

RETAILER: Developing your retail business

TILL SIDE TRAINING

Merchandising

The RETAILER programme aims to provide practical resources for independent retailers in the Eastern region, backed by the support of intermediate mentors and the RETAILER website www.independent-retailer.com

The RETAILER programme is supported financially by the European Social fund (ESF). Elements of the RETAILER programme build upon the APU SESAME programme. If you are interested in joining the RETAILER programme, please complete and return the form at the back of this document.

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Anglia Polytechnic University
Bishop Hall Lane
Chelmsford CM1 1SQ
01245-493131



Introduction

Market traders are, generally, very successful. They do not sell in the accepted sense, but they do know how to attract buyers. Have you ever bought something from a market trader?

Market traders know how to set out their stall. Everything is on display and accessible, if you can push through the crowd. Also, many of them have loud voices and can promote their products to people that pass by. Lastly, the market place is a good location attracting many shoppers who might wish to purchase.

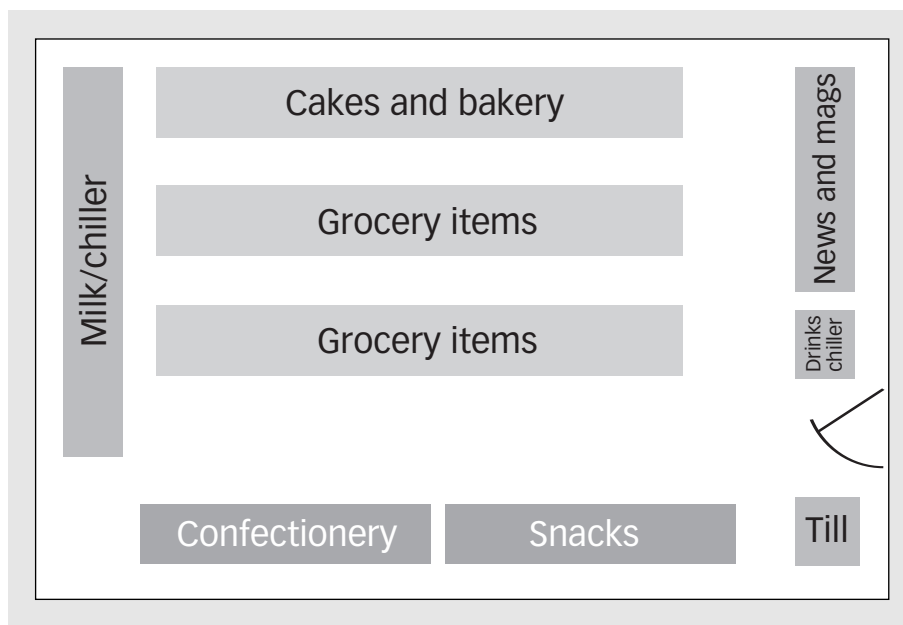
Merchandising is about displaying goods in a way that attracts customers, either to your shop or to the product. It is not about window dressing. Window dressing is a different subject. What was it about the market stall that made you want to buy? And was it an impulse purchase or, did you go with the intention of buying?

Research into customer behaviour has shown that if you give your customers too big a choice of the same product type, your sales will not be as great as when you limit the choice to a few well chosen products. This is good news for the smaller shopkeeper. For example, there is a very attractive shoe shop in a smart seaside town on the Isle of Wight. But, they only sell boat shoes and similar products from the manufacturers of boat shoes. Not only that, the proprietor works closely with the manufacturers, where the manufacturer uses the feedback from him to refine future products. So, he only stocks boat shoes from manufacturers that he works with. The selection is wide enough to give you choice, but narrow enough to make the choice easy and the recommendation of the sales people is always respected by the customers. As a result it is a profitable, small family business.

So, there are two principal objectives with merchandising: allow customers to see the products; in a way that helps them to make the right choice so that they can buy. And if it is not on display, will the customer be able to buy it easily? So, how can you display your goods effectively?

Topic 1 Layout

The first thing to consider is the layout of your shop. How you display your goods will be constrained by the shape of the shop floor and the amount of space that is available. Ask yourself how many people do you expect to be in your shop at any one time? You do not want to dedicate so much space to product display that people do not have the freedom to move around or get to the till. Effective layout and display is a mixture of science and art. The graphic below is an example of a layout for a typical village shop.



Basically we get confused a bit about what retail is. It is really just buying things, putting them on a floor and selling them.

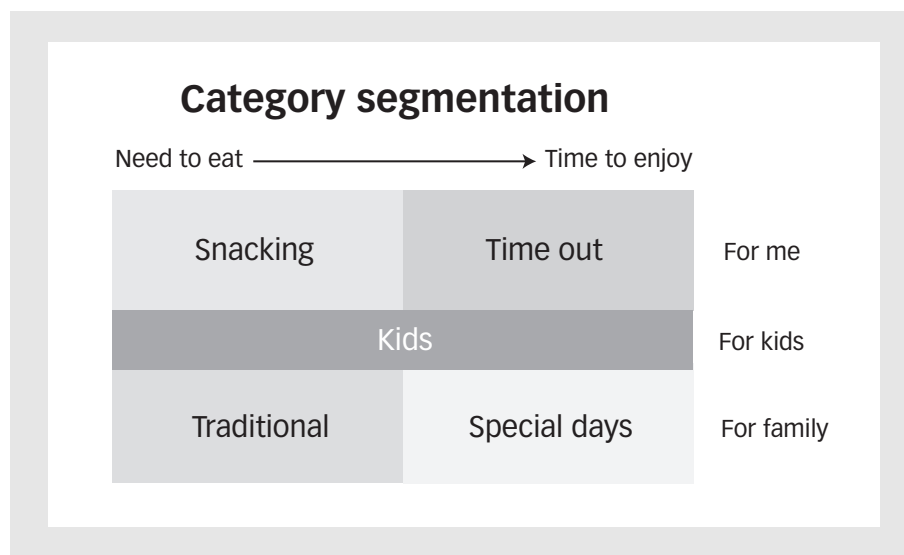
Gerry Harvey

Have you ever been to IKEA? IKEA is very clever at ensuring that all customers see all the products before they check out. You have to walk round all the display areas where all the products are on show before you can buy anything. You can do the same. What are the staple or primary products that people come into your shop to buy? Where have they been put? Walmart, the huge US supermarket, found that fathers with young children tended to shop for their wives on their way home from work in the evening. So, they arranged their stores so that, in order to get to the diapers – nappies to you and me, they had to walk past the cold beer. Beer sales increased quite dramatically. So, lure your customers past all those secondary items that you also sell in order to reach the primary items.

Topic 2 Choice

Customers often come in with the intention of buying one thing: a bottle of milk or a loaf of bread. Ask yourself how many of those customers buy something else as well? This is called an impulse purchase. I love homemade fudge. The other day I went to a bakery to buy some delicious bread that is made on the premises. Right by the till was a pile of fudge bricks for sale. I had no intention of buying fudge when I went into the shop, but I left with two bricks in addition to the bread. This quadrupled the money that I had intended to spend. What products do you have round your till that people can look at while they are waiting? What other products do you think could be displayed round the till and which would invite customers to buy them on impulse? Did you know that 40% of cakes are bought on impulse? And would they be able to make that impulse purchase if they could not see the cakes in the first place? Prominently displayed, they can look really inviting: a real treat.

And since we are discussing cakes, let us use cakes to determine the types and category of a given product type to sell.



Here you can see that there are different types of customer that buy cakes and different occasions for which they are bought. For some types, the turn will be higher and for others lower. For example, birthday cakes will be lower volume but higher priced. We can categorise cakes as a distinct market segment. But different customers will buy different types of cakes. These are sub segments of the cake segment. Experience will tell you which customers you have and which cakes they buy.

So, primary sales, like a loaf of bread, are the reason that the customer visits your shop. Secondary sales, such as the homemade fudge, increase and maximize sales. The customer should be drawn through your shop to reach the essentials and passing all these other temptations creates more chances that they will buy other things as well.

How do your customers rate your product availability and quality?

Give 3 examples

1

2

3

Think about 3 ways you could improve your product availability and quality

1

2

3

<http://www.irn-talkingshop.co.uk/categorymanager/manor/pos.html>

So, you have determined your layout and determined what you are going to stock. Now look at the way in which goods are displayed.

Topic 3 Display

Some shops look tired and stale: others vibrant and energetic. Successful shops create a positive experience for the customer. Great shops create a unique experience for the customer. You cannot be a Fortnum and Mason or a Selfridges, but there are small shops that do create a unique experience for their customers. Do you know any? And what do they have to teach you about your own shop?

Customer experience is not easy to define. It is a combination that will include a number of factors.

If you do build a great experience, customers tell each other about that. Word of mouth is very powerful.

Jeff Bezos of Amazon

Well-displayed products that are:

- Clean
- Fresh (within date code)
- Safe
- Well packaged
- Fit for purpose
- Available in stock

Sales people

- Who know their stuff
- Show that they care
- Offer help and advice

Ambience

- Your shop is inviting to enter
- Your shop is a pleasant place to spend time (and money)

Design

- Your shop is well laid out
- Attractive displays
- Colour, lighting, wall decorations
- You have the right facilities

After-sales service, which helps to develop a long term customer relationship

Some products, such as furniture, need plenty of space, others, such as sweets, need less. Clever lighting can transform the appearance of a shop. When did you last go to the theatre? The appearance of the stage is almost entirely due to the lighting. So, shops need to be bright, clean and cheerful in a way that is inviting to customers and they also need to be cool in the summer heat and warm in the cold of winter.

Here are some basic rules that will help you to display your goods effectively. Your system should make it easy for salespeople to operate effectively.

- Use a shelf planogram. This will help you to ensure that:
 - There are no gaps in your product display
 - Goods are attractively presented
- Maintain shelf-layout so that customers find goods in the same place, every time.
- Replenish your shelves regularly.
- Allocate space to segments according to sales value
- For products where you have identified increased sales volumes, consider creating a separate area for them.
- Display by pack format and then by consumer segment
- On fixtures below 3 metres, fill shelves horizontally.
- On fixtures above 3 metres, fill shelves vertically.
- Reduce out-of-stock and delivery problems by constantly checking your area.
- "Face-up" your goods so that shelves always look replenished.
- Rotate stock – sell lowest shelf life first
- Stock rotation – ensure that "Sell By" dates are kept to.

In what ways do you display your goods effectively? Give 3 examples

1

2

3

Think about 3 ways you could improve the display of your goods

1

2

3

Your suppliers should advise you on new methods of display to promote their products. Supermarkets put high value goods at eye level, high volume goods underneath and low value goods right at the bottom. Have a look at the wine and spirits display in your local supermarket next time you visit to see what I mean.

You can maximize sales by concentrating on fast selling lines. If you go for reputable brands, they are generally the best sellers, even if the unrecognizable product has special offers. If they do not sell, who is the loser? Try palming off Value Baked Beans to your children in preference to Heinz Baked Beans and see what happens. And do not overload your fixtures with too many different lines.

So, lay your fixtures out in a logical way.

- "Brand block" your fixtures.
- Use brand blocking to create impact at the point of purchase and help customers find the goods they are looking for.
- Use a well-known brand to highlight to customers that they are in the right aisle.
- Keep your shelves full.



This display looks really inviting. See:
<http://www.cornucopia-delicatessen.co.uk/>



Topic 4 Penalties for being out of stock

A full shelf is more enticing for the customer, it enables them to find what they are looking for and the reason that many customers do not purchase is because they cannot find it or it is out of stock.

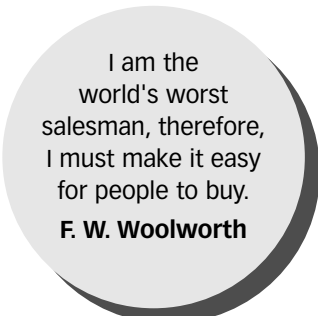
Out-of-stocks are caused by:

- Improper ordering: 60% – 70% Out-of-Stocks due to these causes:
 - Space allocations are incorrect
 - Ordering to fill shelf only
 - Lack of planogram discipline
 - Ordering mistakes
- Not on Show as product is in the storeroom.
- Unsupplied: 3% – 5% Out-of-Stocks are due to these causes:
 - Products scratched from order
 - Increased demand
 - Fluctuations in ordering patterns
 - Consumer demand changes
 - Poor communications
 - Lack of availability & awareness of a substitute item
- Out of Code: 3% – 5% Out-of-stocks are due to these causes:
 - Product removed from sale because of expired 'sell by' date
 - Poor rotation
 - Over ordering
 - Received short date coded
 - Over space allocation
 - Change in consumer demand

Remember that merchandising is all about displaying and presenting your products to the customer. Out of stock means a gap in your shelf and this can mean, at the minimum, a lost sale and at maximum, a frustrated customer – even a lost customer.

So to summarise, here are some top tips.

- Stock a full range covering all consumer segments.
- Keep 'Out of Code' problems to a minimum by stocking fast moving products.
- Take advantage of Added Value and limited edition promotions – they are always popular with customers.
- Don't stock too many lines.
- Remember to stock premium, high value lines.
- Cater for all your customer needs – cakes to take home, cake mixes to bake at home, snack cakes to eat on the way home.
- If a product is on TV – stock up and display prominently.



I am the
world's worst
salesman, therefore,
I must make it easy
for people to buy.

F. W. Woolworth

What you want is to turn over your stock (stock turn) more quickly. This shows that you have increased your sales, and by increasing your sales, you can increase your profits. Profits can suffer through perishable products reaching their sell by date, shelves stocked with slow selling items and being out of stock of products that are fast sellers.

<http://www.irn-talkingshop.co.uk/categorymanager/manor/pos.html>

Some shops, to help staff know when they need to take food products off the shelves, use 'Sell by' dates, like 'Display until' dates. It is up to the manufacturer or shop if it wants to put a 'Sell by' or 'Display until' date on packaged foods. But they must also have either a 'Use by' or 'Best before' date.

Since the 'Sell by' date is just a guide to shop staff, it isn't against the law to sell a food after that date. However, shops mustn't sell foods that have passed their 'Use by' date. And you shouldn't eat foods after their 'Use by' date because they might not be safe to eat. 'Use by' dates are used on foods that go off quickly, such as milk, soft cheese, ready-prepared meals and smoked fish.

You will see 'Best before' dates on foods that last longer, such as frozen, dried or tinned foods. Shops are allowed to sell foods after their 'Best before' date (except eggs) and they will probably still be safe to eat.

But if you buy foods after their 'Best before' date, bear in mind that they might not be as good to eat as they were before. They might have started to lose their flavour or texture. The one food you shouldn't eat after its 'Best before' date is eggs. This is because eggs can contain salmonella bacteria, which could start to multiply after this date.

<http://www.eatwell.gov.uk/asksam/foodlabels/asksamlabellingrules/>

Now that you've seen some of the RETAILER materials, would you like to benefit from the RETAILER programme?

Through the RETAILER programme, Anglia Polytechnic University offers Till Side Training for independent retailers in Cambridgeshire, Suffolk, Norfolk and Essex employing less than 250 people.

The training is backed by practical materials, relevant resources, the support of experienced mentors and the RETAILER website.

Retailing is a 'people' business. Supermarkets, department stores and chains spend a significant amount of time and resources training their staff. Product knowledge, customer service, merchandising and selling are prerequisites for working in these companies, but training also:

- demonstrates commitment to their employees and their professional development (for many employees, the offer of training is the reason for deciding which company to work for)
- forms the principal rationale that supports all quality initiatives from simple Quality Control right up to Total Quality Management.

The RETAILER programme is supported financially by the European Social Fund, and is free to beneficiaries. The RETAILER programme is intended to train you, train your employees, and help you train future employees.

To find out more about the RETAILER programme please fill in your details below and send a copy of this page to:

Carole Martindell
Retailer Programme Administrator
Ashcroft International Business School
APU
Bishop Hall Lane
Chelmsford
Essex CM1 1SQ

Name:

Business name:

Job title:

Address:

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Phone number:

Email address: