

Shelf Discipline

Product Movement / Inventory Turns

The key to a successful store is in product movement and inventory turns. There are constants to which each of us are subject. These are things like rent, utilities, insurance and other day to day expenses that every store has. This cost remains the same whether you get eight inventory turns a year, or twelve or more. The difference is that those additional turns are profits that go directly to your pocket. There are some simple rules to follow to help you get the most inventory turns.

Rule #1

Each product has a PERMANENT home and no other product ever goes in that spot. Also, that item should be tagged to save the location on the shelf. This will serve as a constant reminder to the person writing your orders not to forget to order it. It also tells the person stocking the shelves where to put that product for the maximum sales. With the demands on time in this day and age, the one thing we can't do is to hurry through our orders. After all, if we don't have it, we can't sell it.

Rule #2

When you add a NEW ITEM in a section, you need to delete an old item. You add a new item to increase sales, but it doesn't do any good if you raise the cost of your inventory and decrease the number of turns you get.

Rule #3

Do not turn PACKAGES SIDEWAYS to be able to get more products on the shelf. You will sell more of one item displayed correctly than you will of two items displayed wrong.

Rule #4

Put LARGER packages on the bottom shelf and SMALLER packages on the top. This allows the human eye to see an entire section. As you scan over a section, your focus is drawn to the largest package. If this package is on the top few shelves, then everything below it gets lost. Though you help the sales of one item, you hurt the sales of everything else in the department.

Rule #5

Use COLOR BREAKS to separate products. As an example in the juice section, place a light juice next to a dark juice, and then another light juice. This color break helps to highlight each item in the section so the consumer can see it better.

Rule #6

Place the LARGE SIZE TO THE RIGHT of the smaller size. The reason for this is that most people are right handed and therefore you make it easier for them to purchase the larger size.

Rule #7

DATE – CODE. If an item stays in your store more than ninety days, it has cost you money. You must realize that a turn every ninety days is only four turns a year and a typical store can't stay in business with only four turns a year. Many people tell us that they have to carry certain items because they have one particular customer that wants it. A simple thing that you can do is, instead of typing up shelf space and inventory dollars on slow moving items like this, special order it for the customer. You can give the customer a 10% discount and never take the chance of giving them stale

product. This helps you because you get the sale without having to carry the inventory dollars in the store. It also makes the consumer happy because you are looking out for their best interests.

Rule #8

Use vertical merchandising. There is an old rule of two's that simply means that if you are one foot away from a fixture, you can see two feet of product without having to turn your head.

For example, if you have a four foot aisle, the most the consumer can see comfortably is eight feet of product. If you have 32 linear feet of cereal, and you place it along two shelves of a sixteen foot gondola, the consumer cannot scan the entire section. The result – sales opportunities will be lost. The other side of this is that with vertical merchandising, the consumer will be able to see what is in the section next to the one that they are shopping, and that will also increase sales.