

# Merchandising: A Key Retail Skill

People often ask 'What is merchandising?' Is it sales? Is it marketing? In our opinion merchandising is both. It is essentially a sales aid to prompt your customers to action. The definitions vary widely but the most accurate is 'Merchandising can be defined as retail selling effort that is the principal task of in-store sales personnel through the use of promotions and unique displays, giveaways, or discount and premium offers, it is the act of managing and arranging the merchandise on display in a store so as to promote its sale'.



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In the pharmacy arena, merchandising often comes down to common sense and good housekeeping. One of the key elements and challenges is to have the right products, in the right place, at the right time. This information should be gleaned on a regular basis from your Epos (electronic point of sale) system. This snap shot allows you to identify the better performing products in each category, shows you which products are moving up or down the 'best sellers' list, allowing for new or discontinued products, current advertising campaigns, seasonality and importantly product layout in store.

Over the past twenty years PMM have noted that merchandising does make a difference. It is true to say merchandising makes three important contributions to any retail business. It increases sales, it improves profitability and it helps control expenses. In doing so, merchandising touches almost every aspect of how your pharmacy conducts business on a daily basis. However like advertising and inventory management, in order to be successful, you need to plan and execute merchandising techniques. Customers expect good merchandising, as it makes shopping easier and they have become accustomed to merchandising - albeit on a subliminal level - from their experiences of shopping in large retail outlets where various merchandising techniques have been used for many years. Studies and recent research show that by simply moving a product from a shelf location to a promotional location, sales can double. Remember attractive merchandising stimulates extra sales and impulse purchases and this boosts your sales per customer. All of which can only be good news.

However, there's more to merchandising than you might realise. It is more than attractive displays. It incorporates sales floor design, product selection, product presentation, pricing and interior signing. Merchandising is essentially the effective use of products, display fixtures, space, colour, and lighting, to encourage customers to purchase.

Pharmacies are no different to other retail environments and as such should be focusing on in-store merchandising. But regardless of which merchandising techniques are employed the key to merchandising is simply understanding what your customers want. So I pose the questions:

- *Do you know your customers?*
- *Do their demographics complement your pharmacy image and customer proposition?*
- *Does your product range appeal to your catchment area?*

Remember a good front shop/front of counter encourages new customers and can extend existing business. And as the markets shift on a regular basis - these questions should be reviewed on a regular basis also. In summary merchandising is a key retail skill which when employed reaps benefits. Have you recently examined your pharmacy merchandising?

*This article was written by Paula Lawlor FMII, Managing Director, PMM Ltd. In association with the IPU, PMM Ltd will be facilitating a Sales and Merchandising Training Program for IPU members and staff.*