



Your Counter Area ... Unleash Its Potential

The quarter is almost over; the yearly planning process is complete. Manufacturers asked you to increase your stock, your commitment to them and your focus on their products; you asked how they can help you increase sales, what are their objectives, their promotional tools, what new products they are introducing and complained about how many of your competitors also sell the manufacturer. But the planning is over, now it is time for executing.

One area that **typically gets ignored during the planning process**, but can impact sales and gross margin, is your **counter area**. When was the last time you looked at your counter and said "What do my customers want in this area?" and "How can I increase the value of my counter to me?"

The **traditional method** for merchandising your counter area is to work with a manufacturer to obtain their opinion of a store layout. This focuses on placement of fixtures, and then they tell you what they have to offer, and how their tools work best.

Many distributors have taken this approach, and have significantly improved their counter areas over the past few years. A few (which have been spotlighted in previous issues of TED) have taken the step of talking to their customers, implementing contractor work areas and self-service environments, complete with shopping carts. I have even heard of a few distributors who have created drive-thru warehouses.

In looking at your counter area, how **can you make it work more for you?**

Some ideas

1. **Don't worry about shrinkage.** Average retail shrinkage is 2%, and most of that goes out the back door. For tools and other "walk-able" items, consider some of the security devices used at Home Depot or Lowe's (might as well borrow ideas from good merchandisers.)
2. Traditional distributor merchandising focuses on placing manufacturer product on shelves, in manufacturer fixturing. The customer must know what he is looking for. **Consider using some retail techniques:**
 - a. Place similar items from different manufacturers next to each other (i.e. tools, fittings, VDV products, ty-raps, etc).
 - b. Put complementary items near each other.
 - c. Use header cards that state the product category
3. **Create merchandising areas** to show what you carry (even if you do not sell it at the counter). Let the customer know what you have.

Areas such as: new products, "Did you know we carry?", monthly specials and putting impulse items near the door and near your counter.

For impulse items, remember that you get paid in dollars, not gross margin percentage – price accordingly. These areas should be spread around your counter area to encourage the customer to experience more of what you offer.



4. Where is your soda, coffee, popcorn machine? Do you have **the supermarket approach** (think where the milk is – make your customers walk through your location to get something that does not add to your value?)
5. Don't have space; consider **using manufacturer literature**, or hanging only a few pieces of product.

Once you have rearranged your counter, it is important to **keep it clean, stocked and frequently change out product** in high-traffic areas. The changing keeps everything fresh.

Involve your counter staff in helping. Create a merchandising/floor champion who is responsible for the area (pick someone who has ambition and a desire to grow with your company). Make them responsible for cleaning, stocking, working with suppliers to select what should be merchandised (they know their local customers!). Also have this person involved in branch counter days.

Larger distributors and merchandising-oriented manufacturers may wish to consider **outsourcing this function** to professional merchandisers, who will help with layout, stocking and re-ordering of the counter area. For more, visit the National Association for Retail Merchandising, www.narms.com.

Unfortunately your manufacturers can not help you with most of this endeavor. Talk to customers about what their desires are, solicit input from your manufacturers regarding product fixture layout, and visit leading retailers. This is one area where consumer marketing can help you increase sales. And after all, the more they buy from you, the less they buy from your competition. Greater share, greater profitability.

Resources:

Merchandising VDV Products, <http://www.tedmag.com/images/May%20Growing%20VD.pdf>

Handy Store Fixtures (has experience in the electrical industry), Alan Tennenbaum, 1-888-HANDYSF, www.handysf.com

Naythons Display, fixtures and store layouts, <http://www.naythonsdisplay.com/>

Best Practices in Store Staffing and Layout, slides 54-61,

<http://www.fhsu.edu/sbdc/presentation/sld054.htm>

Store Layout & Design,

http://www.sd28.bc.ca/communityfutures/store_layout_and_design.htm

Point of Purchase Magazine, free publication, www.popmag.com

Display & Design Ideas, free publication, <http://www.ddimagazine.com>

National Hardware Show, August 11-13, 2002, Chicago, www.nationalhardwareshow.com