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# 9 Merchandising Factors That Can Either Make or Break Your Sales Growth



# Keys to Successful Merchandising

Successful merchandising is the [driving factor](#) behind sales. But how much does each component of merchandising impact your sales growth and in what way? By evaluating your field reps' performance in each of these categories, you can gain better insight as to where you should focus your efforts for maximum sales growth. Read on to find out the 9 categories in which you should evaluate your field reps' performance in order to determine optimum sales growth:

1. Merchandising Shelves
2. Restocking and Reordering Products
3. Setting Up POP Displays
4. Negotiating Additional Placements
5. Correcting Voids
6. Recording Competition
7. Enforcing Planogram Resets
8. Opening New Outlets
9. Gathering Demographic Data



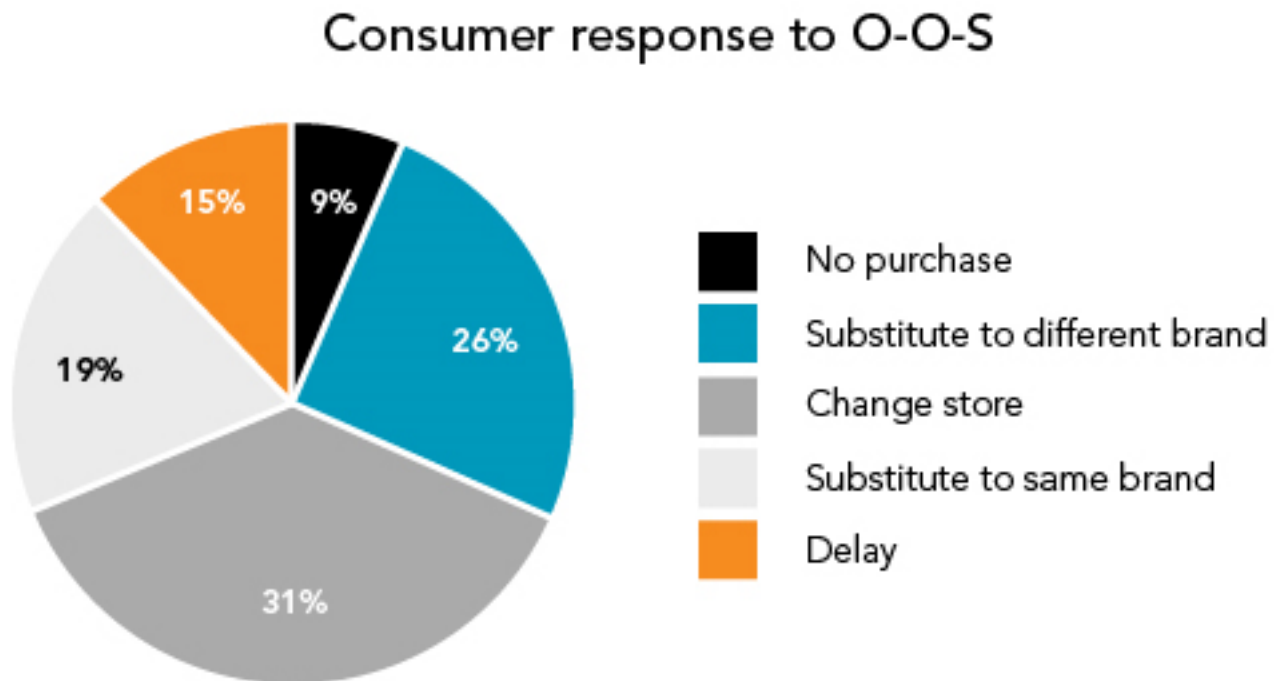
# 1. Merchandising Shelves



Walmart got a lot of backlash and customer complaints because they had constant problems with proper shelf merchandising- their products were not organized and never in stock. As a result, many customers switched to its competitors, like Target and Costco. *(Photo via wired.com)*

One of the most important aspects of visual merchandising is organizing the shelves. A clean, well-maintained shelf will look [more appealing](#) to customers than a messy, nearly-empty shelf. You want your field rep to pull all of your products up to the front and have them facing the same way. If certain products are running low on inventory, create the appearance of more products by [displaying double rows](#) of the product. There should not be any misplaced products on the same shelf as yours, nor should there be any gaps where your products should be.

## 2. Restocking and Reordering Products



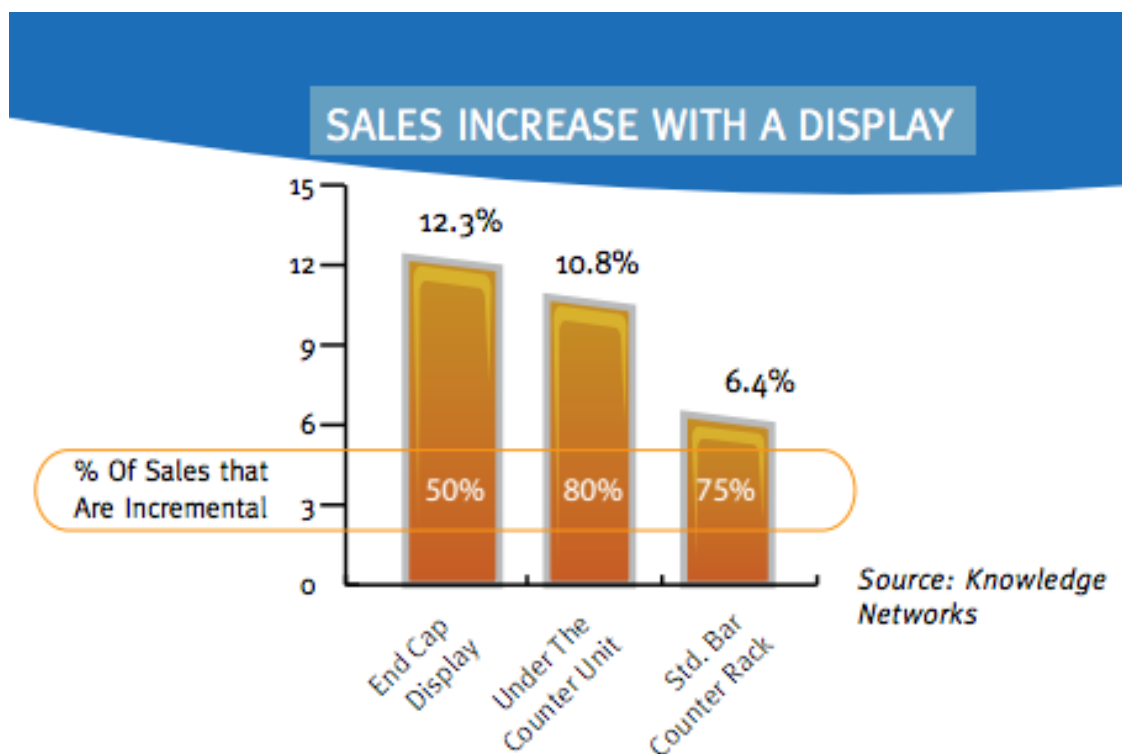
*Image courtesy of rfidarena.com*

Stores don't always pull products from the back room onto the shelf. Thus it's important to make sure that there is enough product on the shelf to sell and enough product in the back room to restock the shelves. When OOS instances occur, the supplier loses much more than the retailer; therefore, the retailer has less incentive to restock or pull product from the back than suppliers do. Restocking as needed is imperative for avoiding OOS instances.

A study funded by Procter & Gamble reported that OOS instances result in a direct loss of brand loyalty and equity and encourage the trial of competitors' brands, which can lead to a permanent consumer switch. This means that OOS instances not only cause you to lose sales revenue in the short-run, but also future sales revenue. It is important to collect data about OOS - by recording and analyzing data, you can detect patterns in OOS instances, which makes them easier to prevent in the future.

If the product does happen to be out of stock, your reps need to have the ability to reorder products. [FAM \(Field Activity Management\)](#) software is helpful in this case because it can provide your field reps with order history, which helps your field rep determine how much to order this time around. The form of reordering may differ according to the retailer - some will have your rep write down the order and leave it with the store manager, some will have your rep do it electronically, and some will have your rep send it directly to the distributor. Whichever form your rep uses, the important point is that your field rep is able to trigger the reorder whenever needed so that whatever product is out of stock can be quickly delivered to the retailer and put on the shelf for customers to buy.

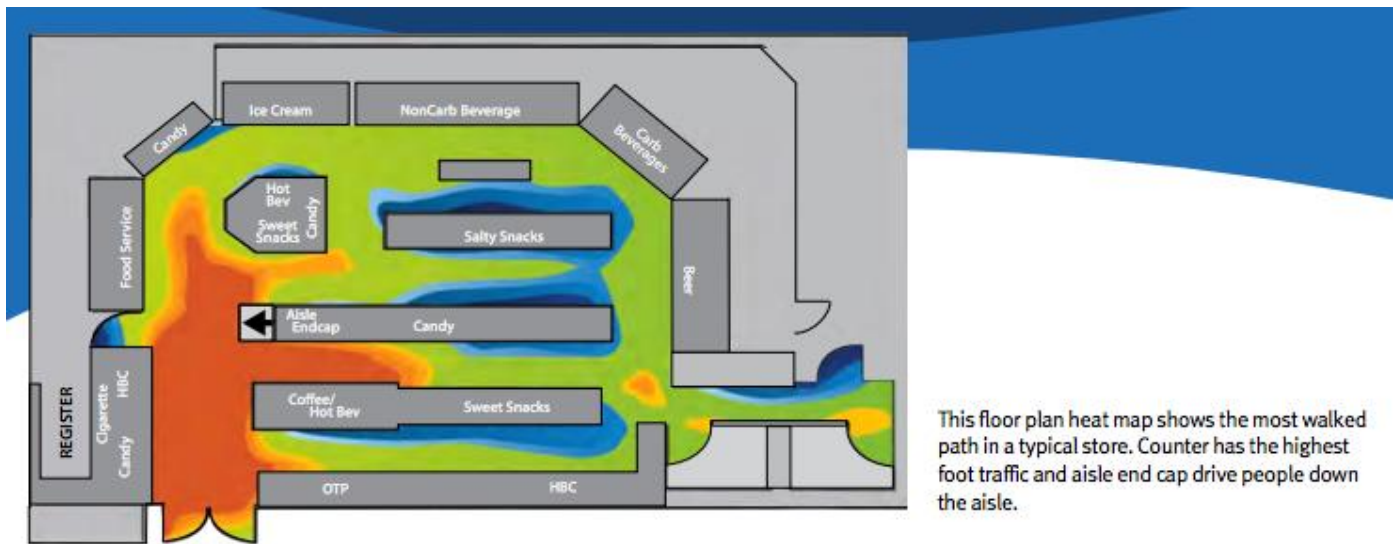
### 3. Setting Up POP Displays



*Image courtesy of core-mark.com*

POP displays are important because most customers do not shop with a physical checklist - 34% of shoppers don't have a list at all, while 47% rely on a mental shopping list ([2012 POPAI Mass Merchant Study](#)). This makes shoppers more prone to impulse buys, as is further demonstrated by this study: 62% of the shoppers picked up items on impulse during their trip and 16% of unplanned purchases were driven by a display the shopper saw while shopping. The graph below shows the percentage of sales that increase with the addition of POP displays at various locations in the store. As you can see, sales can grow by up to 12.3% if you have an effective POP display. Maximize the benefits of this by making sure that your field rep knows how to set up a POP display, as well as where to set it up. If it is the retailer's job to set it up, have the field rep confirm that it is set up properly - many times retailers will neglect to set up the display.

## 4. Negotiating Additional Placements



**Impulse buying offers an opportunity to increase sales.**

*Image courtesy of core-mark.com*

By enabling your field reps with negotiating additional placements, you can potentially increase your sales, but only if you believe that you would benefit from additional facings, especially from [impulse buying](#). It is helpful if you provide your field reps with a

checklist of what to say and/or [tips and tactics](#) for a successful negotiation. For example, Dean James, the former VP of Corporate Sales at DuPont, suggests that reps come to negotiations armed with a “road map” of what they’re going to say. They should anticipate what questions the retailer would ask and what negotiables they should offer to the retailer. Second, they should discuss value instead of price. Instead of speaking about price early on, reps should demonstrate to the retailer how their store(s) will benefit from additional facings. Once the rep understands the retailer’s needs, they can better adjust their negotiation to maximize the value of their proposition to both parties involved. Finally, although the rep may have to make some concessions, the main point is to “exchange value, not give it away.” Both the rep and the retailer should come to a compromise where both parties are happy and have an agreement that benefits everyone involved.

If your field rep has good negotiation skills, you should enable them to sell additional SKU as well. For example, if your current retailer carries two flavors of your beverage and they are both selling well, try having your field rep convince the retailer to sell an additional flavor. Like negotiating additional placements, this takes finesse and you may want to provide your rep with materials to [present a strong argument](#) for the retailer to carry additional SKUs. The more of your products the retailer carries the better, so if the opportunity should arise, empower your field rep to make this negotiation.





## 5. Correcting Voids

Although many believe that stockouts are the biggest issue concerning merchandising, product voids are more serious. With a void, not only is the product out of stock, but there is no longer a space for it on the shelf. How does this happen? If your product sells out and the shelf tag happens to fall off, an employee may rearrange the shelf so that there are no gaps, not knowing that there was a product that was supposed to be there. Then, when your field rep goes to check in on the shelves, they don't know that that particular product was supposed to be there, so they don't reorder it. This results in your product virtually disappearing; it not only goes out of stock but out of distribution as well. This is an issue because it is probably your most popular product, since it sold out the fastest. This issue is hard to catch without order history data, and will lose you a lot of money if not corrected. An easy way to prevent this is to use FAM software, which can provide you a list of all the products that should be on the shelf as well as the products that were placed in the last order.

## 6. Recording Competition

In order to [remain relevant](#) in today's markets, you need to be aware of what your competitors are doing and be able to adjust accordingly. Have your field reps record your competitor's price, promotions, labels, shelf location, and packaging, as well as any other metrics you wish to keep tabs on. By collecting data on your competitors, you can practice competitive pricing and learn from their successes or losses. Different venues also have different prices - for example, a drink at a club will be more expensive than the bottle at a liquor store. Therefore it is important to maintain pricing records at the different locations you distribute your product to. By using FAM software, you can create competitor analysis forms for your field reps to fill out with all of these metrics set as fields. Since pictures are a good way of easily communicating many of these metrics, you can add a photo field to the form to facilitate easy picture transfer and have all your data in one place.





## 7. Enforcing Planogram Resets



In [this](#) case study, a planogram reset increased sales by 42.9% and profit by 47.4% at a Whole Foods in Austin, Texas. (Image courtesy of [plaogrammingolutions.com](#))

Resets typically happen when new products move in, promotions begin, or the seasons change. They are an [integral part of merchandising](#) as the new look stimulates customer interest. Products and POP signs are usually switched out as well, so you want to ensure that your reps do this correctly. When your reps are performing planogram resets, have them send a picture of their completed reset. This may not necessarily be for you to identify the before and after effects of the reset; rather, it is a good way to ensure accountability and motivate your field rep to do the reset to the best of their ability. These resets are important to your sales growth- according to a [NARMS benchmark study](#), 100% reset compliance can mean a sales lift of 7.8% and a profit improvement of 8.1% within two weeks.

## 8. Opening New Outlets

Since your rep is already in the field, you can send them to identify potential retailers and/or capture any leads. According to [Bloomberg BusinessWeek](#), some questions for your rep to ask themselves when identifying potential retailers are: “How many stores does this client have? How much sales volume do they do? Are they in your product or customer category?” If they think that these retailers are a good fit and that more retailers in their territory could carry their product, give your field rep the freedom to follow this lead and possibly gain you another retail location.

## 9. Gathering Demographic Data

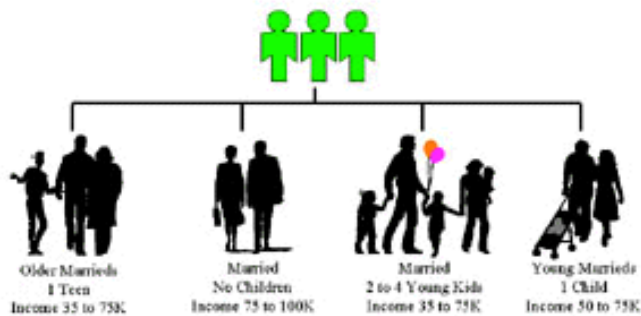


Figure 1. Major demographic segments of the best Kent's customers.

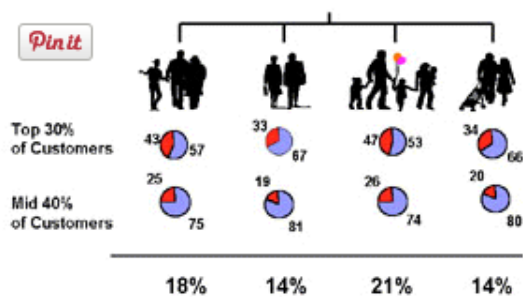
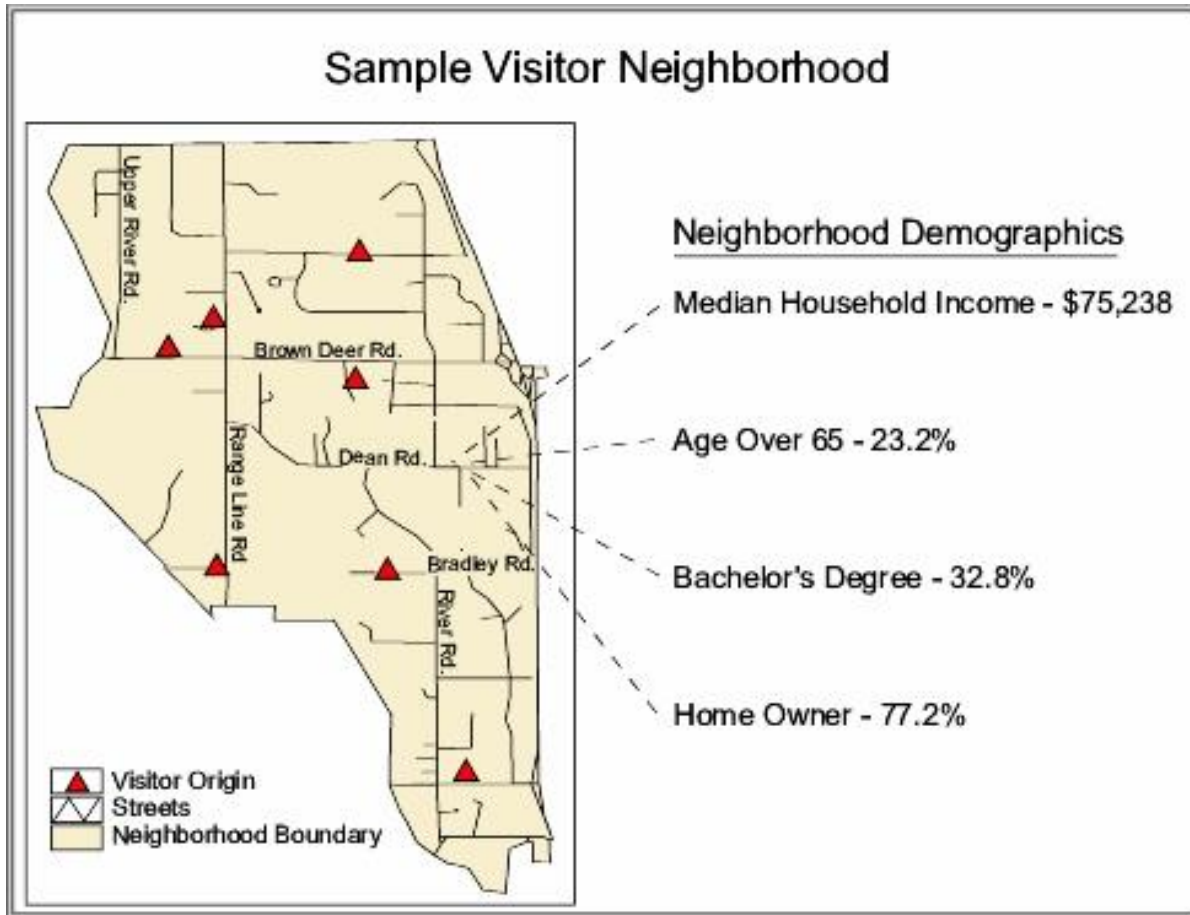


Figure 2. Comparison of propensity of visitation scores by rank and segment.

This rep took looked at the demographic data of the retail location's best customers and determined which types of customers were purchasing the most. (Image courtesy of [innovativegis.com](#))

[Demographic data](#) is important because the more you know about your customers, the easier it is to market successfully to them. The more data you collect, the more you can [focus your marketing](#) to the needs of your target market. You will also gain better insight as to what products to distribute to what retailers. Collect data on the neighborhood around the retail location (is it urban, suburban, or rural?), the income of the people living in the neighborhood (can be inferred by collecting data on the types of cars in the parking lot), and the gender, age, and ethnicity of the residents, to name a few factors. By having your field rep regularly gather demographic data, you can see demographic shifts in each territory. Since these shifts can result in a shift in customer

needs and tastes, you will be ready to adjust your product distribution as needed through this data.



This rep surveyed the neighborhood demographics of a retail location where he frequently made client visits. (Image courtesy of [fyi.uwex.edu](http://fyi.uwex.edu))

# The Impact

With each of these factors, you can decide how much impact they should have on your business. However, it is important to be aware of the fact that each of these factors has the potential to have a major impact on your sales growth. Ask yourself this question: How good are your field reps at completing each task? If you look at the most successful businesses out there, you'll see that they're all experts at merchandising. Merchandising directly impacts sales growth, and in order to maximize your growth, you need to be able to measure how effective you are at each facet of merchandising. If you want an easy way to calculate how well you're doing, use this [ROI Calculator](#).



