

MERCHANDINING

For whatever reason, I reluctantly have refused to adopt the proper methods for typing throughout my schooling and career. Sure, I took the required typing class in middle school, but I was able to meet all of the requirements, speed and accuracy, while maintaining my classic “hunt and peck” style. Back then, I wasn’t as open minded and willing to learn as I should have been. The truth is, I have more typographical errors these days as a result of my stubborn, short-sighted approach. But recently, I had a typographical error that worked to my advantage. I was pecking away at the key board when all of a sudden the little red line showed up beneath a word on my computer screen to indicate that I had mistyped yet another family member of the English language.

I was typing a little quicker than normal, so it was understandable that I was off by one letter when I typed *Merchandining* instead of *Merchandising*. I quickly went back to correct the mistake, but then paused when I realized what I had accidentally created ... *Merchandining*! Had I followed an earlier desire to pursue a career in industrial engineering, this probably would not have meant very much. But I didn’t - and it did. *Merchandining*. It was merchandising during the dining experience. Of course! The wheels in my head started cranking and churning in overtime, as often happens when a new idea strikes with such clarity. What an opportunity this could turn out to be.

Defining the Concept

Stealing once again from my friend and internationally recognized colleague, Dr. Christopher Muller, there is a growing movement away from the *Restaurant Business* and towards the *Business of Restaurants*. Thinking of our commercial foodservice establishments in the same way that retailers think about the available space on their floors is quite appropriate. As an industry, we must explore ways to maximize the sales per available square foot in a foodservice establishment, and *Merchandining* offers unique potential in doing so.

Retailers have focused upon the actions of their customers, reviewing and studying their every move with scientific accuracy. They have been able to

determine that the placement of a particular product within the store will affect the sales. The lighting, display materials, background music being played, members of the shopper's party, age, colors selected, and an infinite number of other such factors all influence the way the a retailer's customers purchase goods and services within the confines of the retailing environment.

Once these characteristics have been defined, the retailers then use the results of their studies to determine required changes that they hope will result in increased sales. The key point is that they utilize the data they have collected to develop a solution that will positively impact the store's performance. Often times, these procedural alterations include the physical facility. For example, the results may indicate that a display near the front entrance is being overlooked by potential shoppers because they are still moving at such a quick pace when they enter the store, they have completely missed the merchandise. Moving the display further from the entrance, but still within sight from the entrance, may increase sales of the product. The shoppers will have slowed down to a standard stroll pace that is more common during shopping mode, and will have been allowed the time for the display to catch their attention.

In another example, retailers have found that merchandising clothing which is folded, displayed on table or counter tops, and easily accessible to the shopper is more effective in many cases than simply hanging the clothes on a hanger on a rack. Think of many of the clothing retailers that you see in a mall these days – that is exactly what they do. They present the clothing to the shopper in a format that the subconscious can more easily decipher and relate. It is a more inviting display method. And, yes ... the result is increased sales. There are, of course, numerous other examples.

Merchandising Applied

I will argue that we, as the commercial foodservice industry, do not understand our customers as well as the retailers understand their customers. If we offer a table dessert at the end of a meal, they may say yes or no, but do we understand *why*? What are the factors that drove this decision? Continuing with this

example, we know that showing a dessert makes it harder for a guest to say no and improves sales, but do we understand how coloring, portion size, presentation method, and other such factors truly play into the diner's decision making? I do not believe so. More importantly, this is a very simplistic example ... what are the other factors that drive purchasing decisions throughout the dining experience?

As the sophistication level continues to increase within the foodservice industry, I believe that the next step in the evolution of the commercial foodservice industry will be a focus on learning even more about our customers and their habits throughout the various stages of the dining experience. I am already aware of research that is being conducted by one of my former professors, Stephani Robson, at the Hotel School at Cornell which isolates the differences in average time and average check depending on the type of seating – booth, table, banquet, bar stool, etc. This is a step in the right direction, but there are so many other variables that should be considered.

How does the lighting affect the purchasing decision? What aspects of the experience should the customers see, and what should we keep hidden? Should we move some of the functions that are currently reserved for the back-of-house to the front-of-house? Should we display items we currently conceal, and perhaps conceal items that we currently display? What role should technology play in the dining experience – should we consider LCD table tops? What can we do to up-sell entrées during the appetizer course, and desserts during the entrée course?

There are an infinite number of questions that need to be answered, and I would suggest that we as an industry need to begin focusing on the task at hand. It is my belief that we are leaving a great deal of money on the table. The good news is that the tools to assist us with this research have improved exponentially in recent years. There are programs now available that access the sales information from the POS system, and break it down in a number of different

ways – by item, by server, by time of day, and so on. The more data that we are able to collect, the more specific (and successful) the approach will be.

Do not underestimate the potential that this field of study will have. Looking at many of the large chains, same store sales are a key indicator for their overall performance. A better understanding of our customers, combined with modifications to the facility required to support the new programs, will result in increased sales. It is going to happen. It has to happen. It is the next logical step. And to think that this line of thought all began with a simple typographical error.