Optimizing Checkstand Merchandising

Maximizing Shopper Interaction in a New Era of Technology

Seven Key Insights for Checkout Optimization

1 The power categories of Beverages, Magazines & Confectionery generate over 90% of front-end checkout sales

2 Improving C/O Shopper Conversion by 1% nationwide could add over $191M in Revenue Annually ($5,058 per store)

3 Merchandising the Power Categories on every lane is critical

4 Shoppers spend more time looking at the Customer Left Arm & ROS top tiers when approaching checkout; Power Categories must be available in these areas

5 Secondary displays detract significantly from primary end-cap displays

6 Most C/O categories are not growing in step with historical growth rates; ensure that quality and space of space is allocated for those categories/items with the highest sales potential

7 Focus should also be provided on those categories that get a higher percentage of their total store sales from the front-end checkouts; those categories are primarily Magazines & Gum
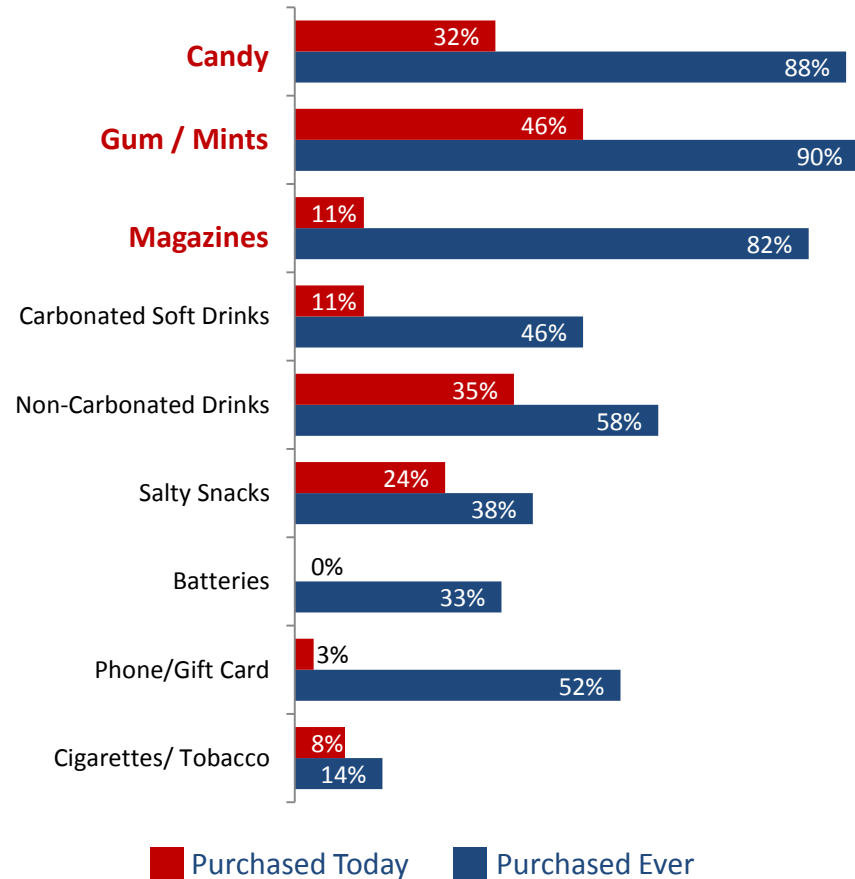
Items Consumers Purchased Most Were Gum/Mints, Followed by Candy, Beverages and Magazines

Did you purchase an item at the checkout today?

19% Yes

81% No
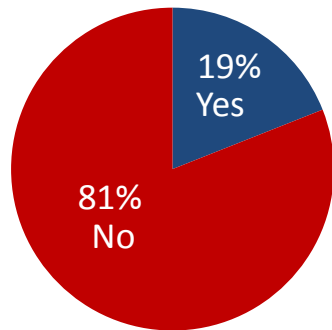
About 20% of shoppers purchase a checkout item on any given day

Checkout Purchases – % of Respondents

Item	Purchased Today	Purchased Ever
Candy	32%	88%
Gum / Mints	46%	90%
Magazines	11%	82%
Carbonated Soft Drinks	11%	46%
Non-Carbonated Drinks	35%	58%
Salty Snacks	24%	38%
Batteries	0%	33%
Phone/Gift Card	3%	52%
Cigarettes/ Tobacco	8%	14%

■ Purchased Today   ■ Purchased Ever

Front-End FOCUS   TimeInc.Retail INNOVATION LEADERS   INDIANA UNIVERSITY   VideoMining   DechertHampe

Candy, Magazines, Books & CD/DVDs Were Items Most Purchased on Impulse

- Candy, Magazines and Beverages Lead are at the top of the impulse spectrum
- While Books & CDs/DVDs were impulsive purchases, only 2% of consumers purchased those categories at the front-end checkstands
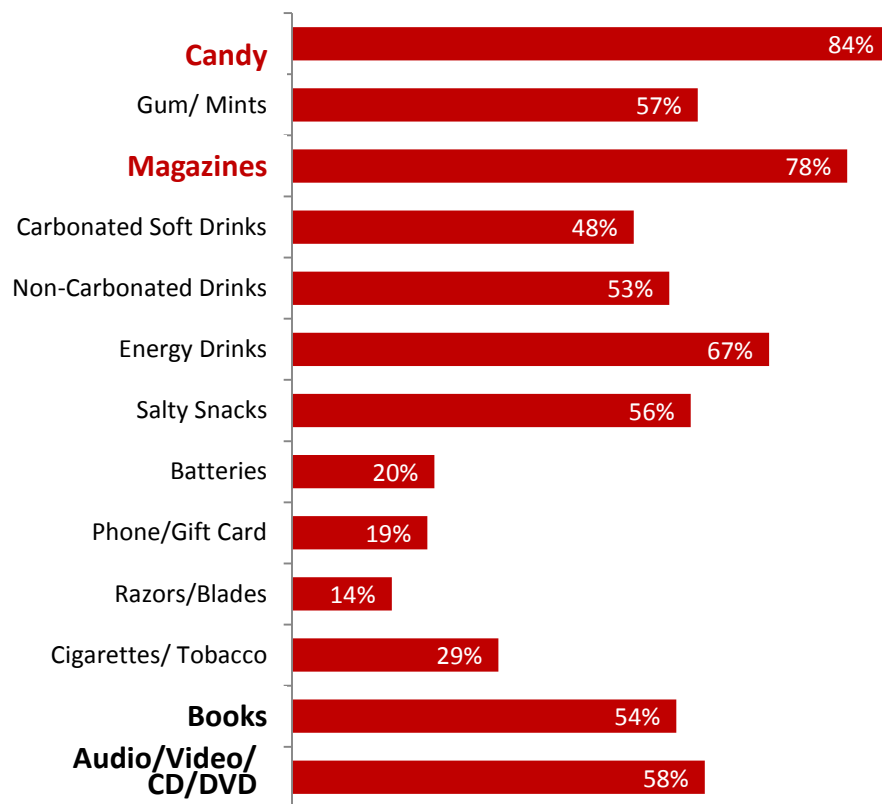
⭐ Recommendation

Front-end focus should be on Categories that:

- Are impulse-driven
- Many people buy
- People buy often

Do you plan to buy the item you actually purchased before coming into the store?
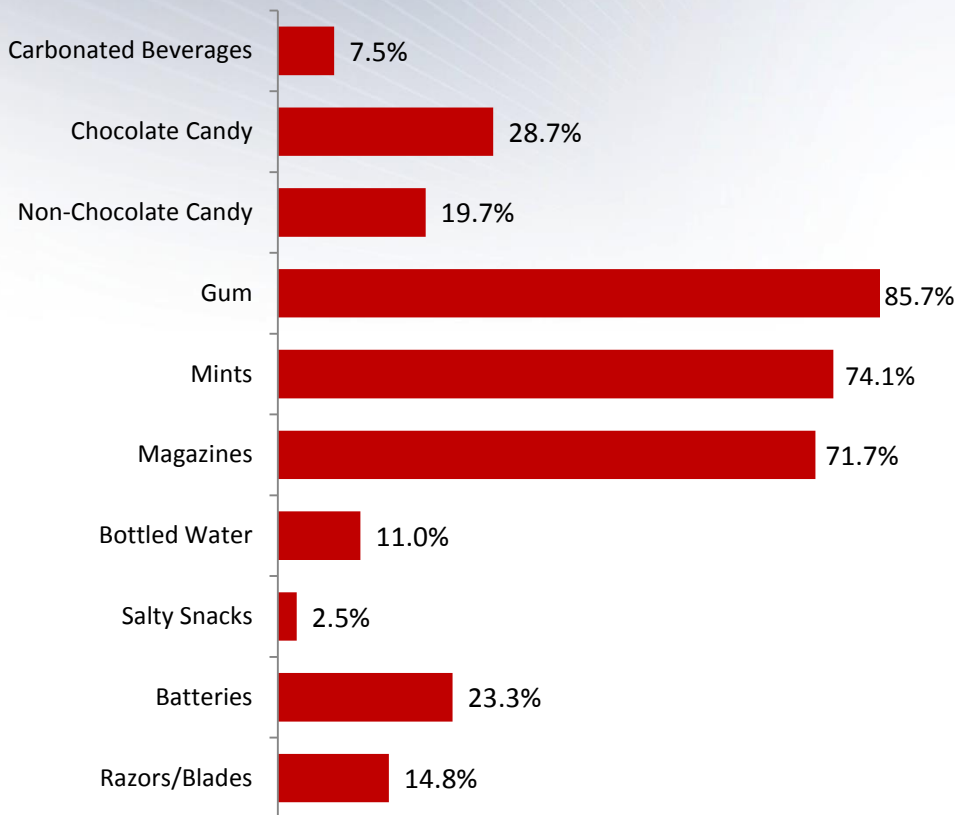(% Respondents purchasing category on impulse)

Category	%
Candy	84%
Gum/ Mints	57%
Magazines	78%
Carbonated Soft Drinks	48%
Non-Carbonated Drinks	53%
Energy Drinks	67%
Salty Snacks	56%
Batteries	20%
Phone/Gift Card	19%
Razors/Blades	14%
Cigarettes/ Tobacco	29%
Books	54%
Audio/Video/ CD/DVD	58%

Front-End FOCUS   Time Inc. Retail INNOVATION LEADERS   INDIANA UNIVERSITY   VideoMining   DechertHampe

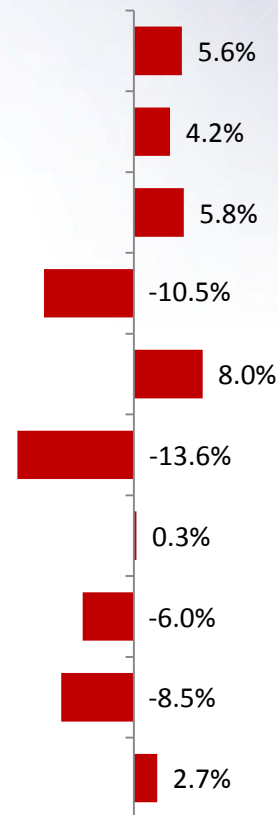# Importance of Front-End Sales to Total Store Sales Varies Greatly by Category

% of Total Store Sales Generated By Front-End Checkstands#*
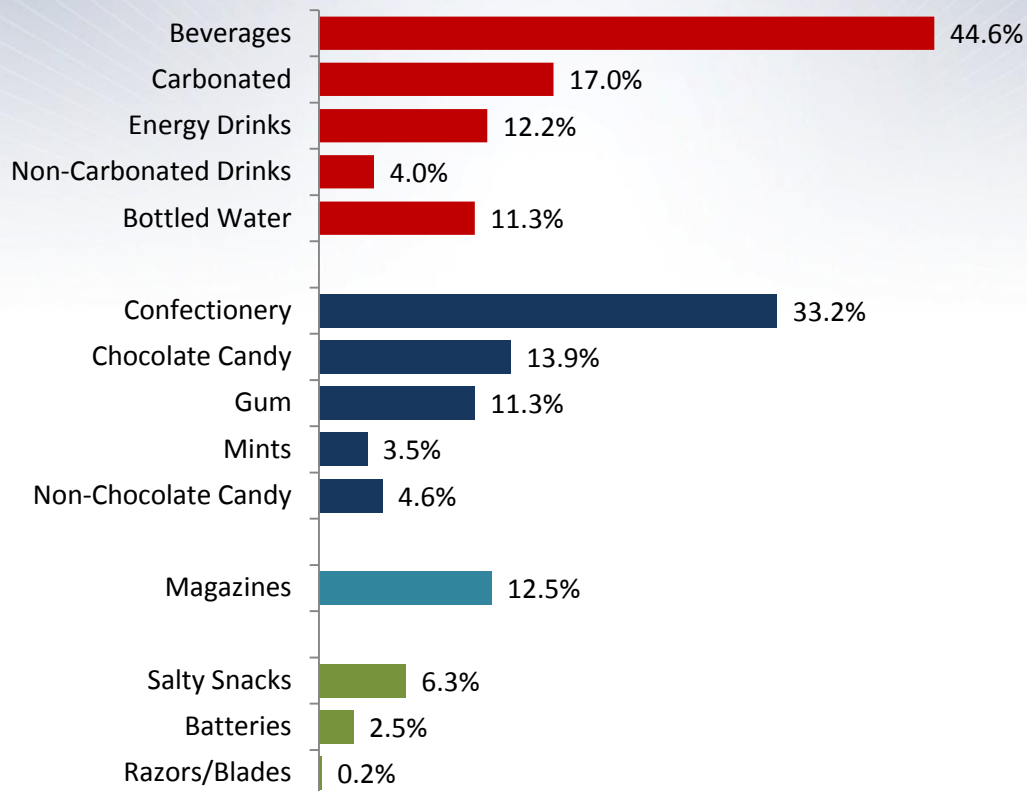
Category	% of Total Store Sales
Carbonated Beverages	7.5%
Chocolate Candy	28.7%
Non-Chocolate Candy	19.7%
Gum	85.7%
Mints	74.1%
Magazines	71.7%
Bottled Water	11.0%
Salty Snacks	2.5%
Batteries	23.3%
Razors/Blades	14.8%

SALES % CHANGE

Category	Front-End#	Total Store*
Carbonated Beverages	5.6%	0.6%
Chocolate Candy	4.2%	2.8%
Non-Chocolate Candy	5.8%	2.0%
Gum	-10.5%	-0.2%
Mints	8.0%	6.5%
Magazines	-13.6%	-12.8%
Bottled Water	0.3%	5.9%
Salty Snacks	-6.0%	3.2%
Batteries	-8.5%	0.3%
Razors/Blades	2.7%	-4.9%

- Focus attention on front-end checkstands on Magazines, Gum and Mints since most of the total store sales come from the front-end checkstands.

Beverage, Confectionery, & Magazines Drive Front-End Sales

Dollar Shares of Front-End Checkstand Sales

Category	Share
Beverages	44.6%
Carbonated	17.0%
Energy Drinks	12.2%
Non-Carbonated Drinks	4.0%
Bottled Water	11.3%
Confectionery	33.2%
Chocolate Candy	13.9%
Gum	11.3%
Mints	3.5%
Non-Chocolate Candy	4.6%
Magazines	12.5%
Salty Snacks	6.3%
Batteries	2.5%
Razors/Blades	0.2%

Best Practice:
Manage The Front-End Based on Consumer Buying Behavior

Low Scores

- Health Items
- Razors/Blades
- Baked Goods
- Lip Care
- Oral Care
- Household Products
- Audio/Video/DVD
- Other Snacks
- Beauty Care
- Grocery Products
- Film/Camera Supplies
- Children's Items
- Nutrition/Energy Bars
- Books
- Maps/Horoscopes/Puzzles

Mixed Scores

- Salty Snacks
- Batteries/Flashlights
- Cookies/Crackers
- Nuts/Seeds
- Meat Snacks
- Gift/Phone Cards
- Tobacco Accessories

High Scores
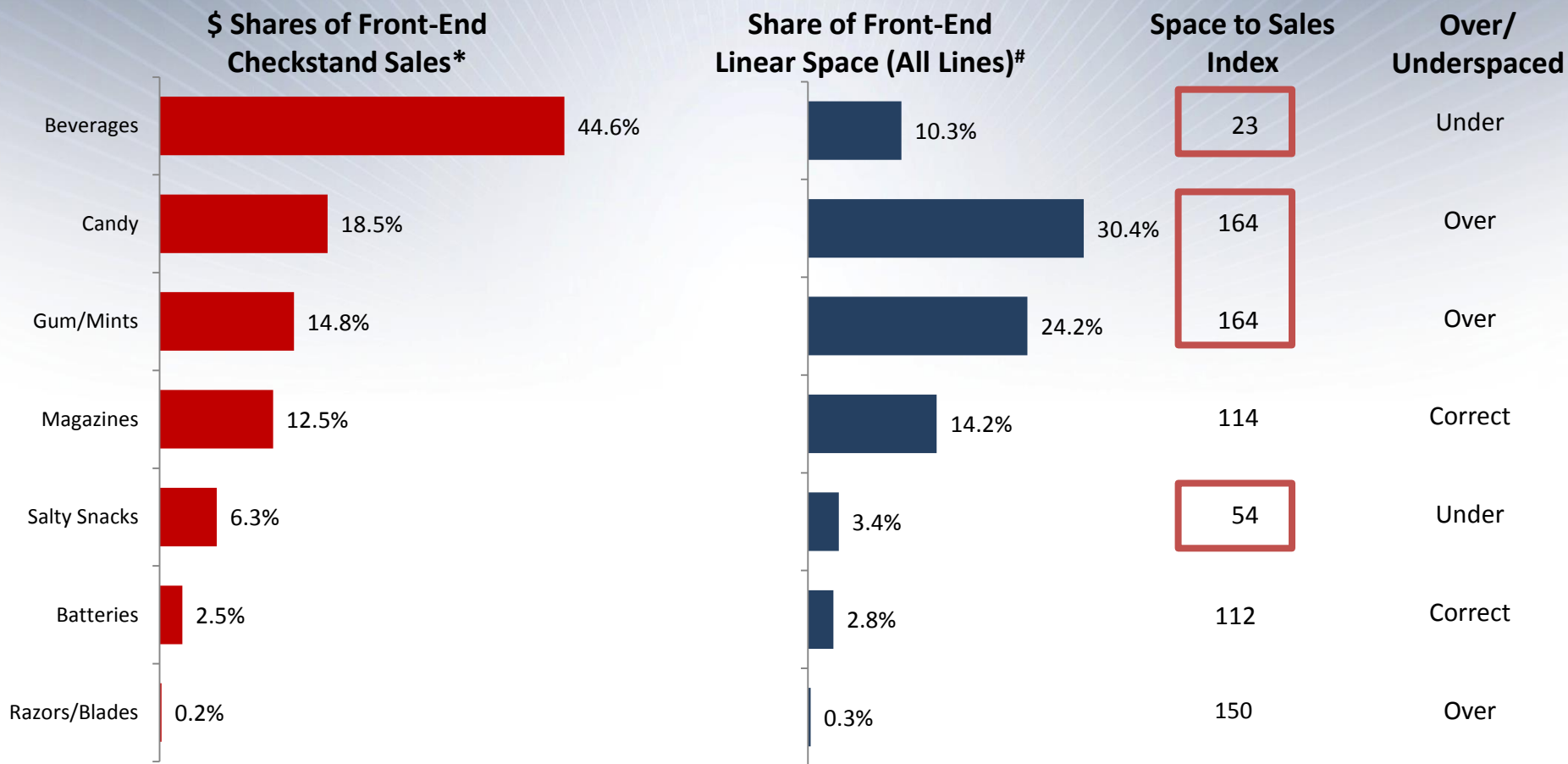
- Confectionery
- Beverages
- Magazines

Recommendation

Focus on key categories that

- Have high Household Penetration
- Have high Purchase Frequency
- Provide Higher Impulse Sales
- Generate higher Front- End Sales

Source: Front-End Focus

Dollar Sales Importance Does Not Match The Amount of Linear Space That Front-End Categories Receive

Category	$ Shares of Front-End Checkstand Sales*	Share of Front-End Linear Space (All Lines)#	Space to Sales Index	Over/ Underspaced
Beverages	44.6%	10.3%	23	Under
Candy	18.5%	30.4%	164	Over
Gum/Mints	14.8%	24.2%	164	Over
Magazines	12.5%	14.2%	114	Correct
Salty Snacks	6.3%	3.4%	54	Under
Batteries	2.5%	2.8%	112	Correct
Razors/Blades	0.2%	0.3%	150	Over

★ **Best Practice**   It would seem that Beverages are underspaced while Confectionery is overspaced.