

Merchandising For Profit

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OVERVIEW

Updating Our Findings



In 2002, NHPA conducted its landmark Merchandising for Profit Study and then repeated it again in 2016. The purpose of the study was to quantify the sales lift generated by different merchandising techniques.



This year, NHPA sought to update the findings of the previous reports and verify whether time-tested merchandising techniques were still viable. We also wanted to see what changes have taken place in the past 8 years.



As retailers look to sell more merchandise to their existing customers while in the store, effective merchandising becomes even more important to running a profitable retail operation.

The Study

Our update to the study tested 12 different merchandising techniques.

- Disposable Dump Bins
- Permanent Dump Bins
- Power Aisle Stack Outs
- Sidekick Wing Panels
- Service Counter Displays
- Checkout Displays

- Clip Strips
- In Aisle Feature/Benefit Sign
- Feature Endcap Single Item
- Feature Endcap %Off / Sale
- Multi Item Endcap: Main Item
- Multi Item Endcap: 2nd Item

The Study

- For the study, we selected products that lent themselves to the **technique being tested** and were **commonly stocked** in hardware stores and home centers.
- Retailers agreed to **leave the items stocked** in their in-aisle position, but also stock the product using the featured merchandising technique.
- Sales were monitored during a **30-day period** following the remerchandising. Sales at a similar “control” store for each retailer were also recorded during the same period.
- The results from **Test Stores** and **Control Stores** were then compared and reported.

Why It's More Important Today

- While utilizing in-store merchandising techniques to drive sales has always been an important part of merchandising, now more than ever, retailers are **focusing on increasing transaction size**.
- A closer look at NHPA's *2024 Cost of Doing Business Study* reveals that **high-profit merchants** (those in the upper quartile for net profits) regularly post **stronger transaction sizes**.
- For example, for home centers participating in the *2024 Cost of Doing Business Study*, the "High-Profit" stores generated **\$102 per transaction** vs. **\$81 per transaction** at the "Typical" store. This makes it clear that increasing transaction size is a key profit variable.

The **FINDINGS**

Permanent Dump Bins

2025

55.8%

2016

86%

2002

197%

Product Tested: DUCT TAPE

While the impact didn't register as highly as in the past 2 studies, these merchandisers are still delivering a solid sales lift.

The portability and familiarity with customers for delivering bargain merchandise make them ideal for impulse sales.



Temporary Dump Bins

2025

25%

2016

660%

2002

427%

Product Tested: WASP SPRAY

Temporary dump bins were still an effective merchandising technique tested in our study, just not to the degree as in past studies.

The “temporary” nature of these merchandisers and ability to move them to strategic areas of a store create a sense of urgency among shoppers.



Power Aisle Stack Out

2025

150%

2016

114%

2002

98%

Product Tested: TRASH CANS

Power aisle stack out displays delivered greater results than in the past 2 versions of the study.

These work best with a single SKU (larger items) that can be bulk stacked, and placed in strategic locations throughout the store.



Service Counter Display

2025

105%

2016

85%

2002

81%

Product Tested: **WD-40**

This technique continues to remain effective at driving impulse sales, and delivered greater results than the past 2 versions of the study.

Retailers continue to do a better job merchandising these areas as impulse drivers.

These work best with a single SKU of smaller items that can be easily added to a purchase at the last minute.



Checkout Display

2025

300%

2016

467%

2002

39%

Product Tested: **GORILLA GLUE**

Like service counter displays, this technique remained a solid performer compared to past studies.

The results reflect the added importance of merchandising at checkout.

Small, grab-and-go items make it easy for customers to pick one up at the last minute.



Clip Strip

2025

200%

2016

25%

2002

15%

Product Tested: **WORK GLOVES**

Essentially this serves as a cross-merchandising/impulse technique, and retailers continue to see solid lift.

While clip strips saw positive results in the past 2 studies, the results from the current study suggest that more retailers are using them in strategic areas of the store to drive add-on sales.



In-Aisle Feature/Benefit Sign

2025	2016	2002
50%	37%	6%

Product Tested: **LED LIGHT BULB**

Calling out the features and benefits of products in aisle still clearly delivers a sales impact.

This is especially true on items such as the LED light bulbs tested (non-LED bulbs were tested in 2002), where retailers can illustrate the actual ROI on a purchase.



Feature Endcap: Single Item

2025

109%

2016

11%

2002

25%

Product Tested: **GAS CANS**

Results from single-item endcaps continue to produce solid result for retailers.

Single-item endcaps grab customers' attention, showcasing new and innovative items.

Endcaps should be well stocked, clean, bold and dramatic.



Multi-Item Endcap: Primary Item

2025

29%

2016

63%*

2002

25%*

Product Tested: **GAS CANS**

Multiple-item endcaps with price signage once again showed positive results in this year's study.

Secondary items should be merchandised on the "Belly Shelf" and should not exceed 20 percent of the designated promotional space.

*In 2002 and 2016, sales on multi-item "endcaps" were combined.



Multi-Item Endcap: 2nd Item

2025

98%

2016

63%

2002

25%*

Product Tested: **Fuel Stabilizer**

The secondary item on multiple-item endcaps should also be complementary to the primary item so retailers don't think twice about grabbing both items.

The secondary item should also carry a higher-margin compared to the primary item to help increase the overall profitability of the display.



Feature Endcap: % Off Sign



2025

125%

2016

38%

2002

25%*

Product Tested: **CONTRACTOR TRASHBAGS**

Endcaps are clearly still effective at driving sales lift for products as they bring items into customer view.

Simple endcaps with clear signage have emerged as the industry standard.

*In 2002, only “endcaps” were tested and signage options were not swapped.



Source: NHPA/Hardware Retailing

Feature Endcap: Sale Sign

2025

N/A

2016

53%

2002

25%*

Product Tested: **WEED SPRAY**

Side by side, it appears as if “sale” signage is slightly more effective at providing sales lift for endcap items.

Simple endcaps with clear signage have emerged as the industry standard.

*In 2002, only “endcaps” were tested and signage options were not swapped.



Wing Panel (New for 2025)

2025	2016	2002
38%	N/A	N/A

Product Tested: **BATTERIES, SUPER GLUE**

Also called Sidewinders or Sidekicks, these displays are great for merchandising smaller, higher margin impulse items.

It's best to limit selection to one time per Wing Panel, and make sure displays remain stocked at a minimum 75% of capacity level.



Summary

- In-store merchandising is still a key component in retailers' ability to **drive transaction size** and **additional sales**.
- In the 9 years since the last study was conducted, new merchandising techniques have emerged that offer even **more opportunities** for retailers to artfully present products.
- Thoughtful **merchandising best practices** can drive these **results even higher**, but it takes planning and execution.

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