

Module 1: The Importance of Merchandising

Merchandising, or how products are displayed in the store, plays a critical role in the overall success of your business. After all, when customers come into your store, you want them to buy. Effective merchandising is a tool that gets them closer to that purchase decision.

But having effective merchandising demands discipline and planning. It's hard work. You must pay attention to detail on a daily basis. You also must realize that many of your competitors have effective merchandising. That means your customers are used to seeing it, so they expect it from you, too.

In this course, we'll discuss the techniques and best practices that make up an effective merchandising strategy. We'll begin by talking about why merchandising is so important.

Merchandising makes several important contributions to your store. It increases sales by making a store appealing to your customers. It improves profitability by generating more margin dollars. It controls costs by improving the productivity of the salesfloor as well as each employee.



Appeals to Customers

- Good merchandising makes shopping easier for customers and gives them reasons to come back often and spend more money. Remember that many consumers may not consider shopping fun. A merchandiser's goal is to take the hassle out of shopping and make it easier.
- Good merchandising can also create customer loyalty. Consumers shop where they feel certain they can find the merchandise they want. They will be loyal to your store if you can create a pleasing shopping experience and provide what they need.
- Finally, good merchandising can promote repeat shopping. One of the best opportunities for growth comes from building on the business of existing shoppers. When customers know your store is easy to shop, they will return again and again.



Improves Profitability

- One way good merchandising can improve your store's profitability is by enhancing your price image. Many consumers may think that independent home improvement retailers have high prices. The challenge for those retailers, then, is not to have the lowest prices, but to convince consumers that they are priced competitively for the value and service they offer. Pallet displays in the power aisle are a good example of how to promote a value-priced image.
- Merchandising also allows retailers to make strategic pricing decisions. Through promotional merchandising techniques, such as dump bins, it's possible to increase item sales while at the same time lowering prices.
- Merchandising can increase your sales per customer if it's arranged to promote add-on sales, for example, through impulse displays at the checkout counter.
- Merchandising also promotes self-service shopping. While you can only wait on one customer at a time, good displays help customers shop on their own. This means you have more time to spend with customers who need extra help.

Module 1: The Importance of Merchandising *(continued)*



Increases Salesfloor Productivity

- Merchandising can help control costs by helping retailers improve the productivity of the salesfloor. Productivity improves when retailers can increase sales using their existing salesfloor square footage and number of employees. Merchandising affects virtually all of the measurements of retail productivity, such as gross margin and sales per square foot.
 - Merchandising also makes the salesfloor more productive by suggesting add-on sales and impulse purchases. It helps organize the store, suggest project ideas, remind customers of items they may have forgotten and promote special buys.
 - Merchandising also complements advertising by helping customers find sale items.
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Increases Employee Productivity

- Good merchandising can help increase your productivity by helping you provide better customer service. As an employee, you want to spend your time giving customers the product knowledge they need to solve their home improvement problems. You want to minimize the time you spend simply directing customers to the aisles where they can find what they need. That's why you have signage and merchandising.
 - Good merchandising makes selling more rewarding. The more customers are able to shop for themselves, the more time you have to develop new retailing skills. This will help you advance and gain new responsibilities in the company.
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Module 2: The Elements of Merchandising

There's more to merchandising than just having attractive displays. It incorporates the design of the salesfloor, the placement of the signage and the presentation of the products. When you learn how to merchandise, you learn how to effectively use space, color and lighting to encourage customers to buy. A well-merchandised store is also a well-organized store. Customers like organized stores because they can find merchandise quickly and easily on their own. All of the elements of merchandising contribute to making a store more organized. In this module, we'll discuss eight elements of merchandising: salesfloor layout, interior signage, cross merchandising, the use of space, color, lighting, mass displays and interactive technology.

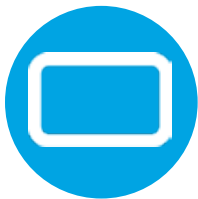
Salesfloor Layout

Most stores are organized into departments, and customers are accustomed to shopping this way. Here are five ways the salesfloor can be laid out in a typical store.



Grid Layout

The grid layout is the simple, traditional layout for a home improvement store. It has straight cross aisles leading off one or more main aisles into departments. This layout is neat and makes good use of space. Its main drawback is that it does not put the maximum amount of product in front of customers.



Racetrack Layout

The racetrack layout, also called a loop layout, has the main traffic aisle circling the salesfloor. It gives every major department exposure on the main aisle. It moves customers through the store and lets them see merchandise in more departments. It also provides more locations for endcaps, which helps create a value-priced image.

Diagonal Layout

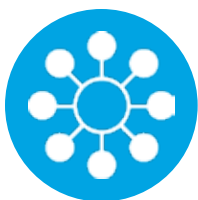
The diagonal layout is a modification of the racetrack layout and can be effective in smaller stores. It creates several triangular areas in the store and pulls customers to corners they might otherwise miss.



Power Aisle

The power aisle design works well for smaller salesfloors where a racetrack is not practical. It is a double-width aisle that runs the full length of the store.

This design often includes departmental cross aisles that feed off of the power aisle. The power aisle gives exposure to most major departments through the use of feature endcaps or promotional mass displays in the center of the aisle. It makes maximum use of the display area.



Project Centers

Project centers and demonstration areas can be developed with any salesfloor layout. They can be used for classes, workshops or product demonstrations. They are also useful areas for collection points for how-to information, such as books and product information.

These areas should present products related to projects and focus attention on promoted merchandise. Signage should suggest projects, explain product features and benefits, talk about prices and highlight the value of home improvement projects.



Cube Displays

Cube displays are another way smaller stores can get the maximum amount of merchandise on the salesfloor. These displays use higher fixtures with careful attention to the kinds of merchandise displayed on higher shelves. An effective way to use cube displays is to put the higher fixtures in the back of the store to make more merchandise visible from the front and lead customers through the store.

Module 2: The Elements of Merchandising *(continued)*

Store Design and Product Presentation

In addition to the layout of the salesfloor, here are some elements of merchandising you may encounter in the store.



Interior Signing

- Signage is an important part of merchandising because it makes shopping easier for customers and gives them the information to make informed buying decisions.
- Signs keep customers in the store longer, move them from department to department and suggest more items to purchase. In addition to department and aisle signs, shelf and product signs can convey shopping information.
- Some signs provide information about specific products. Signs may also be used to describe the product's features, benefits and uses. They should always be neat, easy to read, informative and compelling.
- Signs are also used to provide information about price. They can create urgency if they are used to identify items as bargains or closeouts. They can also identify advertised items and help establish a value price image for the store.
- Department signs are used to help identify the location of departments in the store, such as paint or tools. These signs should be visible from the front of the store so customers can quickly find what they need.



Cross Merchandising

- Cross merchandising is a term used to describe the placement of products together that are used together in projects. It is an effective way to show related items that are normally stocked in different departments. For example, you might show garden gloves next to the shovels. You can merchandise these items next to each other on the same shelf or across the aisle. Cross-aisle merchandising is the practice of displaying related merchandise on facing shelves.
- Cross merchandising is an effective technique because it makes shopping easier and more convenient when customers can see several items they need in one location.
- This appeals to a customer's desire to save time because they don't have to go to multiple areas of the store to get what they need.
- It's also an effective tool suggesting add-on sales, since related items are together.
- Cross merchandising organizes products in the way they are used. In this way, it gives customers project information. It can also suggest better-quality items.
- Here are some ways you can effectively use cross merchandising:
 - Combine products from different departments.
 - Promote seasonal projects.
 - Promote common household repair and maintenance projects.
 - Display the pairs in the department where customers are most likely to go first.
 - Look for vendor planograms that utilize cross-merchandising.
 - Incorporate signage to compare benefits of good-better-best quality.

Module 2: The Elements of Merchandising *(continued)*



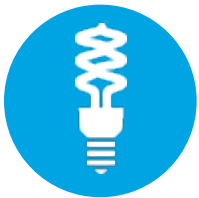
Use of Space

- Merchandising should organize products in the most productive use of the space. Shelves should be far enough apart that the merchandise fits comfortably, but not waste space. In the same way, hooks and bins should fit the size of the item. Long- and short-handled items should go together.
- The use of space in merchandising also involves placement in the store. Reserve the prime display areas in the store for items customers are most likely to want. Keep the best display area for high-demand, fast-moving products. Putting slow movers in prime display spaces won't make them sell faster. It may only suggest to customers that they may have to go somewhere else to find what they need.



Use of Color

- Color is an important part of creating an attractive and effective display. Color will attract customers' attention, whether the color is in the packaging or in the product itself. Take advantage of color in organizing displays. The color that surrounds displays, such as on the walls or on the fixtures, should complement the merchandise. It should not distract attention away from products and packages.



Use of Lighting

- Lighting does more than let customers find their way through the store. It sets a mood and creates the shopping environment. Bright, well-lit stores are more appealing than dim, poorly-lit ones.
- Lighting also draws attention to feature departments and highlights special areas of the store. It can enhance the color and appearance of merchandise. It's best to replace bulbs on a regular basis before they burn out. Also remember to clean the fixtures every time the bulbs are changed.



Mass Displays

- Mass displays put a high volume of merchandise in front of a customer. In the customer's mind, high volume means low price. The main function of mass displays is that they enhance a store's price image because they send a message that the store has value pricing. Dump bins, feature endcaps, moveable racks, stack displays and special promotional areas can all be used to display a high volume of merchandise.
- Because they naturally convey a value message, mass displays are often the way you can promote low-priced, loss-leader items. Place these at the front of the store, and customers will see the bargains first, creating a value-priced image for the rest of the store. Products that are good candidates for mass displays include bagged goods, special buys, seasonal items, advertised specials and closeouts.



Interactive Technology

- Interactive computer kiosks and touch-screen computers on the salesfloor provide a way for customers to get information so they can plan their own projects. They can also use kiosks to find out about product availability and to place their own special orders. Technology can also add excitement to shopping, especially for customers who are comfortable using computers. Remember, technology is not a replacement for knowledgeable salespeople, but it can make your job more productive.

Module 3: Types of Displays – Endcaps

In addition to the standard shelves and peg hooks that hold merchandise, your store might have several other different types of displays. These types include endcaps, dump bins, counter displays and stack displays.

Each one plays a unique role in a store's overall merchandising efforts because they all work in conjunction with one another to provide a more appealing and organized shopping environment. Each also has the ability to dramatically increase sales of the products merchandised in them because they can encourage impulse purchases and give your store a better price image. In the next few modules, we'll talk about some of those displays, starting with endcaps.

An endcap, sometimes called a feature end, is the display at the end of a gondola run. This type of display is a highly effective way to display merchandise. Even if the items on an endcap are at regular prices, customers often assume the items there are on sale. Some manufacturers create displays with endcaps in mind. Many wholesalers also have special programs that offer endcap displays and a schedule for rotating them seasonally.

There are several reasons why this type of merchandising is important. Many factors influence the effectiveness of an endcap, including its attractiveness, its location, the price of the products and its relationship with surrounding merchandise.



Price

- One of the reasons endcaps are so effective is that they appeal to customers' desires to save money and time. Customers expect to see low prices on endcaps. When you have endcaps with good prices, they can help you develop a competitive price image.
- Pricing can influence the type of products you place on endcaps. Use them to promote special buys and to display low-priced consumables. Have several endcaps with items priced below \$15 to help enhance your price image with price-sensitive customers.



Maintenance

- One of the most important rules of maintaining endcaps is to change them frequently on a rotating schedule. If you leave the same product on the endcap for too long, customers will stop noticing them.
- Many home improvement retailers rotate their endcaps less than once a month. Stores with the most productive salesfloors rotate endcaps about every two weeks, which exposes new products to customers each time they come in the store. It can also help bring in customers more often to see what is new.
- In addition to rotating them often, endcaps should always be fronted and full. When you start selling through product and don't have enough to restock the endcap, it's time to change it out for something new. These are also some of the first displays customers will see, so it's important they stay organized and clean.

Module 3: Types of Displays – Endcaps *(continued)*



Design

- Endcaps are effective because they draw customers off the power aisle into the rest of the store. Therefore, when you're designing an endcap, consider its location in the store and its relationship to the items surrounding it. If you're designing, for example, an endcap involving lightbulbs, it's best to place it adjoining the electrical department. This also makes the display more convenient for customers, since related items are together.
- There are differing opinions on how many items should be merchandised on any particular endcap. Studies suggest that single-item endcaps make the most powerful impact and drive the largest sales increases. However, retailers with limited inventory levels may have difficulty building single-item endcaps. A good compromise is a balanced approach. Some of your endcaps should have one item, while some should have two, and some should have multiple items to promote a project.
- The number of endcaps you create should be proportional to the size of your store. As a general rule, plan at least one endcap for every 400 square feet of salesfloor.
- Effective endcaps must be attractive. Here are some factors to consider when designing them.
 - Color will grab customers' attention. Look for colorful packaging and eye-catching products that will attract attention when stacked on an endcap.
 - Endcaps should be balanced. Put the bulkier items on the bottom with the smaller items on the top. Keep the shelves tight so there are no empty spaces. Keep the design symmetrical.
 - Finally, remember that endcaps need to make a strong visual statement and quickly tell customers what you are offering. Make sure your signage and related point-of-purchase materials relate to the product being merchandised and it is easy for customers to understand.



Product

- Carefully choose the types of products you put on an endcap.
- Endcaps are perfect for merchandising new products. This will help you develop a reputation for staying current with product trends. Be sure to include signage that tells customers the item is new.
- Endcaps are good places to display advertised items because they tie in with circular advertising. However, don't fill all of your endcaps up with advertised items. Customers looking for sale items will search them out in their regular aisle locations. Endcaps give you the opportunity to call attention to other, nonadvertised items that your customers might otherwise miss.
- Here are several other types of items that make a good fit on endcaps.
 - Fashion items, such as housewares and decorating products.
 - Seasonal items, as that can increase the urgency to buy them.
 - Close-out inventory to draw the attention of bargain seekers.
- Another option is to merchandise a product with one or two complementary or related items to promote a project sale. This suggests home improvement ideas and can encourage your customers to try them.

Module 4: Types of Displays – Dump Bins

The dump bin is a type of merchandiser that is often placed in a power aisle or other wide area of the store. As the name suggests, it looks like a lot of product has been dumped into a bin. In this module, we'll learn why this is an effective merchandiser and how you can use it for the best results.

Dump bins are usually used to merchandise a single product, often special buys or closeouts, but they could be filled in with any product you want to highlight and sell quickly. There are two types of dump bins.

A permanent dump bin is usually made of wire so the color of the product packaging can show through and attract attention. They can also be made of wood or another permanent material.

A temporary dump bin is usually made of cardboard and is often supplied by the vendor. The main difference between the two types of dump bins is that the disposable nature of the temporary dump bin suggests a limited time offer, which appeals to bargain hunters.



Price

- Studies have shown that placing a product in a dump bin can give it a significant sales boost over placing the same product in its traditional place on the shelf.
- One reason is because dump bins naturally create a sense of value. When shoppers see a large quantity of product, they often assume it's available at a special price. This type of display helps promote special deals or closeout sales.
- For this reason, dump bins appeal to customers' desire to save time and money. They can also help you maintain a competitive price image.
- Dump bins also create a sense of urgency. Customers perceive that the items in the display, as well as the price on those items, will only be available for a limited time, so they feel compelled to buy right away.



Maintenance

- To maintain dump bins, keep them full. When the product begins to run low and you don't have more to fill in, consider finding a new item for the dump bin.
- Keep the display neat. Pick out any trash or products that don't belong in the bin.
- Change the product selection frequently. If customers get used to seeing the same item in the bin, it will lose its effectiveness.
- If the dump bin becomes damaged or worn, replace it.

Module 4: Types of Displays – Dump Bins *(continued)*



Design

- The design of the dump bin is fairly simple, but it must still be attractive to be effective.
 - Always have clear signage to indicate the price.
 - Choosing colorful items to display will help attract attention. You can also use items other than a wire or cardboard box. Some retailers have been creative by using items such as wheelbarrows or wooden crates for dump bins.
 - The best location for a dump bin is in the power aisle of a store. You can place them in other locations as well, such as in main department aisles or near service counters. They can go anywhere you have the space and want to suggest an extra sale.
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Product

- Focus on products that have a broad appeal and that customers use every day, such as trash bags.
 - Choose consumable items and items that are typically add-on sales.
 - Select items that can be easily picked up and placed in a shopping cart.
 - Choose low-ticket items or advertised items to improve your price image.
 - Seasonal items are also a good fit for dump bins because customers quickly recognize that the merchandise will likely only be available for a short time.
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Module 5: Types of Displays – Checkout and Service Counter Displays

Checkout and service counter displays are those displays located on or near the checkout counter and on or near service counters in the store, such as the paint counter. These displays are typically filled with low-priced items that make good impulse purchases. In this module, we'll discuss why checkout and service counter displays are so valuable and how you can use them for best results.



Checkout Counter Display

A display at the checkout counter is your last chance to add an item to a customer's shopping basket. These displays can either be in a cardboard merchandiser, placed in wire racks or peg hooks next to the counter, or placed directly on the sales counter. It's better to keep the merchandise off of the area where customers will be placing their merchandise to purchase. Rather, use the display area at the front of the checkstand.

Why They Work

Checkout displays are effective because everyone will pass them on their way out of the store. They might remind customers of something they have forgotten. They make good impulse sales because they put products in easy reach of customers. They can also turn the unattractive backside of a checkout counter into prime selling area. Because they usually have low-priced items, they appeal to your customers' desire to save money, and they create a sense of urgency to buy right away.

Products to Use

- Choose items with the biggest impact as impulse items. Consumable items, such as snacks, work well.
- Seasonal items, such as sunglasses or hand cream, are a good fit for a checkout display. Also consider items most customers recognize and use, such as batteries.
- You can also try unusual items, since these will attract customers' attention and compel them to buy.
- Be aware that customers (including small children) may handle items displayed at the checkout. Choose items that will not be damaged by handling, such as work gloves.



Service Counter Display

Service counter displays are those that will grab the attention of customers who might be waiting at the service counter for a service to be performed, such as key cutting or paint mixing. Or, you can use these displays on a contractors' counter at the back of the store. Displays usually consist of a plastic or cardboard merchandiser or items placed directly on the service counter. Place displays where consumers will see them, but where they will not be in the way.

Why They Work

- Service counter displays are effective because they give customers something to look at while they wait.
- They are often targeted at specific projects, so they can suggest add-on sales to customers working on that product.
- Or, these displays may suggest another project and generate a conversation with the employee behind the service counter.
- They can turn empty counter space into a productive selling area and put products within easy reach.
- Since they are conveniently located, they appeal to a customer's desire to save money and time.

Products to Use

- Choosing items for the service counter display is similar to choosing items for the checkout display. The best products are those that would make good impulse items, items that are consumable, or items that most customers recognize and will use.
- Items on the service counter should be durable. Look for merchandise that will not be damaged by handling or that is not easily knocked over and spilled.
- Also use items that relate to the type of service being offered. For example, key chains make a great fit for merchandising near the key-cutting area.
- You can also merchandise new or unusual products that might generate questions and result in a sale.

Module 6: Types of Displays – Other Displays

There are three other types of displays you might find in your store: stand-alone displays, stack displays and vignettes. Like the others we've discussed, these displays each have an important role in a store's overall merchandising.



Rolling Rack Display

Stand-alone display units can be easily moved on the salesfloor to make productive use of limited space. They may be display units supplied by a manufacturer.

Why They Work

- An advantage to stand-alone displays is that they are adaptable. They can be used anywhere in the store, even outside.
- Keep these display racks in high-traffic, high-visibility locations and use signs to increase the customer's sense of urgency to buy.
- Stand-alone displays help you make good use of limited space because they can display several different products while requiring minimum inventory.
- They are particularly effective when displaying seasonal items and products your customers might use every day. Because this type of display puts these products within easy reach, they appeal to a customer's desire to save money and time.

Products To Use

- Choose items for stand-alone displays that relate to the regular run of merchandising nearby. Those items might be suggested add-on sales to a larger project.
- The best items are those that are low-priced and easy for customers to pick up.



Stack Displays

A stack display is any display where the merchandise is simply stacked on the salesfloor or pallet. It can include products in boxes or bags or products nested together, such as trash cans that fit inside each other to create a stack. It is one of the easiest display methods to use.

Why They Work

- Stack displays are efficient and easy to create. They don't require special fixtures. You might use a platform or pallet for boxed or bagged items.
- Because there is little need for a fixture, a stack display puts the focus on the product. Signage is usually minimal, so the product will stand out much more on this type of display than on others.
- Stack displays put a large amount of product in a small amount of space. This sends the message to shoppers that you have plenty of that product in stock. It also helps you enhance your price image, since consumers generally equate large quantities with low prices.
- Stack displays also create a sense of urgency to buy. Customers perceive that stack displays have items on sale for a limited time. This appeals to customers' desire to save money and time.
- Stack displays can bring that urgency to buy to large items and big-ticket merchandise.

Products to Use

- Boxed or bagged items work well on stack displays.
- Typically, a stack display is in a prominent place in the store, such as a power aisle. Therefore, it's good practice to use items with colorful packaging to catch customers' attention.
- Seasonal items, such as bagged lawn feed, also work well on a stack display.
- Look for items that are part of a special promotion or that might tie in with an advertised special. The bulk of these displays will reinforce the value image conveyed by the advertising.
- Some unpackaged items, such as a stack of pails or garbage cans, make good stack displays. They may be difficult to merchandise anywhere else and they are easy to move around the store.
- Some items such as grills or lawnmowers, are best sold out of the package and assembled. These products also sit directly on the salesfloor and make a good fit for a power aisle or special section of the store.

Module 6: Types of Displays – Other Displays *(continued)*



Vignettes

A vignette display presents products the way consumers might use them within their homes. They sell more than just merchandise. They sell ideas and may inspire large purchases. They can also prompt customers to start large projects.

Why They Work

- Vignettes work well because they show products grouped together as they might be used. This allows customers to visualize how the products might appear or how they could be used in their own homes.
- Vignettes can also include ideas or suggestions for how customers can do a project on their own.
- This type of display offers a more relaxed environment than standard rows of packaged merchandise on the shelf. It helps make a store more interesting and colorful.

Products to Use

- Vignettes allow you to combine merchandise from several departments and make the merchandise easy to see and touch.
 - The vignette often mimics a room in a house. The best way to do this is to create a mini room with at least two adjacent walls. For example, if you want to promote bathroom fixtures, you might create a mini bathroom with wall and floor coverings, fixtures and décor items.
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Module 7: Departmental Merchandising Tips

While there are some general guidelines we can use for merchandising all parts of the store, all of the different departments in a store have their own unique merchandising needs. That is usually due to the types of products stocked in each of these departments and what customers expect when they shop there.

In this module, we'll offer merchandising tips specific to each core department in a typical home improvement store.



Hardware

Merchandising the hardware department can be a challenge because of the great variety of items. The department must be well organized. It's also a good idea to group related items so customers can quickly find what they need. Here are some suggestions.

- Combine bulk and packaged merchandise for categories such as screws, nails, bolts and other fasteners.
- Take advantage of packaging and display programs available from vendors. These can make a strong statement if visible from the power aisle.
- Combine related items and display vertically by type for items such as door locksets, entry sets and deadbolts. Use a good-better-best arrangement, with the best items leading the category.



Hand and Power Tools

- Shoppers like to see hand and power tools displayed out of the box so they can pick them up and handle them. Shoppers will need information on how to use tools properly and safely.
- Customers will also need suggestions about which accessories they should use. This department should focus on how tools are used and what accessories should be used with them. Here are some specific ways you can merchandise this department.
 - In addition to boxed power tools, display them out of the box with enough room for customers to take them off the display.
 - Shoppers in this area also tend to be brand loyal. Group products by brand and use brand signage prominently. These displays should be visible from the power aisle as they create a visual impact.
 - Use vertical merchandising to show different models in each tool category. A shop-and-compare strategy will help customers compare the quality and price of the tools.
 - Merchandise power tools with accessories nearby.
 - Consider creating feature endcaps for project displays.
 - This is a good place to cross merchandise project how-to books.



Plumbing

- In the plumbing department, separate fashion or decorating items, such as faucets, from service items, such as fittings.
- You can also highlight fashion merchandise as part of a remodeling project or create vignette displays. Here are a few specific ways to merchandise this department.
 - Since the plumbing area has many loose pieces, it's important to keep them organized. Be on the lookout for items that may have been accidentally placed in the wrong bin by customers shopping this area.
 - Keep all bins full, as customers usually need multiple pieces for a project.
 - Organize fittings and repair parts horizontally by type of material, then vertically by size. Put the largest fittings on the bottom with the smallest on the top.
 - This area may also have bulk items, such as long lengths of pipe or tubing that can be cut to length. These will need extra attention as they can easily become messy or disorganized.
 - Organize service items as they will be used, putting related items close to each other.

Module 7: Departmental Merchandising Tips *(continued)*

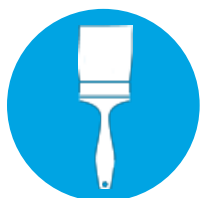
- Provide how-to information on common household repair projects.
- Look for add-on selling opportunities. For example, put thread seal tape near the plumbing tools.
- Display fashion items, including faucets, sinks, toilets, toilet seats and cabinets, out of the box so customers can see and compare different types.



Electrical

The electrical department combines impulse items such as lightbulbs with service items such as wiring devices. You will also need to display bulk items as well as packaged items. Use these techniques when merchandising this area.

- Keep carded products in neat, orderly rows and categorize by type.
- Display lightbulbs prominently off the power aisle, as they are good impulse purchases.
- Merchandise batteries in several areas of the store, as multiple departments may have devices that need batteries.
- Group home décor items such as lighting fixtures, globes, lamp parts and decorative switch plates.
- Consider using a ceiling cloud display for merchandising ceiling fans and ceiling-mounted light fixtures.
- Provide how-to signs, brochures and other information.
- When merchandising service items such as switches and receptacles, keep bins full. Keep loose pieces organized and look for items that may have accidentally been placed in the wrong bin. Using angled shelving offers better visibility for these items.
- The electrical department may also have bulk wire. Use display racks supplied by the vendor. Keep the spools wound so wire is not hanging over into the aisle.



Paint and Decorating

Paint and decorating products lead to projects. Merchandising should suggest decorating ideas as well as how-to information. Here are some ways to make this area effective.

- Have an area where shoppers can sit down and choose paint colors. This area can include paint swatches and samples of decorating materials. You can also include magazines and books with decorating ideas.
- Find a way to show paints, stains and other decorating materials in use.
- Mass-display paint to communicate that you have plenty in stock. Use a vertical, good-better-best arrangement to separate grades of paint.
- Use manufacturer merchandising aids to compare grades and uses of different products so customers can choose what's best for their needs. This signage is commonly used with paint, stain and caulk.
- Group products by end use, such as drywall knives with drywall compound. Promote the better grades of tools and materials by putting them at eye-level.
- Merchandise painting tools and sundries near the paint and paint-mixing area.

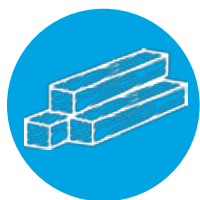
Module 7: Departmental Merchandising Tips *(continued)*



Lawn and Garden

Seasonality is a key factor in merchandising the lawn and garden department. While core goods are displayed year-round, seasonal merchandise is moved in quickly, promoted heavily and moved out.

- During the lawn and garden season, assemble large items such as lawn mowers, snow blowers, wheelbarrows and garden carts.
- Merchandise seasonal items in high-traffic areas with promotional signage.
- Use sample boards to display bulk goods such as fencing that can be supplied from an outside stocking area.
- Group year-round lawn and garden tools by type.
- Group related items together. For example, put garden hose with sprinklers and work gloves with garden tools.
- Group products such as ready-to-use herbicides or insecticides together by end use. Provide signage that shows how to use these items.



Lumber

Merchandising lumber and building materials often depends on the customer who buys them. Contractors and builders buy in large quantities. Do-it-yourselfers are usually involved in a remodeling or repair project and will need smaller quantities. Hardware stores, if they sell lumber or building materials, usually only offer a limited convenience selection. Here are some ways to make this department accessible to all customers.

- Use sample boards to show the types and styles of materials you have available. You can use sample boards to show many of the materials you have available, including millwork, shingles and flooring. Some products may be available through special order, so signage should clearly explain this to customers.
- You can also create displays that suggest home improvement projects. This might prompt customers to try the project. With these displays, you will also need the tools and materials needed to complete a project, as well as how-to project information.
- In the area where lumber is stored, maintain neat and organized stacks of lumber. Keep all trash and packing material picked up around lumber bins.
- Most projects involving lumber and building materials will include add-on sales from the rest of the store. Look for ways to cross merchandise other items; for example, put deck screws by decking material.

Module 8: Creating Effective Displays

Merchandising is part art and part science. The artistic portion relates to the overall aesthetics of the display. It's how the display grabs attention and makes the product more appealing to the customer's senses. There is also some science involved, especially when it comes to deciding what types of products work best in the many different types of displays you have available.

The pyramid profile is common. This is where the widest shelves are at the bottom with smaller shelves at the top. It lets the shopper see the most merchandise. Another option is to use shelves of the same width, but this type of configuration is best for mass displaying items that are the same size and shape.

Adjust shelves for the merchandise they will display. If shelves are too far apart vertically, you waste space and the salesfloor looks understocked. However, if shelves are too close together or not set back properly, customers cannot see merchandise on the lower shelves without bending over.

Never place shelves so close together that the top shelf hides binned or boxed merchandise on the lower shelves. Remember that shelves are for displaying merchandise, not for storage. The top shelf is usually not wider than those below. The exception might be on a wall or a gondola taller than six feet, where the top shelf is used for overstock. Once you have the correct shelf configuration, look at the way products are arranged on the shelf. If you're not careful, it's easy to waste space.



Think Vertical

It is more effective to merchandise most products vertically rather than horizontally. Display similar goods up and down along the gondola rather than stretching them out along a shelf. This allows customers to stand in one place and choose what they want. The display is more attractive and it is easier to reorder and restock.



Keep at Eye Level

Display the most profitable items between belt and eye level. This is the best-selling height on any display. You should also put slow-moving and low-priced items farthest from the customer's reach. Always use your prime display areas for high-demand, seasonal, impulse or promotional items.



Fill

Show as much product as possible. Display as much merchandise on the shelf as possible so you can avoid backroom stock. This will also give your customers the impression that you can fulfill all of their product needs.



Shop and Compare

Use the good-better-best approach of arranging merchandise whenever possible. This will allow shoppers to choose products at different price points.

Module 8: Creating Effective Displays *(continued)*



Signage

Use point-of-purchase signs to call attention to popular items in each department. These signs can include product and price information.



Price

No display is fully effective or complete until the merchandise is priced. Not only must the items be priced, but the prices must be consistent.

Module 9: Housekeeping and Maintenance

Once you've created an effective merchandising display, it's important to maintain it. With careful and regular housekeeping, you can keep a bright, clean, cheerful and uncluttered salesfloor. This will help customers find what they are looking for and improve your store's image of being fully stocked. In this module, we'll talk about some of the ways you can maintain a clean and organized salesfloor.

There are four basic words to remember as you maintain the salesfloor: keep it **Full**, keep it **Fronted**, keep it **Clean**, and keep it **Complete**.



Full

Keeping displays neat and well stocked is one of the most effective tricks in merchandising. It's not a good idea to shift the height of shelves or the position of hooks to cover empty displays. This can destroy the organization and eye appeal of the display, making it difficult for customers to find what they want. The best solution is to review inventory order quantities and make sure displays are never empty.



Fronted

Products should be fronted throughout the store on a daily basis, as this will also help the displays appear full. Fronting means pulling products to the front of the shelf, hook or bin. This puts product in front of the customers. It also makes effective use of product color or packaging and reinforces a complete in-stock image.



Clean

- Customers don't want to see dirty products sitting on messy displays. This will give them a bad impression of your store, and they may not want to shop there.
- Keep aisles clear of obstacles such as boxes and totes being unpacked.
- Keeping the store clean also makes it safe. Make sure there are no sharp items, loose cord or cable or boxes protruding from shelves.
- Dusting is critical for a clean store. Dust merchandise regularly, especially in departments where there is a fashion element where products are out of the box and on display. If customers see dusty merchandise, they will think it is old and out of date.



Complete

- Keeping a product selection complete means making sure everything is in its place. Check shelf labels and price stickers to be sure they are neat, clean, complete and current.
- If you see a product on a display that doesn't belong there, return it to its home. Check for orphan items and empty packages. Orphans are items in the wrong place, usually left by a customer who picked up an item in one department and left it in another.
- Remove any empty packages that may be sitting on the shelf and then check your inventory. An empty package could be evidence of a shoplifter.
- You should also look for and remove any worn or torn packaging. Customers view damaged packaging as old or damaged goods. It contributes to a perception that the store is not current in its product selection.

Module 10: Promotional Merchandising

When it's time for a sales promotion, your merchandising must be well planned in order to drive sales. But it will also require more than just setting up displays full of promotional items. You need a plan that includes everything from how to prepare the store for the sale to how you will get the store back to normal when the sale is over. In this module, we'll look at some of the ways you can maintain effective merchandising during a sales promotion.

There are several ways you should prepare yourself in advance of a sale. Make sure you know each product being promoted. Know where each of those items are located on the salesfloor. For each item, know its regular price and its sale price. You should also know how the value of the sale item compares to a similar item at a regular price.

When customers come into your store during a sale, it's important to give them the best experience possible. You want to start with using all of the good merchandising techniques you've been learning in this course, such as having clear aisles and clear signage. You also want it to be easy for customers to find the items they see in your advertisements. You want to help them find the best product that helps them fix whatever problem they came to solve.



Maintain Correct Pricing

- Pay special attention to prices during a sale. Customers are naturally skeptical about sale prices, so here are some ways you can protect your store's reputation.
- Make sure every sale item has a tag indicating its reduced price.
- Show the regular price next to the sale price so customers can see what they're saving.
- Make sure identical items carry identical prices. Customers who see different prices on the same product may develop distrust for the store.



Maintain Clear Displays

- While the advertisement may prompt customers to come to your store, good merchandising will help sell the product.
- A good display helps customers locate the sale item on their own.
- It also helps customers who did not see the advertisement know which products are on sale.
- An effective display will also help customers decide what is the correct size, type or model of product to buy.



Display Related Items

- It's always a good idea to display related items together to increase add-on sales. During a sales event, this technique has several specific benefits.
- Displaying related items together lets customers compare the sale item with those of different types and qualities. This will help them understand that the sale item is a good bargain.
- Displaying items related to the sales item will encourage customers to buy non-advertised items. This is important because sale items tend to generate very little profit for the store. The store will get a higher profit when customers purchase non-advertised items at the regular price.
- You can also show customers that, even though the item is on sale, there may be another product better suited to their specific needs. Showing items related to the sale item together lets customers make the best choice.

Module 10: Promotional Merchandising *(continued)*



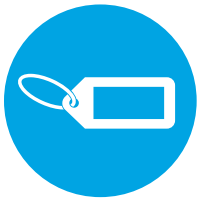
Upsell Products

- Sometimes, customers come into the store looking for the sale item, even though the sale item isn't the best fit for what they need. The item that better fits their needs may not be on sale and may be more expensive.
- For example, a customer may come looking for the ¼" drill you advertised, when the ⅜" hammer drill, which is not on sale, is the best fit for their project.
- In this case, you should point out why you believe the customer should purchase the non-sale item. At the same time, you should not criticize the sale item, and if the customer decides to purchase it anyway, that is the item you should sell.



Distribute Circulars

Offer customers the opportunity to review your store's promotional offers as they enter the store. Offer them reprints of the circulars as they enter the store. Put a copy in their bags as they check out. Not everyone who comes into the store during the promotion knows you are having one, so be sure to let them know. Give customers a copy of your store's ad and encourage them to return.



Reprice

When the sale is finished, it's important to return the store to its presale condition as quickly as possible. First, always return prices to their regular price as soon as the event is over. If you fail to reprice and customers find the sale prices on the item after the sale is over, they will begin to doubt the legitimacy and urgency of your sale. Those who made an effort to come in during the sale will feel cheated. You will also reduce the store's credibility in the eyes of the shopper. Customers will not appreciate the low sale prices.



Restock

- It's important to restock soon after a sale. If your promotion has been effective, your stocks are low or totally exhausted. Your displays are likely in disarray.
- This is the time to bring stock levels back to normal. Also rearrange merchandise and restore it to its original location. If you don't do this soon after the sale, you may end up losing more profits and customer respect than the promotional effort produced.

Appendix

Keep Your Merchandising Fresh ... In Your Mind

There are many things you have to remember on a daily basis to make your store's merchandising efforts succeed. We've compiled a merchandising summary checklist to keep handy as well as a glossary of merchandising terminology that you should know.

Merchandising Summary

- Display slow-moving and low-priced items farthest from the customer's reach.
- Always use prime display space for high-demand, seasonal, impulse or promotional items.
- The best-selling height on any display is between eye and belt level.
- Action, light and color attract attention to any display.
- Take advantage of color in products and packaging.
- Tailor background colors to enhance, not overshadow, merchandise.
- No display is fully effective or complete until the merchandise is priced. And not only must the items be priced, but the prices must be consistent.
- If feature displays do not blend with other displays around them, they may repel rather than attract.
- Keeping displays neat and well stocked is one of the most effective "tricks" in merchandising. The last thing you should do every night or the first thing you should do every morning is move products to the front of the shelf to make your displays look full and neat.
- Give high-demand items prime space. High-demand departments and service areas draw customers throughout the store.
- Highlight special promotions, top-selling items and new products on feature endcaps.
- Remerchandise promotional and impulse displays on a regular schedule. It is recommended to remerchandise at least every two weeks.
- Group product lines in vertical displays.
- Feature top-of-the-line items prominently.
- Put slow-moving items in display areas farthest from customers' reach.
- Follow a logical-use sequence in setting up horizontal groupings of related items.
- Use cross-aisle merchandising for maximum product exposure and to promote related items from different departments.
- Display related items together.
- A pyramid profile with widest shelves at the bottom lets the shopper see the most merchandise. Shelves the same width, however, are best to mass-display items the same size and shape.
- Never place shelves so close together that the top shelf hides binned or boxed merchandise on the lower shelves. Shelves are for display—not for storage.
- Use point-of-sale (POS) signs to draw attention to hot items in each department and provide product and price information.
- Integrate vendor-supplied displays and point-of-sale materials into the total salesfloor design.
- Keep displays neat, clean and full.

Appendix *(continued)*

Glossary of Merchandising Terms

- **Back-up Card.** A card placed on perfbord hook or on perfbord indicating size, number, selling price and other information concerning the item that will be displayed at that spot.
- **Cross-aisle Merchandising.** Displaying related merchandise on facing shelves.
- **Cross Merchandising.** Displaying products together that are used together. Especially effective for related items normally stocked in different departments.
- **Departmental Lead-in.** Items with greatest impulse value displayed on the edge of the shelf and near the main traffic aisle to draw customers into the aisle.
- **Display Board.** Board or panel displaying assembled merchandise. Shows customers how merchandise is used or how projects can be completed.
- **Dump Bins.** Bulk-display units in which fast-moving (impulse) items can be “dumped” without stacking or placing on regular fixtures. Used in heavy-traffic areas such as power aisles or near checkout counters.
- **Endcap.** Prime display space on any salesfloor located at the end of a run of gondolas or fixtures. Also called feature-ends. Use for promotional items, specials, advertised items, seasonal items, new items and impulse merchandise.
- **Eye-level Merchandising.** Displaying the fastest-selling and most profitable merchandise from waist to eye level—40 to 60 inches above the floor.
- **Facing.** The number of similar products exposed on a shelf; the number of facings relates to sales demand.
- **Fronting.** Pulling merchandise to the front of the shelf, hook or bin.
- **Gondola.** Another term for a section of store fixture or shelving on which products are placed.
- **Grouping.** Organizing merchandise in logical groups such as color or related uses.
- **Hands-on Displays.** Removing items from packages so customers can handle or use the product before buying it.
- **Hang Tags.** Informational tags that hang on merchandise and list quality features, performance specifications and similar information that helps consumer reach a buying decision.
- **Headers.** Signs for use in a merchandising display with a selling message, product identification, brand-name identification or similar information.
- **Horizontal Merchandising.** Displaying related product items in horizontal sections. Used primarily for merchandise such as bolts, pipe fittings and electrical items that come in several types and sizes. Another use of horizontal merchandising involves stocking items in the order in which they are used to complete a project. An example would be materials for a painting project.
- **Impulse Displays.** Dump bins, movable racks, stack displays and feature endcaps that promote seasonal items, special buys, advertised specials, new products, closeouts or price specials in power aisles and other high-traffic areas.
- **Left-to-Right.** Used for merchandise of different sizes. Smallest sizes are at the upper left of the display, largest sizes at the lower right. Lets customers move through the assortment as though they were paging through a book.
- **Pallet Displays.** When merchandise that arrives on a shipping pallet is placed on the salesfloor while still on the pallet.
- **Pegging.** Placement of merchandise on shelf hooks. Some items are binned and some hung on hooks. Items pegged must be carded or have some way of being hung on perfbord display or shelf hooks.
- **Planogram.** Diagram showing where and how merchandise is displayed within the store. It tells store personnel and management where every item is located.

Appendix *(continued)*

- **Platform.** Flat unit used to display seasonal or bulky merchandise.
- **Project Displays.** Merchandise related to a single project displayed with informative signs, how-to brochures and other informative material.
- **Related Items.** Products that are used together, such as garden tools and garden gloves or mowers and gas cans.
- **Sampling.** Putting one item in its designated area to check spacing, arrangement and overall effect before all items are stocked.
- **Shelf Pack.** The inner carton in a master pack.
- **Shelf Profile.** Refers to the width of shelves, the distance between them and whether they are straight or inclined.
- **SKU (Stock Keeping Unit).** Refers to each single item carried by a retailer. Every size, every style and every item having its own vendor number is a stock keeping unit with its own SKU number.
- **Stock Out.** When a shelf is empty where a particular product is supposed to be placed—denotes you are sold out and/or out of stock on this item.
- **Vertical Merchandising.** Displaying related product categories in vertical sections. Gives customers full view of related merchandise in one spot and encourages related item sales. Largest items displayed on lower shelves.