Designing a Better Approach to Merchandising

Increasing visibility to reduce out-of-stocks, enhance efficiencies and increase sales
WHY MERCHANDISING VISIBILITY IS CRITICAL FOR MANUFACTURERS

Manufacturers rely on their merchandisers to provide something that’s vital to their success: Visibility. Merchandisers serve as the eyes of the manufacturer, giving them the information they need to make sure their in-store products are fully stocked, properly displayed and appropriately priced to sell. And as the competition for shelf space intensifies, manufacturers need a cost-effective, efficient merchandising program more than ever.

Without a strong merchandising program, manufacturers cannot see exactly how their products are actually displayed on store shelves. And this lack of visibility can quickly impact sales, particularly if products are not restocked in a timely manner. In fact, estimates indicate that out-of-stocks cost manufacturers $23 million for every $1 billion in sales.¹ And that’s just the beginning.

Merchandising also plays an important role in monitoring point-of-sale displays, which can increase sales up to 24%.² It’s the merchandiser’s job to ensure those displays are set-up properly and that the products are fully stocked and properly priced.

Unfortunately, today the merchandising process often still involves many inefficient, time-consuming and manual tasks. Many merchandisers still use tape measures, manually count products and fill out lengthy paper forms to check displays and record what they see in the store.

The good news is that more automated merchandising methods are emerging. Merchandisers can now capture images with their mobile devices and upload them to the cloud so that manufacturers can see in real time how their products look on the shelf. These images are more than just a simple picture. Using advanced image recognition software, manufacturers can analyze shelf share, out-of-stocks, promotional material, planogram compliance and pricing within minutes.

Put simply, new merchandising technologies give manufacturers the visibility and actionable data they need to make real-time business decisions that can significantly impact their bottom line.

¹ A Comprehensive Guide to Retail Out-of-Stock Reduction, P&G, ² The 2016 P-O-P Trends Survey, Path to Purchase Institute
A Typical Merchandising Checklist

Shelf space is a precious commodity in the retail industry. That’s why manufacturers spend millions of dollars each year designing the perfect displays and creating planograms that outline exactly how products should be presented.

Traditionally the job of the merchandiser was to ensure that the retailer was following the manufacturer’s merchandise marketing plan. Most merchandisers actually arrived in a store carrying a three-ring binder. The binder included a planogram showing product shelf design and information on product location based on the retail agreement.

In the fast-paced retail world, the merchandiser’s job has expanded significantly. Merchandisers still ensure that the manufacturer’s in-store products are stocked, priced and positioned to maximize sales. But they also collect vital data that helps the manufacturer determine how to improve sales in the future.

**PLANOGRAM COMPLIANCE**
Checks store shelves and displays to ensure compliance with planograms and merchandising agreements.

**POINT-OF-PURCHASE (POP) DISPLAYS**
Sets up and checks status of in-store POP displays, signage and other marketing materials, ensures the retailer complies with all planogram, display and pricing parameters.

**STOCKING AND PRICING**
Ensures all shelves are fully stocked, examines product codes to verify no products are missing or damaged, confirms products are priced appropriately and assists with inventory management and reordering.

**COMPETITIVE INTELLIGENCE**
Conducts visual analysis of competitor’s product placement and pricing.

**MOBILE MERCHANDISE ANALYTICS**
- Distribution
- Out-of-Stock
- Share-of-Shelf
- Shelf Standards
- POS Material Presence
- Planogram Compliance
- Pricing
- Promotion
Merchandising Challenges

Thankfully, three-ring binders have mostly disappeared from stores, and merchandisers instead rely on mobile devices to access and record data on pricing, product placement and planogram compliance while in the store. But merchandisers typically still spend multiple hours doing manual tasks such as counting products, measuring shelf space and recording prices. This manual process can lead to costly business challenges.

**OUT-OF-STOCK ITEMS**

Studies show that when goods don’t get replenished promptly and consumers encounter out-of-stocks, sales on that product can drop nearly 50%. Additionally, if stock is missing from a store, it gives competitors the opportunity to encroach on a manufacturer’s shelf space. A manual merchandising system makes it difficult to accurately and quickly check out-of-stocks or to manage inventory in real time.

**COSTLY AND TIME-CONSUMING STORE AUDITS**

Auditing shelves and displays to validate a retailer is following the planogram, pricing and other promotional agreements is often a time-consuming, highly manual process. This makes it difficult and costly for manufacturers to effectively audit all stores.

**MISSING OR NON-COMPLIANT STORE DISPLAYS**

Point-of-purchase displays are an effective, proven way to increase sales, but only if they are executed accurately. Merchandising experts agree that more than half of merchandising campaign materials are not correctly executed. If a merchandiser doesn’t have time to check that in-store displays are set up and priced properly, it can quickly lead to lost revenue for the manufacturer.

**INCORRECT PRICING**

Industry estimates indicate that promotional pricing can also be incorrect up to 22% of the time. Merchandisers need an easy, fast way to check pricing when they are in the store.

**INCOMPLETE CHECKLISTS**

The many manual tasks involved in store audits make finishing the full audit checklist difficult for merchandisers. A merchandiser might walk into a store with the goal of accomplishing 40 different tasks or measurements – and may leave with only four or five completed. Automating the merchandising process can help merchandisers get more done in a shorter amount of time.

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82% of mass merchant purchase decisions are made in-store

62% of shoppers pick up items on impulse

1 in 6 brand purchases are made when that brand has a display in the store

Source: KDM P.O.P. Solutions Group

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3 Harvard Business Review
Zebra’s Merchandising Solution Improves Efficiencies and Increases Sales

To improve the efficiency of the merchandising process, many manufacturers are turning to mobile technology to quickly capture data and run advanced data analytics on their in-store displays and promotions. Using these analytics, they can make informed business decisions that optimize distribution, share-of-shelf, product displays and promotions while maximizing profits.

REDUCE OUT-OF-STOCKS AND IMPROVE INVENTORY MANAGEMENT: Using Zebra mobile devices, merchandisers can use image recognition software to capture an image of items on the retail shelf, detail out-of-stock items and quickly get shelves restocked. Captured data can be analyzed to minimize out-of-stocks or overstocks in the future.

MONITOR PLANOGRAM COMPLIANCE FOR SHELVES AND DISPLAYS: When merchandisers need to quickly verify that planograms for product shelves and point-of-sale displays are being followed, they no longer need to pull out the measuring tape or even the actual planogram. Instead, they simply capture an image on their mobile computer and electronically compare the actual display to the desired planogram. This tells the merchandiser exactly which items need to be adjusted based on that comparison.

FAST PRICING CHECKS: With thousands of products located in most retail environments, the ability to complete tasks, such as barcode scanning for price checks, is critical for merchandisers. Armed with built-in scanning capabilities supported by Zebra’s enterprise-grade mobile devices, merchandisers can scan items up to 50 times faster than they can while using a consumer-grade mobile device.

EASILY MONITOR COMPETITORS: With your image recognition software and Zebra’s lightening-fast scanning abilities, merchandisers can check competitive displays and pricing in just minutes, leaving merchandisers free to focus on other key tasks.

IMPROVE FIELD PRODUCTIVITY: The right merchandising software, paired with an enterprise-grade device that allows merchandisers to connect to business applications and systems can increase the number of tasks completed during each store visit. Using Zebra devices, merchandisers can instantly upload data for analysis. If issues are found, the merchandiser can quickly correct any pricing or promotional issues before leaving the store. By automating the merchandising program, manufacturers also ensure that best practices are followed on each store visit – and even track the progress of their merchandisers in the store.

APPEAL DIRECTLY TO CONSUMERS: Technology is already helping manufacturers use their merchandising programs to connect more directly with customers. Manufacturers that incorporate Zebra’s MPact solution for Mobile Marketing into their POS displays can text coupons or other content directly to customers as they walk by the display.
In today’s fiercely competitive retail environment, understanding how your products look, how they are priced and what makes them move off-the-shelf has never been more business critical. Thanks to Zebra’s merchandising solutions, you can now gain unprecedented visibility into how your products are stocked, displayed, promoted and priced in the retail environment. Zebra’s integrated hardware and software solutions allow you to reduce out-of-stocks, enhance efficiencies and increase sales by ensuring your products are best positioned to sell.

To learn more about how Zebra can help you reduce out-of-stocks, enhance efficiencies and increase sales, read more about our Direct Store Delivery solutions on zebra.com.