

surviving the retail slow-down

PART THREE OF **STUART JACKSON'S** SERIES ON SURVIVING THE RETAIL SLOW-DOWN LOOKS AT THE QUESTION OF 'MERCHANDISING'.



So far this series we have looked at the economic situation and at how to generate more profit from our current turnover. In this article we will concentrate on maximising sales through good merchandising practice.

SHELF FILLING

Merchandising begins with possession of the product on the shop floor. It is often popular to stock up the sales floor during quiet sales periods but this can be a haphazard exercise. Inexperienced employees struggle both to identify which items are missing from the shelves and where to locate replacements in a busy storeroom. Some top selling lines end up never being re-stocked!

Focus on maintaining the availability of top sellers, reducing out of stocks and never have product in the store that is not for

sale in the shop. I suggest recording the top 20–50 selling items onto a list that details both the product's supplier and delivery day. Divide this list to match product layout and pin up around the shop. The first task of the day, and repeated at regular intervals, is to ensure that these products are ready for purchase. After this the general task of replenishment will continue without the revenue pressure of missing top lines and the time issue of interruptions from customers asking for them.

There are a multitude of methods employed in the struggle to maintain stock during working hours but nothing beats filling the sales floor out of hours. This is only successful, however, if somebody that can be trusted to organise is in charge. Without pro-active and thoughtful management, it is a wasted exercise.

A WELL-STRUCTURED PRODUCT LAYOUT

The layout of a store begins at the shop front where the use of informative blackboards and creative window displays can entice the consumer in. Research has demonstrated that, on entering, consumers require five metres to acclimatise, preferably meeting with an early "fresh" product experience. This is why supermarkets design lengthy entrance halls leading to the display of fresh fruit and vegetables. As we do not have the same luxury of space, it is worthwhile displaying product sited at the entrance a second time. We can, however, positively locate fruit and vegetables by the entrance so long as we are able to meet the standards of freshness and abundance required to make the right impact.

Plan the customer shopping route through the store. Locate the aroma of herbs and spices among the more bland

general ambient stock and position fresh/ chilled product prior to the cash register but before supplements and toiletries. These need to be under the watchful and helpful eye of till staff.

Today's healthy shopping market is all about a lifestyle choice so a retailer's community image needs to reflect this more up-market perception. Adding clear and relevant signage, including some that remind the customer of the shop logo, helps to drive home a modern, trendy image.

BLOCK OR CATEGORY MERCHANDISING

Those retailers who believe that the customer should be empowered to find their own solution favour category management. Products are presented as an assorted choice under a banner such as 'Colds & Coughs' or Gluten Free, and so on. While this is a perfectly reasonable strategy, it has two downsides. First of all it presents a number of solutions that vary in price and methodology, which often results in a sale of the cheapest option. This may not be the best choice for the customer and certainly not for a retailer's profit!

Secondly, modern consumer shopping trends indicate a high level of brand loyalty whereas ten years ago, price not brand was king. Brand loyalty means that consumers increasingly look for a solution to their latest health problem from the brand they already trust. If that brand's products are scattered throughout a shop, it makes it difficult for the customer to locate the desired product.

Modern trends combine a little of both options, broadly categorising market-leading sectors such as beverages, cereals, bodycare etc, and then block brand merchandising within. Since many brands specialise in one market sector, it is still

SUMMARY

An effectively merchandised store does not offer the customer empty shelves or damaged products. It will offer an appealing and refreshing product layout, focus the customer on top-selling lines and interest them in new products. Additional sales will be gained from expert positioning and well-designed displays. Be fresh, innovative and abundant.

fairly easy to present a co-ordinated brand image in this way.

Block merchandising not only encourages a more expensive purchase, it increases the chance of an impulse sale by presenting an entire range of solutions from a trusted source. It is also visually impressive, helps the physical ordering and shelf filling process and usually gains more supplier support, as they are happier with the manner in which their brand is being promoted.

All round, block merchandising is the better option for sales, profit and impact.

MERCHANDISING TACTICS

Improve general merchandising policy by eliminating “bad practices”. Don’t place product physically out of reach and above all, remove damaged, dirty and out of date items. Encourage staff to persistently “pull forward” or “face up” stock. This is simply ensuring that items are at the front of the shelf and with their label facing the customer.

Begin every day by filling the aforementioned top seller list and getting the whole team to face up and pull forward stock on the shelves. The goal is to begin trading with a shop that looks abundant, clean and attractive. Only after this should the team be filling general out of stock lines.

Introduce merchandising techniques that will exploit the customer’s purchasing potential. Research reports that the ideal shelf selling position is located 20% below the customer’s eye level. Apply this knowledge when positioning top selling lines and increase impact on the customer by double facing the best sellers.

Having succeeded in maximising the potential of your top selling lines, use traditional displays to selectively promote specific ranges throughout the shop. In particular, ensure a “New Product” and special offer area exists. Although displays will have a greater impact if price promoted, it is equally essential to focus on a selling “theme” such as “Summer Holiday Pack”. Customers, with such events already in mind can be easily convinced to make an extra, convenient purchase.

Alternate themed displays with “case stacks”, a tactic which implies a product is bought in volume by the store and sold to the consumer at a bargain price. Cases below the top one (from which the product is sold) are false and such a display therefore requires minimal investment! Remember that displays have a “shelf life” of preferably one week but certainly no more than a month, so freshen them up regularly.



If you have any questions for Talking Shop or would like further information on Stuart Jackson’s consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk