Merchandising for Profit

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Exclusive Sponsor

Updating Our Findings



NRHA conducted its landmark Merchandising for Profit Study in 2002. The purpose of the study was to quantify the sales lift generated by different merchandising techniques.



This year, NRHA, with help from The Farnsworth Group, sought to update the findings of the 2002 report and verify whether timetested merchandising techniques were still viable.



As retailers look to wring more sales out of their existing customers, effective merchandising becomes even more important to running profitable operations.



The Study

Our update to the study tested 13 different merchandising techniques.



- Disposable Dump Bins
 Clip Strip In Aisle
- Permanent Dump Bins
 Clip Strip Endcap
- w/signage

- --- Power Aisle Stack Outs In Aisle Feature/Benefit Sign
 - Power Aisle Stack Outs
 Feature Endcap %Off / Sale
- Service Counter Displays
 Feature Endcap Single Item
- Checkout Displays Feature Endcap Multi Item



The Study



For the study, we selected products that were seasonal, 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 before and during remerchandising as well as the sales at "control" stores during the same period.



The final sales data from both the control and test stores was weighted and outliers removed. The percentages presented in this report represent the mean average.



Why It's More Important Today



While utilizing in-store merchandising techniques to drive sales have always been an important part of merchandising, now more than ever, retailers are focusing on transaction size.



A closer look at NRHA's 2016 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, in home centers, high-profit stores generate \$51 per transaction vs. \$36 at an average store. This makes it clear that increasing transaction size is a key profit variable.





The Findings



Disposable Dump Bins



Results

2016 2002 660% 427%

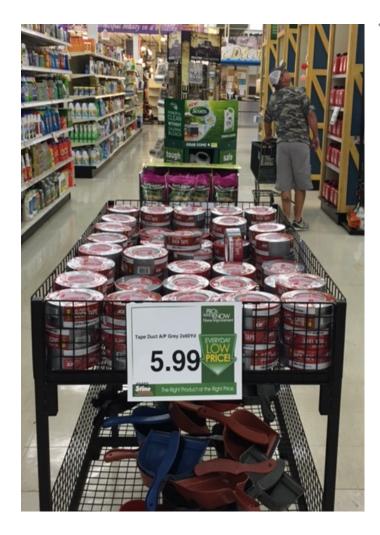


Product Tested: Wasp Spray

Disposable dump bins were still the most effective merchandising technique tested in our study.

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

Permanent Dump Bins



Results

2016 2002 86% 197%



Product Tested: Duct Tape

While the impact didn't register as highly, 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.

Power Aisle Stack Out



Results

2016 2002 114% 98%



Product Tested: Trash Cans

Power aisle stacks still delivered solid performance as an item sales booster.

These work best with a single SKU of large items that can be bulk stacked, yet are easy to add to a purchase.

Signed Power Aisle Stack Out



Results

2016 2002 83% N/A



Product Tested: Trash Cans

While the sales lift doesn't indicate it, signage typically does help items move more briskly from a stack out.

Signage should be simple and reflect price/discount or sale.

These work best with a single SKU of large items that can be bulk stacked, yet are easy to add to a purchase.

Service Counter Display



Results

2016		2002
85%	•	81%



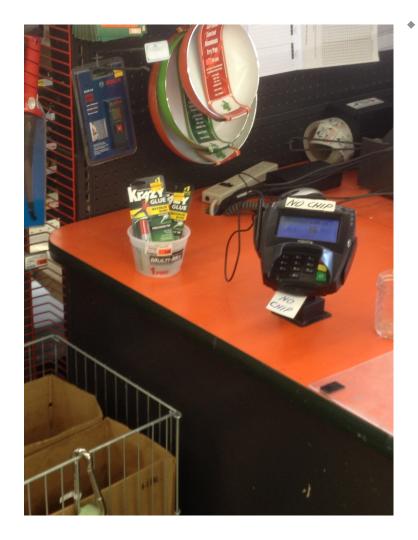
Product Tested: WD-40

This technique continues to remain effective and delivered essentially the same results as when tested in 2002.

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

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

Checkout Display



Results



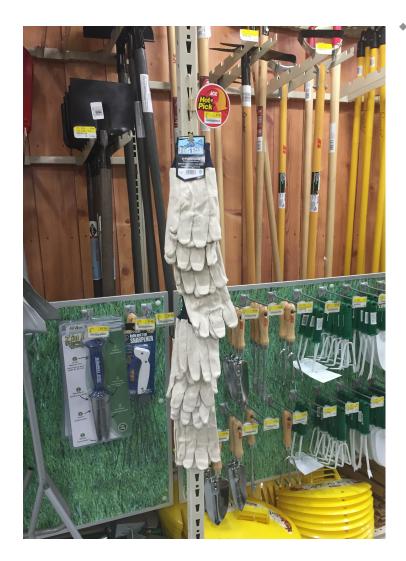


Product Tested: Super Glue

This technique emerged as a surprise winner from our newest round of research.

While some of the data might be a specific result of the time/season or markets tested, it also reflects an increase in the response to checkout displays. Much of this may be fueled by retailers doing a better job at providing checkout purchase options.

Clip Strip In Aisle



• **Results**





Product Tested: Work Gloves

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

*While clip strips were not in wide use (and therefore not tested) in 2002, the comparison against "cross-merchandised" items was used.

Clip Strip Endcap



Results

2016 2002 177% 15%*



Product Tested: Work Gloves

The added flexibility and visibility of adding a clip strip to an endcap can clearly work to be an effective product mover in today's store environment.

*While clip strips were not in wide use (and therefore not tested) in 2002, the comparison against "cross-merchandised" items was used.



In-Aisle Feature/Benefit Sign



Results

2016	2002
37%	6%



Product Tested: LED Light Bulb/ 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: % Off Sign



Results

2016	•	2002
38%		25%*



Product Tested: Weed Spray

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.

Feature Endcap: Sale Sign



• **Results**





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.

Feature Endcap: Single Item



Results

2016 2002 11% 25%*



Product Tested: Gas Cans

Results from single-item endcaps with price-only signage are relatively steady.

With new merchandising techniques emerging, customers may be conditioned.

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

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



Feature Endcap: Multiple Items



Results

2016 2002 63% 25%*



Product Tested: Gas Cans & Fuel Treatment

Multiple-item endcaps with price signage only showed strong results.

Logically, having more than one item gives retailers multiple opportunities to capture a shopper's attention.

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

Summary



In-store merchandising is still a key component in retailers' ability to drive transaction size and additional sales.



In the 14 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.





Our Thanks...

NRHA and The Farnsworth Group would like to thank the following companies for helping us in this research process.







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