

## Managing Each Category Like a Business

With the right data, collected properly and grouped intelligently, specialty retailers can now optimise each category in their store so that it contributes to overall profitability. The first critical step in this process is the correct identification of each line of business from the “customer needs” point of view. Step 2 is the selection and display of products. Step 3 is the appointment of dedicated sales professionals.

### **Effective Merchandising**

Once the category tree (a logical hierarchy of categories and sub-categories that describe each customer need) has been defined then the store layout and category planograms need to be designed so that valuable shelf space is allocated in proportion to each product’s performance.

Category management best-practice says that you should stock only the best-sellers that satisfy each of the needs in every sub-category. This makes effective display easier with multiple shelf-facings of the chosen products and will lead to increased sales, better stockturns and more efficient ordering.

The store’s shelving needs to be flexible enough to allow for seasonal expansion and contraction of categories and it pays to define five or ten off-shelf display locations in hot-spots to be utilised for products being promoted or in peak demand. Remember that you’ll increase sales from a display by 300% with the addition of a sign – so a professional looking signage system is a must.

### **Selling More**

The real secret to selling more to each customer is for sales staff with expertise in the category to use their power of suggestion out in the store - not from behind the counter! By starting a conversation with customers the opportunity to satisfy unmet needs will present itself. Then it comes down to the ability of staff to offer an additional product – e.g. “Have you tried using this with that?” Then be ready to describe the benefit(s) of the product combo as soon as the customer asks for more information.

This two-step add-on selling process works extremely well because it is simple. Staff just need to come up with the right question(s) to start the sale, and follow up with a single benefit (or reason to buy) that can be used confidently when needed.

### **Keep Asking**

After that it is just a numbers game. Staff must ask for the extra sale over and over again because even the best salesperson’s hit rate won’t reach 100%. The biggest mistake is to stop asking after 2 or 3 customers don’t buy. Instead staff need to plan and practice their opening questions for each of the top sellers in your store and refine their benefits statements so that the words that work best for them come naturally, every time.

Your customers will thank you for making it easier for them to find the best solution for their need, and your store will benefit from the increased sales.