and merchandising is marketing. The best companies have intertwined these two and not created silos of power. It's all about the consumer. You create a merchandising line that is unattractive or doesn't hit the mark with the consumer, then the best marketing strategies fail...lipstick on a pig! The companies that get the internal customer concept have proven to be the most productive and successful. When marketing is involved, they can better position and promote a total concept.

[BrainTrust Profile](#) **[Susan Rider, President, Rider and Associates, LLC](#)**

I think we may be missing the most fundamentally important nuance in the Home Depot reporting news. Inherently, this structure acknowledges the online "channel" not as a distinct and unique business, but as an extension of the core business. In effect, the online "channel" becomes the "online store." Home Depot is not the only retailer I know of that is handling its internet eCommerce channel this way.

In the early days, treating the internet as a distinct "channel" made sense and was appropriate. The skills, thought patterns, response times and all other critical success elements differed from brick and mortar retail. There was an infrastructure to build, processes to develop, eyeballs to attract, positioning to work out and operational growing pains to move through.

Now, the medium is more mature. And it may be that it is no longer appropriate to view the internet as a "channel," distinct and unique. Others have argued, correctly I think, for the importance of consistent brand messages across all customer contact points. I argue that consistency in branding is impossible if execution of merchandising differs across channels. And execution of merchandising between bricks and clicks has rarely been consistent.

Reporting to "merchants" instead of CEOs won't necessarily cause a paradigm shift in eCommerce execution and strategy. However, it may be a move in a now-appropriate direction. Having built internet competencies and survived the growing pains, isn't it time to leverage all the other skills and abilities within the organization?

[BrainTrust Profile](#) **[Don Delzell, Principal, Retail Advantage](#)**

My morning glance at another popular retailing site reminded me that I missed a great opportunity to cite another "W" who gets it when it comes to fully integrating the marketing positioning into the store--Whole Foods. Their new slogan for entering the UK speaks volumes. "It's not just part of what we do, it's everything we do" I like it!

[BrainTrust Profile](#) **[Ben Ball, Senior Vice President, Dechert-Hampe](#)**

Great question which will, I'm sure, stimulate some great observations.

I'm not sure, however, that the recent change in reporting relationship at HD is the poster child for a shift in emphasis.

Harvey Seegers (recently departed from HD) ran the

eCommerce business at GE for 7 years prior to joining HD in 2005. Given the many challenges confronting Frank Blake, having the Home Depot Direct function reporting directly to the front office was not essential. My guess is that if Bob Nardelli was still CEO at HD, Seegers would still be there and Home Depot Direct's reporting relationship would not have changed.  
**'BoatSchool'**

I am currently working on material which emphasizes the position that the existence of marketing as a discipline is threatened if there is not an awareness of how marketing needs to be rethought and repositioned as THE discipline that integrates, cares about, thoroughly understands, and is in charge of consumers and the way they interact with the company.

Currently this is not the case in most companies. As a result, I expect that we will see some interesting reconfigurations of departments that may leave marketing out in the cold if marketing does not truly become the voice of the consumer within the company. That position will require marketing to be an interactive discipline that both sends messages to and receives messages from consumers and understands what consumers need and how they perceive the company. It will be a challenging new role.

[BrainTrust Profile](#) [Camille P. Schuster, Ph.D., President, Global Collaborations, Inc.](#)

Last week, a report crossed my inbox that confirmed something I suspected as a consumer: A bad online experience of a retailer will hurt a customer's willingness to shop the retail store - and the overall brand.

Here's the release: [National Survey Reveals Frustrating Web Experience Impacts Online Sales, Brand Perceptions and, More than Ever, Offline Sales](#)

In short, the direct channel is no longer separate from the physical channel; it's all merchandising, and it all needs to flow together as one experience.

So for me, Home Depot's decision to put Home Depot Direct into the merchandising unit is a recognition of the new reality on the ground, and a clear signal that, finally, at Home Depot, the customer counts for something again.

The other new reality I think this move reflects is that the line between marketing and merchandising is blurring. Merchandising is no longer just about buying products and putting them on the shelves, or even about designing attractive stores. Instead, it's about creating entire in-store and online environments that help customers live inside the store's brand (and find what they need, and buy it, and get on with the rest of their lives) -- in short, keep the promises that marketing makes, but also make new promises about the customer's next visit.

At the same time, marketing plans commonly go beyond trade dress and media schedules to include in-store environments, sales and service training, employee engagement and more. Like their merchandising counterparts, they too understand



classic authoritarian model, where all "teamwork" is directed by the boss, who can be a micromanager. And some organizations succeed by stimulating internal competition, preventing teamwork.

What really matters: how does the retailer measure success? Comp sales, gross margin percentage, ROI, stock price, [American Customer Satisfaction Scores](#)

Does the retailer have the guts to establish the measures in advance and report them frequently and publicly? Or will the retailer report only those measures that look good? Or will the principle measure be self-congratulation?

[BrainTrust Profile](#) **Mark Lilien, Consultant, Retail Technology Group**

Fantastic dialog here, nice work RW! As I recall, merchants were never just about the product, they were about being experts at editing what was available to reflect the audience they were serving. The audience was related to the brand and that brand drove decisions about store design, store location, where advertisements were placed, etc. The merchants ran the show. The power of the merchant in mature companies took a hit during the years of supply chain focus, me-too stores, and scientific markdowns. Now we are trying to fix things in a world that is much more complex--in a world where culture (assumption: commerce is a reflection of culture) is being transformed on many dimensions. So, as far as Home Depot's change, it seems kind of 1990ish or 80ish. HD, like all other retailers, needs to create an organization that can innovate around the customer--to pull that off, they would need new people, processes and leadership. The answer lies not in the merchandising organization or a disempowered marketing organization. It lies in an organization that can tap the the knowledge of customers (think Zara) and innovate experience around customer segment (think what Best Buy is trying to do) and pull it off in a way where there are profits. The profits part means that the firm needs to be able to walk and chew gum, or: innovate a customer experience that results in a CAGR. That means that the supply chain people and the suppliers need to report to the merchant as well. I suppose what I am proposing is an organization of general managers organized around meaningful segments and everyone else is a service organization. Hmmm.

**Vahe Katros, Consultant, Plan B**

[Send Your Comments](#) ▶

---

[DISCUSSIONS](#) | [HEADLINES](#) | [TIPS](#) | [WEBINARS](#) | [BRAINTRUST](#)

[Newsletter Sign-Up](#) | [Top 100 Retail News Topics](#) | [Archives](#) | [Digests](#) | [BrainTrust Resources](#) | [RetailWire Staff Marketing Via RetailWire](#) | [About Us](#) | [News Releases](#) | [Help](#) | [Contact Us](#)

[Privacy Pledge](#) | [Disclaimer and Terms of Use](#) | [Logout](#)

© 2007 RetailWire LLC.

All rights reserved. No part of the contents of this website may be reproduced or transmitted in any form or by any means except as may be expressly permitted in writing by the copyright owner.

Cookie.Handle = lkd5  
CLIENT.handle = lkd5