

Cutting Through the Instore Clutter

Retailers need to find the balance between carrying a big range of products and carrying just a few best sellers. At one extreme shops become so cluttered that neither customers nor staff can find what they are looking for. At the other end of the spectrum, too few products might make customers think you are going out of business and they won't spend as long in store browsing.

The majority of stores in New Zealand still carry far too many products, with 30% of products recording no sales in the last 3 months. When this is highlighted to buying staff, many argue that their store needs to keep this wide range. The conversation goes something like this:

RPM: "Your store is carrying 5,500 products and 2,000 of them are dead stock!"

Buyer: "What should I do?"

RPM: "Any product that is dead should be removed from the shelf, reduced for clearance and not re-ordered."

Buyer: "But we need to hold those products for our customers."

RPM: "What customers?! If a product hasn't sold for 90 days it suggests that your customers don't want it."

Buyer "But what if a customer comes in just one or two times a year for that product?"

RPM: "Then you should order it in specially for them – that's great service that they can't get everywhere!"

Buyer: "But our customers like to know they can browse through a complete range of options before making their selection."

RPM: "Clearly none of them want the dead products – so just fill the shelves with more of the best sellers!"

Buyer: "But what if some of the deleted products could have become best sellers, my customers will go elsewhere."

The product range carried must be re-evaluated against the market trends every couple of months, AND the store has to actively keep trialling new, hot products that are coming onto the market.

By getting rid of the clutter of slow moving and dead products, your store can be much more focussed on giving some of the new products some shelf space. The secret to running a tight "core range" of products is to review it regularly so that customers and staff don't become tired of the same old shelf layout month after month.

An important part of the shopping experience is based on customers browsing through new and interesting product displays. But the best way of keeping your store fresh and appealing is by keeping a core range of 1,500 to 2,000 products and supplementing this with 500 to 1,000 recently added products that are seasonal, fashionable or up-and-coming.

No-one enjoys having to search through your shelves to find the good products behind hundreds of dead products, and it should be obvious that there is no return-on-investment from holding products that only sell a few times a year.