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Brand Marketing

New Eyes for Detail

What's the half-life of a planogram? Does automatic replenishment drive out-of-stocks?

How many authorized displays have been erected for a brand's current promotion? Were they done right and on time?

What are competing brands up to in-store?

Answers to questions like these elude brand marketers every day. The consequences of the missing information may be promotions which underperform, shelf sets which deteriorate, unreliable forecasts and analyses - even product delistings.

But some proactive manufacturers are employing merchandising service firms as their eyes on the aisle, to bring back shelf status information in a rigid time frame. The benefits can be dramatic, and as some are finding, pursuing category management without this information can be a futile exercise.

Mentholatum Co., Buffalo, N.Y., recently dodged a bullet when a major chain drug account detected a fall-off in sales, says Bruce McQuiston, director of sales and marketing.

"They called us and questioned whether our item was right for their ads," he says. On analysis, however, the negative sales trend seemed unique to this particular chain.

"We had our merchandising service company run through the stores and they found out that we had only 60% distribution," he says.

It turns out that the buyer was unaware of the gaps. She had sent out proper schematics authorizing the product and relied on store clerks to execute them. Once she was informed of the source of the problem, Mentholatum's merchandisers were able to correct it and sales rebounded.

"Now the product is no longer in danger of being discontinued," says McQuiston. "It changed the whole scenario."

Warner Home Video, Burbank, Calif., relied on field reporting to keep close tabs on last-month's launch of its "Space Jam" home video. With multiple marketing activities carefully timed, it was essential that in-store displays appear on the product's "street date." The company hired SPAR Marketing Force, Tarrytown, N.Y., both to erect displays in thousands of mass merchandisers and report on their status overnight.

"Getting the displays out on time is critically important," says Bill Bartels, Senior Vice President, Corporate at SPAR. "In the video business, if you miss the date, it can cost you millions in lost sales."

With the stakes so high, the merchandisers called in descriptive reports from the field, which were compiled at SPAR's inbound telemarketing unit. "We could report back to Warner where the displays were placed, what accompanying [point-of-sale] materials were there," says Bartels.

Statistics on the display rollout were considered excellent: 95% display execution on day one; 99% on day two, he adds. For a time, SPAR's people will follow up on a weekly basis to replenish product and maintain the displays.

Bartels says the care taken on the launch underscored its importance to SPAR employees, a factor which may have contributed to the high on-time execution rates. "There certainly was a high level of motivation in our organization," he says.

For other in-store promotions, too, prompt on-site reporting allows for both reliable analyses after the fact, and midcourse correction while the event is in progress. ***

*** But beyond the direct sales impact is the monkey wrench such deviations throw into the category management works. The cycle of evaluation, planning, execution and evaluation breaks down.

"The whole concept of Efficient Consumer Response depends on planograms and sets being stable," said Bartels of SPAR Marketing. Failure to maintain the schematics, he insists, will undermine "all that work the analysts are doing."

Says McQuiston of Mentholatum, "There is so much talk in the industry about schematics, that everybody assumes it will be there throughout the entire chain. Our experience is that this is not necessarily the case."

The fault could be a new item or a shelf positioning change, he says, but it can cause a brand to miss as much as 30% to 40% of potential sales.

"This can be true even in Wal-Mart, even where distribution is supposed to be chainwide on a direct item," he says.