## How shelf position helps sell ag products

WASHINGTON, D.C. - Suppose you're doing your grocery shopping and you're in a hurry. You stop at the breakfast cereal section and reach for your regular brand. But, wait. Another brand is on your shelf! The box says it's new, fiberfilled, and fortified with essential vitamins. There's something appealing about the package, and a little sign says you get 20 cents off the marked price.

You'hesitate. Do you look around for your old standby brand or do you toss the new and improved cereal into your shopping cart?

The decision you make will have an impact on the manufacturer, the retailer, and the shelf.

Shelf space. It's coveted by manufacturers. No matter how large the grocery store, there is only so much shelf space. On the other hand, there seems to be a virtually unlimited supply of food and nonfood items you might expect to find in a grocery store. It's not unusual for 12,000 to 15,000 different items to be stocked in a single supermarket.

Why are some items stocked by retailers and similar items nowhere in sight? Why are some products positioned on top shelves and others stacked on the bottom?

The most obvious answer-items that sell well get the best space-is only one aspect of stocking grocery store shelves, according to Agriculture Department economist Larry Hamm of the Economic Research Service. In a recent issue of USDA's FAR-MLINE magazine, Hamm notes that two other major considerations are advertising and promotion.

'The food industry is more dynamic today than ever before,' Hamm says. "Manufacturers are introducing about 3,000 new products each year and they advertise and promote each one. Probably 80 percent of the items on the shelves today were not there just 10 years ago. And what sells well this month may sell poorly next month."

Why We Buy

There are many reasons consumers select the foods they do:

habit, price, convenience, packaging, availability, variety, and concerns about nutrition are just some. These factors, and lots of other details, are considered when manufacturers plan a campaign to influence consumers to try their new product. In essence, advertising and promotion are the keys to marketing a new product to the American "I'll try anything once" appetite.

Marketing plans targeted to specific groups of consumers have brought a new sophistication to selling new products.

"This sophistication has been carried over to stocking supermarket shelves in the form of more advanced merchandising techniques," Hamm says. Merchandising, the subspecialty that gets the product on the shelf, has been developed into something of a science by many retailers and manufacturers, he adds.

Hamm defines food merchandising as the activities associated with retailer purchasing and pricing of products and presenting them to the consumer. "It boils down to the overlapping objectives of retailers and manufacturers."

Retailers want to increase sales volume per fixed investment in stores, warehouses, and labor resources. Retail merchandisers create shopping images for their stores to attract new customers and to induce their customers to spend more money.

Manufacturers are concerned with increasing the share of the market for their products over the products of their competitors.

Both are aiming to influence consumer purchasing. When they work together, they are a formidable pair.

Creating Demand
The retailer may advertise heavily, offer discount coupons, construct elaborate displays, and allocate space to items that are being advertised.

The manufacturer may also advertise heavily, offer cents-off coupons and rebates to consumers, and offer special allowances to retailers for promoting, advertising, and distributing a

specific product.
"Joint manufacturer-retailer promotions are very effective,' Hamm says, but sometimes one segment of the food industry is out to influence the other.

Here's an example: A company brings out a new product, advertises it widely, offers discounts on bulk purchases to retailers, and cents-off coupons and rebates to consumers. What's really happened is that the manufacturer has created (or tried to create) a demand.

The retailer is then in a bind. Consumers will probably want to try the new item and take advantage of the manufacturer discounts. If the retailer doesn't stock the item, regular customers may go to another store, perhaps permanently.

What this translates into is competition for shelf space-new items versus established items. best sellers versus slow sellers.

**Prime Space Wanted** 

Shelf space layouts are carefully designed and determine in detail which products are placed where and, especially, which products get the prime displays.

"Position can be everything," Hamm says. The decision on how many rows (called "facings" in the industry) to give a particular product can double sales or cut them in half. "However, the space technique with the most sales impact," he says, "is the end-ofaisle display." When combined with advertising, the end-of-aisle display is almost always a winner.

Hamm cites a past study on the effectiveness of various display techniques:

-Sales of an item dropped by 80 percent when it was moved to the bottom shelf from a top-shelf display, although the price and number of facings remained the

-The use of a simple "As Advertised" sign to point out an advertised product on the shelf increased sales by 124 percent compared with the same product without a sign.

-Sales increased 542 percent for a specially priced item when it was moved from the shelf area to an end-of-aisle display with colorful

-A combination of techniques proved to be most successful. Sales increased by 782 percent when a specially priced product was advertised in the newspaper and highlighted with a shelf sign.

Although the data cited are not recent, they are representative of techniques that are widely considered successful today. data are rarely made public," Hamm says, "because the information can make a retailer more competitive. Those who do have it closely guard their findings.'

**Computers Scan Sales** 

Today, computers have made merchandising information easier and faster to collect. "For years, retailers could only gather this information by implementing labor-intensive controlled experiments that were usually very difficult and expensive to conduct," Hamm says.

But computer scanners at checkout counters now give sales tallies almost instantly. When inventory information is linked to demographic consumer information available through check-cashing cards, retailers can have detailed breakdowns on product sales by family size, income, and occupation.

Through computers, retailers can measure the effectiveness of various promotions and marketing techniques. Computerized space allocation systems are now very common in large chains. Eventually, the store computer will be able to directly link with the manufacturers' computers, so products can be ordered and billed electronically.

While this technology has generally been too expensive to implement for many smaller food concerns, micro computers may be able to bring chain-store technology to Mom-and-Pop food stores. Some software programs for micros can provide detailed space allocation plans based on, sales, gross profits, direct product profit, or weekly supplies.

## Perry Valley

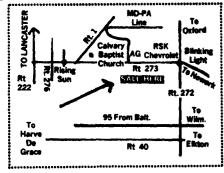
## Grange wins

PORTLAND, Me. - Perry Valley Grange, Millerstown, has won first place for the second consecutive year in the National Grange's community service award project. Kermit Richardson, Lecturer of the National Grange, made the announcement this week during the Grange's annual convention being held in Portland, Me.

Richardson said Perry Valley had the best overall community service projects which included education, safety, health, recreation and charity. The Master of Perry Valley Grange is William Cameron and community

service chairman, Marion Shade. Richardson presented State Master Charles Wismer a plaque and \$1,000 U.S. savings bond which Wismer will present to Perry Valley Grange after the national convention.

Second place went to Rocky Mountain Grange, Hamilton, Mont., in recognition of their leadership in planning a retirement home for senior citizens. Third place was won by Montgomery Grange, Round Mountain, Cal. and fourth place, Chepachet Grange, Chepachet, Rhode Island.



TRACTORS
Case 930 CK Std. w/LDR Loader JD 60 JD B ACB w/Mower, Blade Ford 2 N w/Loader & 3 pt. IH Cub LoBoy w/Mid Mt. Mower Kubota L 305 IH 584 w/2250 Loader Oliver 1880 Gas

LAWN EQUIPMENT Kubota B 5100 w/Mower Ford 12 HP w/Mower Gravely w/Mower Kubota 6000 w/Mower

**SPREADERS** (New) NH 329 Box (New) NH 363 Tank Badger 3000 Gal. Tank (2) NI 213 Box NH 518 Box

LOADERS IH 584 w/2250 Loader NH 425 Skid Loader

**Public Winter Auction of** Used and New Farm Eq. Sat., Dec. 1, 1984 10 AM

MISCELLANEOUS IH Sickle Bar Mower (New) 41' Hub Ele. **Brillion 16' Transport** Harrow AC6 Row No-till Planter

8' Cultipacker Cunningham Hay Conditioner Bush Hog 7' Mower Bush Hog 15' Bat Wing

Mower AC 4 Row No-Till Planter (New) Woods M5 3 pt.

Mower (3) (New) 3 pt. Hitch Blades IH 1150 Grinder Mixer Loader Bucket Flail Mower for Cub

FORAGE EQUIPMENT Hesston 3 row Head JD 4-30 Combine Head

HAY EQUIPMENT NH 1469 SP Haybine Hesston 1014 Hydro Swing Windrower NH 310 Baler w/Thrower NH 478 Haybine NH 278 Baler w/Thrower Hesston 30 A Stacker Hesston 620 SP Windrower Hesston Stack Mover Hesston 4600 Baler (4) Bale Throw Wagons Pequea Hay Tedder

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