

EFFECTIVE MERCHANDISING IN A GLOBAL ECONOMY:

THE NIGERIAN PERSPECTIVE

1.0 OBJECTIVE:

After this session, participants should

- ❖ Have a good understanding of merchandising as an important extension of the selling process.
- ❖ Acquire good knowledge of critical activities that ensure effective merchandising.
- ❖ Have a better understanding of the importance of merchandising as an integral part of marketing.
- ❖ Have a better appreciation of the key role of Merchandisers to the attainment of the company's goal.

2.0 PREAMBLE

Merchandising has been used globally to include a number of business activities ranging from bulk buying and selling, warehousing to freighting and its ancillary services.

For the purpose of this discussion, merchandising will be limited to its traditional meaning and scope.

3.0 WHAT IS EFFECTIVENESS

Effectiveness is the adequacy or capability of producing the desired or intended result

3.1 WHAT IS MERCHANDISING:

Merchandising is best described as “stock availability in the right outlet, on the right shelf, at the right time in the right quantity and in the right presentation”

4.0 MERCHANDISING IN NIGERIA

In the Nigerian context we will look at merchandising activities as practiced under the following headings

- Merchandising at retail in-store level
- Merchandising in the open market
- Sampling and demonstration operations in Bars, Supermarkets and Sporting events.
- Road shows, retail street, by street or house to house merchandising.

5.0 MERCHANDISING AT RETAIL IN-STORE LEVEL

In retail in-store level, merchandising is carried out by the following groups;

- Owners and Employees of the outlet.
- Sales and marketing personnel of product owner companies.

In retail in-store merchandising, the following factors are important in achieving the desired goal of giving the brand the maximum sales and visibility advantage

5.1 Planning:

In planning our merchandising programme we must ask the following questions

- ❖ What products do I want to display.
- ❖ What type of display.
- ❖ What do I need to build my display.
- ❖ Are the display materials available.
- ❖ How do I get them if they are not available
- ❖ How do I improvise in case of non availability
- ❖ Where should I site my display
- ❖ How do I obtain space for the display
- ❖ What stocks are available in the store of the outlet per type and per pack sizes
- ❖ What stock replenishment should I take along to ensure no stock out

Remember sales lost can never be recovered

5.2 Display Site:

In deciding the site for the display the Merchandiser must consider the following

- ❖ What is the flow of traffic. The site of the display must take maximum advantage of the flow of traffic in the outlet.
- ❖ Where are competing brands displays located? Merchandisers must strive to get advantageous display positions vis a vis competition
- ❖ What type of display do I want to make –floor, shelf, gondola e.t.c.
- ❖ What other activities are going on in the outlet.

It is important to choose a strategic site that creates maximum impact for the products.

5.3 Building The Display:

In building the display the following are key factors.

- ❖ Volume of display: Off take of the product in the outlet is very important. The display must be large and massive enough to take care of peak period sales. Consideration must be given to callage regularity.
- ❖ Create excitement and avoid boredom by changing the style of the display as frequently as possible.
- ❖ Ensure frontal panel is displayed
- ❖ Build effect displays – VISA and maximize the use of POS materials like danglers, stickers, and display panels e.t.c.
- ❖ Pack Mix: The Merchandiser must ensure that pack sizes are well represented in the display.
- ❖ Shelf Height: The Merchandiser should strive to display at the shelf height within the most convenient reach of the customer. Avoid ground shelves or shelves requiring platforms for the customers to reach the product. EYE LEVEL HEIGHT GIVES MAXIMUM MERCHANDISING ADVANTAGE
- ❖ Product presentation: The display must enhance the image of the company. The display must be stylish and attractive to draw the customer to the product.
- ❖ There must be good housekeeping. Shelf and products must be clean, products must be well sealed and covered. Dirty, shop soiled, contaminated or defective products on display must be immediately withdrawn and replaced with fresh stocks.
- ❖ FIFO: Ensure that the outlet operates first In first out (FIFO) policy to avoid cases of expired products.
- ❖ Keep your display simple. In building your display do not try too much. The goal is to attract attention to the product.
- ❖ Look at the display from all angles: After you have completed your display, step back and look at it. Most displays are seen from the side and angle, approach your display from all possible angles and view it as a customer would. Observe the direction from which most customers approach the display to ensure that they see the best view.
- ❖ Learn from competition: Periodically view displays of competing brands, see the errors in their display and learn from it, see their advantages and emulate.
- ❖ **Good relations:** The Merchandiser must portray the image of a good sales person, efficient, courteous, disciplined and pleasant. **Remember that the sales person is the company in the eye of the customer and the consumer.**

6.0 **MERCHANDISING IN THE OPEN MARKET.**

In Nigeria a high percentage of total sales takes place in the open markets.

In assessing over all merchandising effectiveness therefore activities in the open market is of great importance.

- ❖ In the open market the following are involved in merchandising.
 - Wholesalers and sub-wholesalers
 - Retailers
 - All employees of product owners especially **MEMBERS OF SALES AND MARKETING DEPARTMENT.**
- ❖ Open market merchandising must be an all year round operation that is not limited to periods of special schemes.
- ❖ In open market merchandising the major objective is **MAXIMUM** visibility for the brands vis a vis competing products.
 - The display at various levels must be bold and massive to attract customers attention.
 - Effective use of POS materials like shade umbrellas, banners, posters, danglers and special display racks must be optimised to create curiosity and customer interest that may result in purchase of the product.
 - In open market merchandising there are opportunities for enthusing wholesalers, sub-wholesalers and retailers through various schemes targeted at achieving visibility objectives like open market display competitions. Here all categories of stakeholders are rewarded through award of prizes.
 - Effective use of public address systems to create carnival like atmosphere, play gingles and general scheme and product information is also essential in ensuring the success of open market merchandising operations.
 - Kitting: It is essential in open market merchandising operations that all participants be kitted appropriately through the use of vests, caps, face caps e.t.c. this helps to create good visibility for products as well as draw attention to the merchandising activity.

7.0 **SAMPLING AND DEMONSTRATION IN BARS, SUPERMARKETS, SOCIAL AND SPORTING EVENTS:**

Sampling and demonstration in bars, major supermarkets, social and sporting events can be handled by

-Sales and marketing department personnel

-Adhoc or casual staff supervised by sales and marketing department personnel.

7.1 The major objective of this type of merchandising activity is to achieve the following.

- Enthuse the consumer to try the product and generally appreciate the benefits of the products. This is particularly popular with food and drink products where free tasting and trial by the consumer is solicited by the merchandiser.
- Development of brand loyalty and habit creation by the consumer who in wanting to benefit from the free offer may be hooked and become committed user of the product.

This type of merchandising activity involve working flexible hours targeted at ensuring effective presence in special events.

7.2 Effective sampling and demonstration operation requires the following.

- Courtesy must be shown by Merchandisers in approaching consumers. Use of the “right language” is particularly essential. Merchandisers must be well groomed and must be conscious that product and company image is at stake in their interaction. It must be noted that consumers’ are at liberty to refuse their offer without giving reasons.
- Good product knowledge: merchandisers who are participating in sampling and product demonstrations must have adequate knowledge of the products been sampled or demonstrated.
 - They must be capable of handling objections professionally.
 - They must be knowledgeable on the various attributes of the product e.g. alcohol content e.t.c
 - The Merchandiser must know the comparative advantages of their products over competing brands.
- Appropriate kitting of merchandisers: Merchandisers must be appropriately kitted, product colours must be well emphasized, and merchandisers must be pleasantly dressed to reflect corporate image.

8.0 ROAD SHOWS, RETAIL STREET BY STREET OR HOUSE TO HOUSE MERCHANDISING:

- This type of merchandising activity is usually carried out by adhoc or casual staff in the employment of the company and supervised by sales and marketing department personnel.
- The operation can also be contracted out to third parties in order to minimise distractions to sales and marketing department employees.
- This type of merchandising activity is suitable for the following
 - New product introduction
 - Resuscitating or reawakening of non performing brands.
 - Counter activity to aggressive competitive challenge.
- Operations are usually short term in nature
- The products sold are varied overtime to prevent boredom
- Merchandisers need to be properly trained and kitted since they are visible ambassadors of the products and the company

9.0 CHALLENGES OF EFFECTIVE MERCHANDISING:

Achievement of effective merchandising require successful managements of the following

- Customer apathy: Merchandisers are likely to face occasional apathy from all categories of customers, who may among other reasons come up with excuses like
 - Consumers already know your products and they will ask for it whether we display or not.
 - We will display the products later preferring to concentrate on attending to immediate customer service, i.e problem of priority
 - We will paste the posters and use other POS materials as you are requesting later. DO NOT BE SHOCKED to meet your merchandising materials dumped somewhere on your next call as a result of agreeing to such suggestions.
- Uncooperative attitude from customers: It is not unlikely that merchandisers may encounter non optimal cooperation from owners and employees of outlets due to
 - Ineffective human relations by Merchandisers
 - Non delivery of incentives to customers/staff of outlets by Merchandisers
 - Predetermined negative perception of product sales and performance delivery.
 - Resistance to selling at recommended prices especially during short supply periods.

- Space and position juggling: There is continuous struggle and juggling for display positions by various competing products. Owners and employees of outlets capitalise on this to the detriment of the merchandising effort.
- Direct request for monetary incentives by owners and employees of outlets who see giving various competing products merchandising opportunity as favours granted to brand owners and therefore request to be paid for the opportunity.
- Cost: Merchandising materials cost a lot of money to develop and procure.
 - Decision on how much to devote to merchandising activities vis a vis other competing needs sometimes are hampered by insufficient appreciation of the immense role of merchandising in sales delivery.
 - As the consumer gets more sophisticated, the need for greater enhancement of merchandising budgets for our products to remain competitive in the perception of the consumer is very imperative.
 - Development of innovative and specialised merchandising materials relevant to the product type, presentation e.t.c is key consideration.
- Logistic issues: A critical factor that can make or mar the effectiveness or otherwise of merchandising activity is logistics.
 - Are the materials for use adequately available (**Quantity**)
 - Are the materials available at the right time?

Overall objective of merchandising can be marred by inadequate and untimely provision of materials to merchandisers.
- Government: Governmental activity especially instances of conflicting directives is now a major factor in planning and execution of merchandising programmes.
 - Commercialisation: Governments at state and local government levels are now more conscious of the revenue generating potentials of merchandising activities. There are now numerous permits to be obtained and payments to be made for use of hitherto free facilities. This situation is further worsened by unnecessary overlap in the functions and activities of these tiers of government.
 - Regulatory activities of government also covers use of public address systems and restrictions to its use in some localities.
 - Traffic control: Requirement and need for support of police, LASTMA, KAI brigade and numerous other sub agencies of government in executing merchandising programmes like road shows and event sponsorships has not only increased the cost of executing such programmes. Non optimal cooperation from any of these agencies can affect negatively the success.

- Sales and marketing department personnel apathy: Effective merchandising may be hampered by sales and marketing department personnel apathy due to the following.
 - Desire to deliver targets today not caring for tomorrow's performance. Merchandising activity is seen as not having immediate effect on sales delivery.
 - Poor handling of POS materials due to lack of consciousness that they COST MONEY.
 - Lack appreciation of merchandising as a key role in sales delivery and achievement of company goals thus looking at the activity as a demeaning task.

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