

Is It Time to Rethink Promotional Merchandising?

Our industry needs to move away from its decades-old approach.

When I was first starting out in this industry as a sales rep for a CPG supplier, my manager imparted a well-used philosophy about driving sales at retail: "Stack It High & Watch It Fly!"

Ever since groceries moved from behind the counter to the self-service supermarket in 1916, large stacks of merchandise have been built to entice shoppers to load up their baskets.

A look at modern supermarkets shows that not much has changed over the past 100 years.

As we walk around today's stores we see floorstands, endcaps, sidewinders, half pallets, full pallets and monstrous displays that dominate store entrances and open spaces.

But is this really the most effective way of driving sales in the new digital marketplace?

For sure, expenditures on in-store merchandising tools and shopper marketing activities has exploded in the past decade. As eyeballs for traditional media such as television have disappeared, marketers have moved the messaging in-store and as a result the amount of customized displays built with cardboard and plastic clogging the aisles (and recycling bins) across the country has boomed.

The combination of the suppliers craving to secure space for its brand in front of shoppers eyeballs and the revenue generated for retailers through display and promotional fees (but not necessarily sales) has created a non-sensical allocation of space and labour in our supermarkets.

This challenge is amplified by the number of out-of-stocks on fast-selling items that are experienced by shoppers on a busy weekend while items with an inside flyer feature or unproven innovation / line extension items are plentiful on secondary displays throughout the store.

Surprisingly, despite the amount of money involved, there is not a



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lot of analysis done to determine how secondary display space is allocated or which brands are placed on display.

Category Management tracks and plans every inch of the planogram while display space is allocated in a Wild West style auction driven mainly by ad space in flyers, display funds and gut-feel.

With the advent of big-data analytics ranging from POS systems, loyalty cards and other tools, the industry should be moving to bring an analytical approach to optimize the proportion of store space allocated to display and then in-turn the brands that will maximize sales growth from that space.

Unfortunately, the current system disadvantages the retailer, the supplier and the shopper — as an industry we owe it to ourselves to rethink this very old approach to merchandising. ●



Jeff Doucette is the founder of "Field Agent Canada" a smartphone driven audit service that is revolutionizing how retail audits and mystery shops are completed in Canada. He can be reached at jeff.doucette@fieldagentcanada.com

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