

# *Effective Merchandising*

How to Achieve It  
Productively and Profitably



**Bollin  
Label  
Systems**

An Employee Owned Company

**SupermarketLabels.com**

A Division of Bollin Label Systems

## **Effective Merchandising**

Improved growth and profitability are prime objectives of retailers today. However, achieving these objectives is a real challenge. With less population growth, there are fewer stimuli for retail sales gains, so real increases must come from market share gains.

Consequently, the competition for the consumer's dollar is fierce. Not only is there the traditional intra-market competition between big chains and independents, but also drug, food and discount operations are vying for the customer's general merchandise business. Discounters are up scaling to compete with department stores – and “cherry picking” merchandise to vie for specialty store business. Department stores are also re-positioning their lines to sell effectively against the specialty stores. Further intensifying this competitive atmosphere is the off-price retailer whose brand name merchandise and deep discount pricing are shaking old customer loyalties.

Many retailers choose not to compete on a price basis. However, the very presence of off-price retailing raises price awareness among consumers and challenges all retailers to strengthen their price/value image.

Advertising continues to be an important tool in building images and attracting customers. But the National Retail Merchants Association (NRMA) reports that an estimated 85% of customers who enter a store have not seen its ads. Clearly, advertising alone can't move merchandise. It takes a coordinated merchandising program supported by advertising, packaging, display, signing and promotional labeling.

The effective in-store merchandising program brings everything together at the “point of pay-off”, where the buying decision is being made. This gives the retailer the opportunity to turn a shopping trip into an event that incites the shopper to buy – and buy more, stimulating item movement and increasing the size of the average transaction.

In-store displays and signing act like “traffic signals” to guide shoppers to advertised specials and new merchandise, direct them to higher margin goods or draw them down aisles that ordinarily get little traffic.

Frequently overlooked and often underused, the price label is perhaps the most critical part of the merchandising package. It catches the customer's eye at that very moment when a buying decision is being made. And, used effectively, it alerts the shopper to the merchandise price/value.

In effect, the promotional label builds on the retailer's other advertising and merchandising efforts to close the sale, frequently prompting the shopper to buy more than initially planned.

Supermarket vendors were among the first to recognize the promotional power of labeling. A number of years ago their on-site tests and selling experiences showed that the use of large, fluorescent “bullseye” labels with their boldly printed price moved merchandise off the shelf faster than conventionally priced items.

Within the past few years more and more retailers have started to take advantage of this promotional technique by using a limited number of price preprints on bullseye labels.

Recognizing this growing trend, Monarch has developed a highly productive and flexible pricing system for creating promotional labels at store level. It has been tested by a reputable market researcher and a measurement has been made of its effectiveness in moving merchandise off the shelf. The testing shows that Monarch Promotional Labels are...

*The proven way to sell more to customers already in the store!*

### **The Bollin / Monarch Solution**

Monarch first designed a lightweight, fast applicating labeler for promotional labels; then developed a wide variety of large, colorful label supplies for it; next, Monarch productivity tests proved our labeler was faster than hand-applying die-cut labels. In the last step, Monarch interviewed several firms with proposed methods for testing our promotional labels’ sales effectiveness.

Monarch chose Burgoyne, Inc. Research for Marketing to test the labels’ selling power in the marketplace because of their positive reputation and industry recognition of their test procedures.

What they discovered is important to you!

### **The Testing Methodology**

Burgoyne personnel carried out the test in 48 stores in the Los Angeles area. The stores were divided into 3 groups of 16 each. The test items selected were Planters Cocktail Peanuts (16 oz. can) and Planters Dry Roasted Peanuts (16 oz. Jar). Burgoyne personnel constructed special displays with appropriate sign cards in all 48 stores and monitored item movement for both test and benchmark items during a three-week period. Store sales volume factors were adjusted to obtain an All-Commodity Volume figure for each test location – a standard research procedure.

The test procedure called for 16 stores to use promotional labels on the tested items, 16 to use Monarch's small one-line price label and 16 scanning stores to use no item pricing.

The Planters' products featured a deal price of \$1.99; the regular price being \$2.69. Planters nuts are a high-impulse item – tested during a high-impulse period of time. The movement of other merchandise during normal periods may be slower. Nonetheless, the results of the test were dramatic and statistically significant.

### **The Test Results**

Burgoyne's overall test results – special displays and shelf locations combined – show that Monarch Promotional Labels moved 44% more items than Monarch's own one-line price label. And, they moved 58% more merchandise than no item pricing.

When contrasted with no item pricing on special displays, promotional labels moved 53% more merchandise; 42% more than the regular size label. And contrasted with no item pricing on shelf locations, promotional labels moved 74% more merchandise; 50% more than the regular size label.

## COMBINED RESULTS

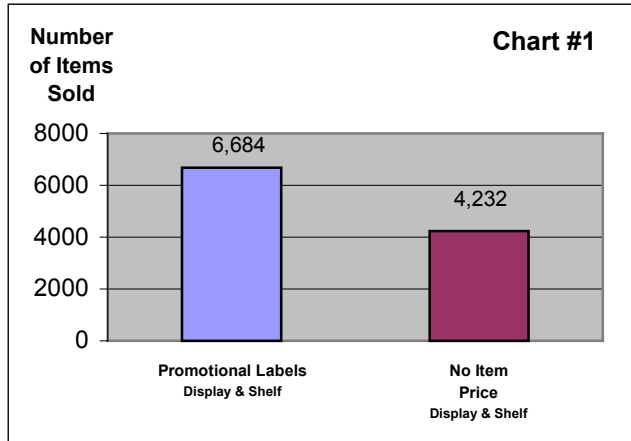


Chart #1  
Promotional Labels Moved **58%**  
More Total Merchandise Than No  
Item Pricing!

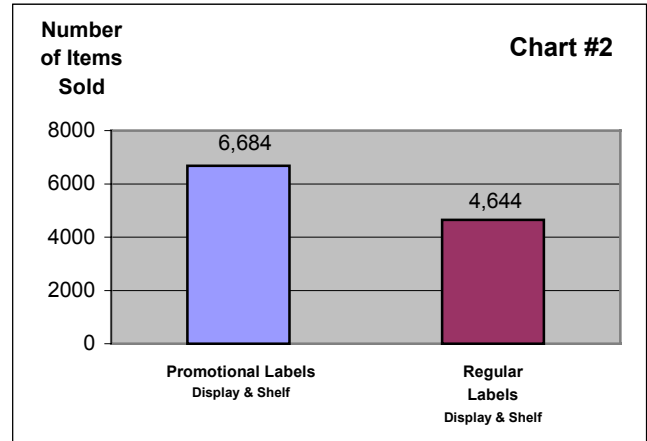


Chart #2  
Promotional Labels Moved **44%**  
More Total Merchandise Than  
Regular Pricing!

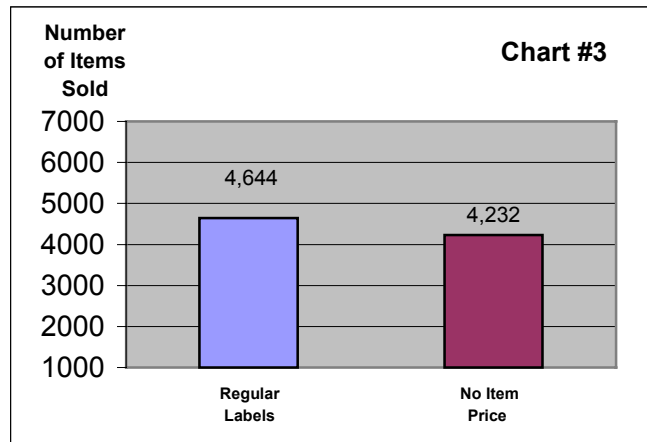


Chart #3  
Regular Labels Moved **10%** More  
Merchandise Than No Item Pricing!

**END-CAP DISPLAY vs. SHELF**

**END-CAP DISPLAY RESULTS**

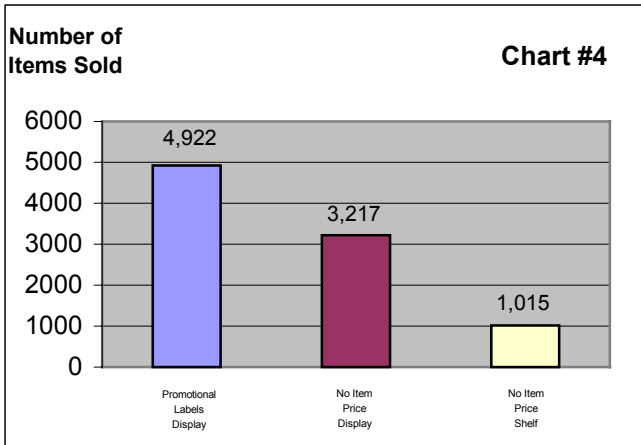


Chart #4  
 Promotional Labels On Display  
 Items Moved **5** Times As Much As  
 No-Price Shelf Items...Non-Priced  
 Display Items Moved **3** Times As  
 Much As No-Price Shelf Items!

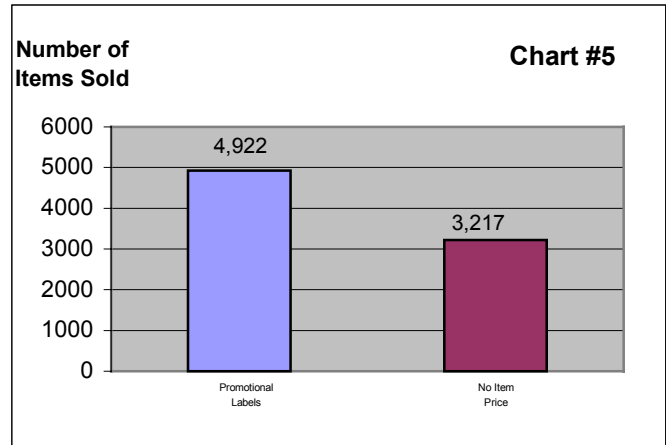


Chart #5  
 Promotional Labels Moved **53%**  
 More Merchandise Than No Item  
 Pricing!

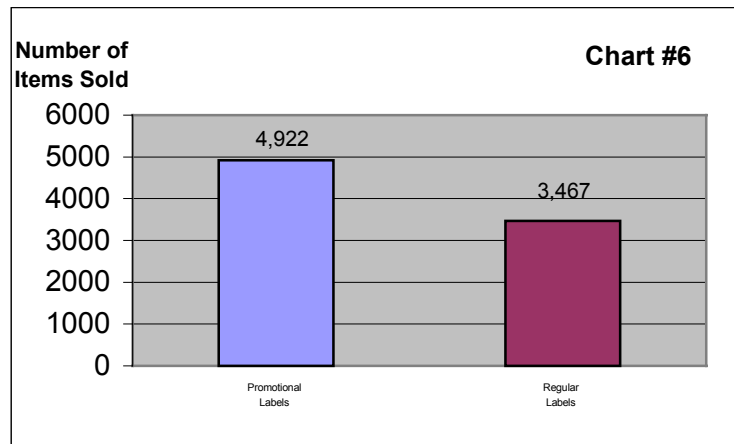


Chart #6  
 Promotional Labels Moved **42%**  
 More Merchandise Than Regular  
 Pricing!

## **SHELF RESULTS**

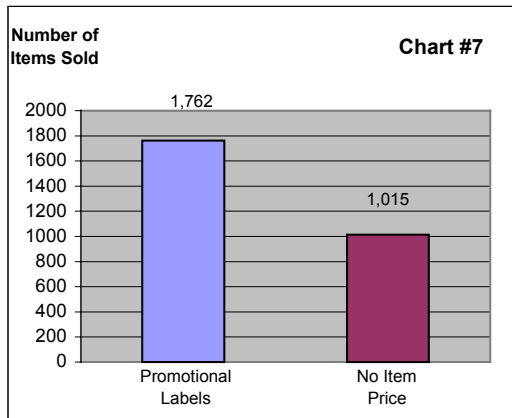


Chart #7  
Promotional Labels Moved **74%**  
More Merchandise Than No Item  
Pricing!

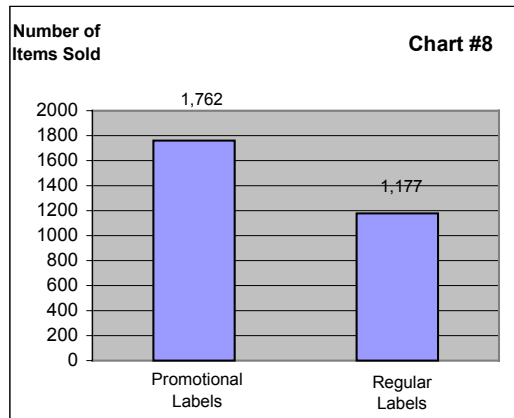


Chart #8  
Promotional Labels Moved **50%**  
More Merchandise Than Regular  
Labeling!

### **Promotional Labeling Productivity and Payback**

Retailers and vendors who use hand-applied promotional labels know how well they work in generating impulse sales. But there are problems with them: often the correct price is not available; efficiency is lost with frequent, time-consuming trips to a central storeroom for preprinted bullseye labels; many of the preprints work well on one type of packaging but not another. All considered, the hand-application of promotional labels is slow and unproductive. They're not flexible or cost-effective and may cost more in lost efficiency than they are worth.

Monarch's Promotional Labeler is productive and economical for the application of boldly marked, eye-catching promotional labels. It can print and apply two labels per second with print shop quality; it's more than twice as fast as hand-application and you always have the correct price at your fingertips.

You don't have to increase merchandise movement by 44%, 58% or even 74% to get a healthy return on your investment with Monarch's Promotional Labeler. Actually, you get a full return on your investment, including labor cost, with just a 2% increase in the movement of promotionally labeled merchandise. A mere 10% increase in item movement results in more than a 5-time return on investment; a 20% increase returns your investment 9.2 times in extra gross profit.

## **Promotional Labels and Selling Power**

Inside the store, shoppers make their planned purchases. But through your merchandising strategy you try to encourage shoppers to buy additional items or trade them up through impulse. The Burgoyne research shows that Monarch Promotional Labels sell nearly one more item for every two sold through regular pricing methods. Overall results show that Monarch Promotional Labels move 44% more items than regular pricing and 58% more than no item pricing. So if your store isn't using promotional labels, you're missing an excellent selling opportunity. Monarch Promotional Labels are the proven way to sell more to customers already in the store.

Burgoyne's research re-confirms that special display items move better than shelf merchandise and proves, once again, that shoppers have greater confidence in priced items. And that's how pricing as part of your merchandising strategy can result in increased product movement, increased stock turns and increased store profit.

## **PRODUCTIVE AND PROFITABLE PROMOTIONAL LABELS**

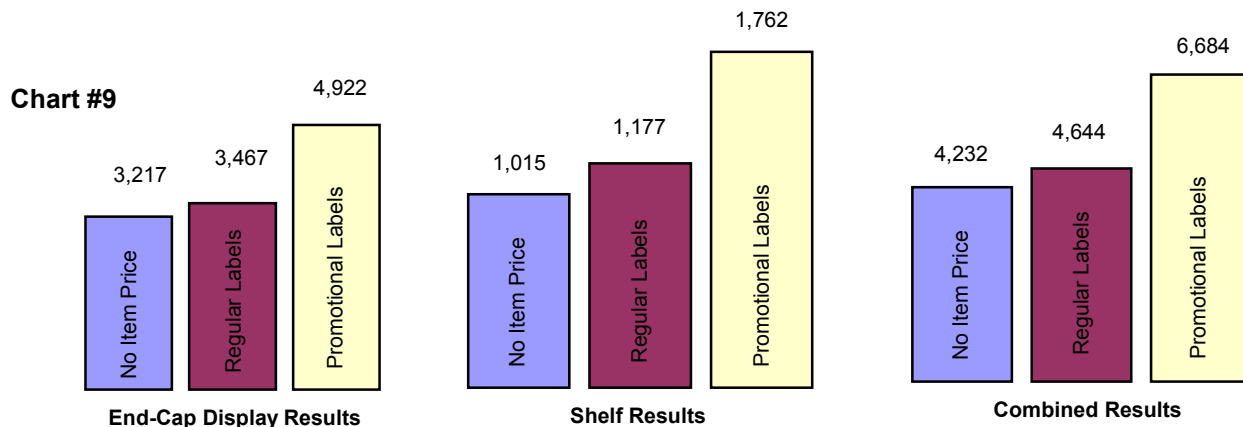
### **PROMOTIONAL LABELS INCREASE ITEM MOVEMENT**

#### **Contrasted with regular pricing methods...**

- 50% more from the shelf location
- 42% more from special displays
- 44% more from combined locations

#### **Contrasted with no item pricing...**

- 74% more from the shelf location
- 53% more from special displays
- 58% more from combined locations



## **Promotional Labels and Selling Power**

Use promotional labels to attract attention to your “hot lines”, such as food, automotive and “Do-It-Yourself” merchandise. Use them to create excitement for seasonal merchandise or high margin items that lead to add-on sales. And don’t overlook their power to spotlight your private brand goods, large items or closeout merchandise.

These large, colorful, attention-getting labels are the final communication with the shopper at that crucial moment when a buying decision is being made. They flag customers to the merchandise you want to move and help build a low-cost image for your store as you create an atmosphere of excitement and special value. They encourage additional transactions and the purchase of higher-margin goods.

## ***THE PRODUCTIVE PROMOTIONAL LABELER***

### **Monarch’s Promotional Labelers**

The Promotional Labeling System lets you dial-set price for on-the-spot promotional price marking. No trips to the storeroom for pre-priced labels. No hassle with not having the right label at the right price at the right time. The correct price is in the labeler and its applied 100% faster than with hand applications.

Monarch offers a wide range of promotional labels in a bold selection of colors and adhesives. Monarch’s labelers prints 5 to 7 huge characters on one line to emphasize price; and, a smaller, second line of 12 characters for date coding, product and department identification.

For more information, contact to Bollin Label Systems, 6001 Brent Drive, Toledo, Ohio 43611 or, call 1-800-882-5104. Phone lines are open from 8:00 a.m. E.S.T. to 5:00 p.m. E.S.T., Monday through Friday.