

10 Ideas From Outside the Industry

As I peruse my monthly magazines, I periodically come upon some ideas that may have application in our industry. Perhaps some of these have application for you:

1. **Compete with Home Depot or Lowe's**, consider attending a seminar presented by Home Channel News entitled "Insider Selling Strategies...To Home Depot/Lowe's". The Home Depot session is scheduled for June 5 in Cincinnati and the Lowe's session is scheduled for June 19 in Teaneck, NJ. For more details on the Lowe's session, go to <https://secure.lf.com/conferences/lowes/>, for details on the Home Depot session go to https://secure.lf.com/conferences/home_depot/.
2. According to a recent study by Display News magazine: **in-store advertising** of product availability and attributes increases sales by 5-13%. Cents-off signage increases sales by 36%, utilization of a product photo on a sign increases sales by 13% and mentioning price on the sign increases sales by 8%. Although the study was conducted at convenience stores, is there applicability for your counter?
3. According to a survey by Buildings, a facility management magazine, **75.9% of their subscribers include lighting/electrical items on their preferred lists**. Continue to focus your salespeople on getting specs. Another great tool is customer tradeshow and seminars.
4. 84 Lumber, a multi-billion dollar "pro" dealer, based in Eight-Four, PA, found a **way to increase sales by 16.5%** in 2002. It hired 400 more salespeople, and plans to hire another 400 this year. 84 recognizes that the contractor business is a relationship business, hence the need for people. And with competitors laying

off people, now is a great time to add, and take market share.

5. When was the last time that you rated the service your customers receive, the cleanliness of your counter areas and your counter people?

Consider a **mystery shopping program**, where a company anonymously visits your locations and rates your company and your staff. TrendSource, www.trendsource.com, a mystery shopping company, has worked for a few hardware and home channel stores.

Mystery shopping is an ideal way to objectively measure your counter/showroom performance, and it doesn't have to be expensive.

TrendSource has recently launched a new product called EYES where a one-time visit costs only \$38. Mystery shopping can also be used by manufacturers who want to monitor the presentation and sales of their products through distribution.

6. Chrysler recently launched a new **supplier scorecard initiative**. The company rates supplier performance in a number of categories, daily, and the information is available online to the supplier. Suppliers are rated against their competition, names are not revealed due to anti-trust issues).

For distributors, metrics could include pricing, fill rate, quality, invoice accuracy, number of sales/marketing activities, turn and earns, gross margin, quotation turnaround time, etc...

The intent of the Chrysler initiative is to provide purchasing more information on which suppliers are best serving the company's needs, thereby focusing on the total cost of sourcing (and in distributor's case the benefits of selling), and show suppliers why certain manufacturers are recipients of the business. Many leading distributors currently evaluate manufacturers, and share this information with their manufacturer reps and regional

managements. Consider expanding the distribution of this information and sending personalized emails to senior regional management and senior sales management of your key manufacturers – great way to capture their mindshare.

7. **Want to increase counter sales?**

Assign someone as your “*impulse manager*” and treat merchandising as a stand-alone department. So says Rob Savage, Ace Hardware buying program manager in charge of impulse sales. Counter area sales can be increased by as much as 20-25% with items priced less than \$10. Put complementary items on clip strips, in dump bins, on feature ends and at the counter. Your impulse manager should be responsible for item selection, display, maintenance, educating counter staff and reporting results. Think outside the box of what to carry – ask your customers what they use and then show them how you can be their one-stop shop.

8. As much as **contractors** like coffee and doughnuts, they also **like ice cream**. With warmer weather coming, consider installing a small freezer supplied by a novelty distributor. According to one ice cream distributor, an ice cream display can generate over \$720 per square foot, with margins of 32-42%. Another impulse buy for your customers.

9. **Sampling pays.** 50% of people who receive a coupon with a free product sample redeem their coupons (which means that they purchased the item).

A Canadian food company, E.D. Foods, wanted to increase traffic to its website. The company sells soup mixes. To generate site traffic, and orders, the company offered customers free samples, for a nominal shipping and handling charge. In two years the company has sent out 30,000 free samples (at \$3.50 a piece) and generated \$1.25MM through its site. Moral of the story – if you want to get customers exposed to something new, product or service, highlight it and find

ways to get the product in the hands of the customer. Touching leads to buying.

10. Are you on the IDW and the IDX? If not, you might want to learn more. Why? According to a recent VARBusiness article, **Home Depot has recently embarked on a data warehouse project.** While the goal of the program is to be able to better mine its internal data to increase customer service, tailor product offerings and maximize pricing opportunities, it won't be long before it impacts you.

The project is currently internally focused, however, Home Depot's goal is to provide real-time sales forecasting, space planning and inventory management. And it all starts with clean, normalized data. Lowe's has also recently launched a data synchronization initiative with UCCnet to provide more standardization to their business. What does all this mean? That the first step to reducing channel costs is using standardized data, supplied by manufacturers!

Hopefully some of these ideas represent opportunities to you. In today's market, initiative and innovation can lead to differentiation, market share and profitability.

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