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Product Placement

The perfect placement: The science and psychology behind retail product placement

Sally Shopper drives to the grocery store with the intention of simply picking up a gallon of milk. She's had a long day at work and just wants to make a quick stop before heading home to cook dinner for her family. Little does she know, she's about to experience the consumer-end benefits of strategic product placement, backed by decades of scientific studies, with as much conceptualization as an architectural drawing and as much choreography as a ballet.

Sally enters the store, grabbing a cart at the door—just in case. Mellow '80s music plays in the background and she finds herself humming along to an old favorite tune. As she hits the produce section, she spies a great sale on strawberries. Next to the rack of berries is a tempting stack of bakery-fresh shortcakes and coupons for whipping cream, which gets her thinking.

"Strawberry shortcake might be a nice way to top off dinner tonight," she says to herself. She makes a mental note to grab some of that whipping cream on the way through dairy, to finish the dish and continues on her way.

She rounds the end cap and spots organic blue corn chips and a new brand of delicious-looking salsa, alongside the most charming glazed salsa serving dish. Signs say she can purchase all three and get a \$3 discount, nearly the price of the salsa. She grabs each item and tosses them into the cart.

As she pushes through the meat section, she sees a sale on pork chops, which she simply cannot pass up. By the time she gets to the milk and that whipped cream, her cart is filling and exhaustion is setting in. She quickly makes her way to the check-out line when a heavenly smell hits her nose. "That rotisserie chicken would make dinner so much easier," she thinks. She chooses a perfectly roasted bird and grabs some fluffy, bakery fresh buns in a nearby basket.

At check-out, there's a bit of a wait. She passes the time by glancing over the headlines on the entertainment magazines and grabs one, which she decides she must have so she can finish reading the latest news on that hot Hollywood couple. A toddler in the shopping cart ahead of her throws his juice box on the floor and starts crying. She rubs her temple and averts her eyes to the bouquets of daffodils that drape over a bucket next to the magazines. She deserves those flowers, she thinks, after the day she's had. So, she treats herself. After she makes her way through the line, she struggles to loop four grocery bags on her arm



and fumbles to find her keys. She shakes her head and giggles to herself, “I just needed a gallon of milk!”

While Sally Shopper’s story is total fiction, it’s hardly far from fantasy. Most consumers can easily recall a time when they journeyed to the store to get a single, necessary item and came home with a trunk-load of goods they hadn’t originally intended to buy. At first thought it’s something that just happens: We simply want to treat ourselves to something nice or new or we happen to see something we forgot to put on the list. But behind the scenes, it’s a whole different story. Enter the science and psychology of consumer buying habits, and specifically, the art of product placement.

In this Blue Paper® and podcast, we’ll take a closer look at the consumer decision making process, what makes for effective product placement on and offline, the importance of thoughtful product placement and how certain considerations to these factors can help drive sales in a fun and strategic way.

Consumer decision drivers

Let’s start by stepping back to briefly dissect the shopping decision process. What drives consumers to buy is much more than a mere impulse. It’s dependent upon layers of factors, many of which retailers and marketers can use as guides for developing effective marketing tactics. In fact, as any store owner or manager knows, the consumer buying decision process is multifaceted, and complex. It is dependent upon several influences, among them both psychological and sociocultural.¹

Psychological

These factors can include the consumer’s motivation, perception, learning, values, attitudes and lifestyle. Store design and layout can have some impact on this, as can everything from lighting to music selection to special offers. Anticipating a shopper’s psychological state at various points in the shopping experience can enable retailers to create a better experience. For example, if you know a shopper may be tired in the check-out line, having rotisserie chickens ready to go and on display at dinner time may be an excellent sales tactic. Likewise, having a fresh bouquet within arm’s reach while Sally waits in line may increase the likelihood of selling those flowers.

¹ “Consumer Behavior.” Reading. *Consumer Purchasing Decision Process*. Web. 11 Dec. 2011. <<http://www-rohan.sdsu.edu/~renglish/370/notes/chapt05/>>.



Sociocultural

These evolve from both formal and informal relationships with others, and include personal influence, reference groups, family, social class, culture and subculture. Retailers have minimal control over sociocultural influences and can only hope that positive word-of-mouth and glowing online reviews play a peripheral role in consumer socioculturally affected buying decisions, which they frequently do. For example, though a woman in Minneapolis may not personally know anyone who has left a review of a local floral shop online, if they are all members of the Yelp.com community, she may give a good deal of weight to the average community feedback. If the majority of reviews are positive, the floral shop may gain a new customer and the opportunity to retain a relationship. If they are negative, the store may lose the opportunity forever.

As marketers, researchers and business owners have come to learn, it is possible and desirable to look at the psychological factors that influence buying, particularly once a consumer is inside the store, where they are a relatively captive audience. Harness the influence of psychological factors and you have the potential to drive up sales, move merchandise that hasn't been selling, and cross-sell merchandise your customer didn't realize they needed or wanted in the first place—but are grateful to have found, with your help.



Tapping into these factors in an effort to increase sales isn't just limited to bricks-and-mortar locations. Quite the contrary; as consumers increasingly look to online vendors to meet their needs for goods, strategy surrounding online sales has also developed. Without the limitations of aisle end caps or high traffic routes, online stores can easily reach consumers with items related to previous searches, goods often sold in conjunction with their chosen items, and clearance items that best match the consumer's individual habits or needs.

The psychology of impulse buying

Whether online or in stores, retailers are wise to tap into that nebulous consumer desire to buy on impulse. Long term studies show that only one third of the purchases made in stores are, in fact, pre-planned.² Capitalizing on the urge to buy impulsively through product placement is a natural and strategic next step for most retailers.

² Dreze, Xavier, Stephen J. Hoch, and Mary E. Purk. "Shelf Management and Space Elasticity." *Research Chicago Booth*. Nov. 1994. Web. 11 Dec. 2011. <<http://research.chicagobooth.edu/marketing/databases/dominicks/docs/1994-ShelfManagement.pdf>>.

Impulse buying carries many definitional elements, among them³:

- An unplanned purchase
- A response to stimulus
- Not in response to a preconceived problem
- No intentions to purchase prior to beginning shopping
- A sudden, spontaneous desire to act
- An on-the-spot decision
- Reduction of intellectual evaluation
- No evaluation of consequences

Simply put, when a consumer buys something on impulse, they make an unintended, unreflective and immediate purchase. So, if you went to the store for frozen broccoli and noticed a small hanging rack of stainless steel steaming baskets conveniently located on the freezer door, you might be moved to impulsively buy that basket. Particularly if you connected increased convenience to the item or improved flavor, and if the price seemed right.

Online shoppers behave similarly to in-store shoppers in that they will often purchase impulse items at the point-of-purchase when they are offered. By showcasing products that are related to what they're buying, you can help your customers easily find and choose items they may need or want to purchase but hadn't thought to search for in the virtual store.



Impulse buying and product relation

To use impulse buying behavior as a guide to potentially drive up sales, you may consider two kinds of product relation to employ in either online or in-store sales.⁴

Natural Relation

Natural relation is the most common type of product relation, also known as ontological relation. What does it mean? Products being sold together somehow naturally belong together. For instance, a new laptop may be sold alongside a laptop carrying case, a wireless mouse, and flash drives or external hard drives of various sizes. By grouping related items, you are offering accessories the consumer may find useful, desirable or necessary.

³ Koski, Nina. "Impulse Buying on the Internet: Encouraging and Discouraging Factors." Web. 11 Dec. 2011.

⁴ Ibid.

Collective Behavior

Collective behavior indicates that products may not have an apparent natural relation to one another, but may be linked based on consumer research, which indicates people typically buy the items together. For example, based on consumer research, a store owner may opt to place pool cleaning supplies next to patio furniture, even though the two may not appear to be linked initially. However, consumer research may show that customers who buy new patio furniture are interested in purchasing items or tools that clean and refresh the look of their pool, to beautify their entire backyard. Even though the cleaning supplies do not support the furniture in any way, it would be in the store owner's best interest to place the items next to each other—whether in a bricks-and-mortar store, or online.

The science behind encouraging impulse buying by tapping into the needs and wants of customers to maximize sales is something researchers have been striving to define for nearly half a century.

Now that we understand some of the psychology behind consumer behavior and product relation, let's take a closer look at store layout and its effect on sales.

Strategy in the strike zone

The strike zone is the section of the store a customer first enters, about 10-20 feet inside the door, and it is a prime location for featuring merchandise. In general, customers in the strike zone scan the area, looking left to right, just as we were taught to read.⁵

The inside perimeter of a store, sometimes called the race track, experiences the highest traffic especially in the supermarket setting. Research indicates that the majority of shoppers typically don't wind their way down one aisle to the next, but instead use the race track as a launching point, then dart in and out of aisles as needed. In well-planned stores, promotional items are usually on the ends of the aisles, where customers see them as they walk toward a specific aisle for an item they are seeking. If the store has done its homework, the promotional item will likely be related to or similar to the item the customer is seeking.



⁵ "Organize Your Products, Optimize Your Sales | WholeFoods Magazine." WholeFoods Magazine. 1 Mar. 2010. Web. 11 Dec. 2011. <<http://www.wholefoodsmagazineonline.com/news/tip-month/organize-your-products-optimize-your-sales>>.

“Once customers have moved through the strike zone, they usually walk along the right wall,” says Logan Gray of grocery giant, Whole Foods®. “This is where affordable or common items should be placed, such as vitamin C during the cold season. New customers will pick up items in this area and compare the store’s price to their own willingness to pay.”

It’s in this area, adds Gray, that vital judgments are made by customers that cause the customer to continue shopping or leave to find a more reasonably-priced store.⁶

Whether or not customers purchase those promotional items or the goods in the strike zone, depends upon a number of factors. Researchers point to three variables in impulse buying, let’s go over each.

Person-related causes

Studies show a person’s general impulsiveness contributes to their likelihood to purchase something impulsively. Certain emotions, like excitement or pleasure that arise from the thought of using or owning a product, have been found through research to lead consumers to buy impulsively. Alternately, emotions like anxiety and guilt have been found to have no effect on the urge to buy.⁷

Product-related causes

Some products are more likely to become an impulse buy than others. As early as the 1960s, researchers found that items with a low price or short product life are more likely to be snatched up impulsively. More recently it has been determined that the links between a consumer and product carry more weight than attributes of the product itself. For example, social psychologists often support the viewpoint that items which project a person’s self-image are more likely to become an impulse purchase. In addition, a consumer’s involvement with the product category affects their impulse buying tendency.

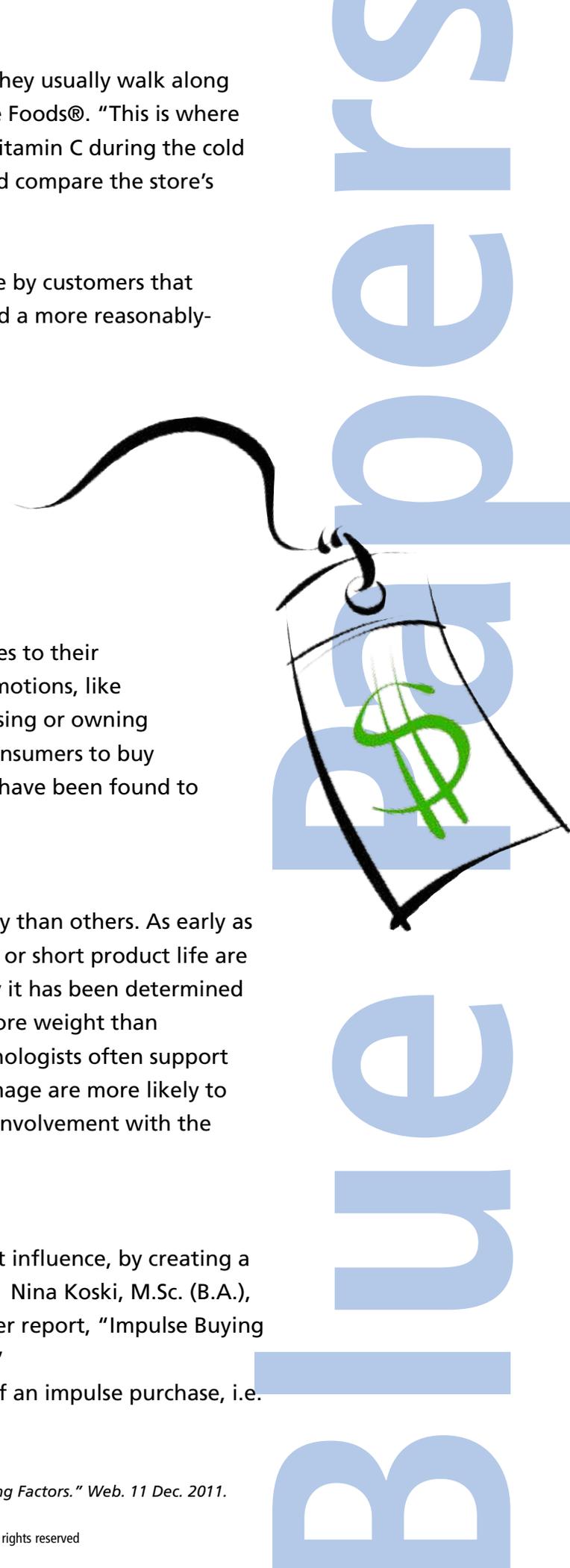
Shopping environment-related causes

Here’s where shop owners are likely to have the greatest influence, by creating a shopping environment that encourages impulse buying. Nina Koski, M.Sc. (B.A.), Ph.D. student at the University of Tampere explains in her report, “Impulse Buying on the Internet: Encouraging and Discouraging Factors.”

“In general, in-store browsing increases the likelihood of an impulse purchase, i.e.

⁶ Ibid.

⁷ Koski, Nina. “Impulse Buying on the Internet: Encouraging and Discouraging Factors.” Web. 11 Dec. 2011.



retailers have to grab consumer attention, and make the sale for an individual item. Much of today's product placement is based on research that suggests the average consumer begins their shelf-shopping experience at eye level, works from left to right, and makes their purchase decision in less than 8 seconds. As consumers face extraordinary time pressures, merchandisers fall under the same constraints, making product placement even more vital to sales outcomes.¹¹

Perhaps it goes without saying, then, that retail shelf space is valuable real estate. Manufacturers, for the most part, are prepared to pay handsomely for prime placement. A recent report out of the University of Chicago found that store occupancy costs range from about \$20/square foot for dry grocery shelf space to over \$50/square foot for dairy and \$70/square foot for frozen foods. Manufacturers expend considerable resources to secure this real estate: an improper location or an under-allocation of space might kill a product before it achieves full sales potential. And retailers work hard to maximize return on their investment: allocating too many facings is a waste, while allocating too few will result in lost sales due to out of stocks.¹²

Paying significant premiums for prime space is something manufacturers are willing to do both when running promotions on items and even on a daily basis. For retailers, this can translate into significant dollars. Research indicates manufacturers are willing to spend up to 50 percent of their promotional dollars to secure feature advertising and valuable temporary display space, which may include end caps, in-aisle "gondolas," eye-level shelf space and more. For their part, retailers have become wise to the value of this space, and routinely charge what are called "slotting allowances" for prime product placement, particularly when introducing new products to consumers.

Meantime, retailers know they can also increase per-customer sales transactions by focusing on attracting the customer's attention to additional purchase opportunities. They can do this through a wide variety of temporary and permanent display characteristics. It's no surprise that temporary displays have the greatest potential for attracting attention because their large size and novelty make them much more intrusive. But permanent displays can also be used to increase attention by manipulating: the location of the product within a display; the area (facings) devoted to the product; product



¹¹ "Conversion Optimization with Product Placement | Razorfish Search." Web log post. Search Shots Blog - Razorfish. 2 Aug. 2011. Web. 11 Dec. 2011. <<http://razorfishsearch.com/2011/08/02/product-placement-tactics-online/>>.
¹² Dreze, Xavier, Stephen J. Hoch, and Mary E. Purk. "Shelf Management and Space Elasticity." Research Chicago Booth. Nov. 1994. Web. 11 Dec. 2011.

adjacencies; and aesthetic elements such as size and color coordination and special signage.”¹³

Product placement on the Web

When it comes to product placement, though not a traditional definition—placement on the Internet has been proven to offer opportunities for increased sales. Because of the unique nature of buying online, the Internet has several inherent features that make it a contender for the impulse-buying public:¹⁴

- It offers anonymity, allowing a shopper to purchase items impulsively without experiencing any embarrassment. Items which might cause a shopper to be otherwise ashamed can be purchased privately.
- The Internet is open 24/7, available whenever and wherever the consumer may be when the impulse to purchase something arises.
- The Web has an almost limitless selection of goods; the greater variety may encourage buying. It is important to note that some researchers dispute this, as the Internet can encourage comparison shopping, which may in the end discourage impulse buying.
- The possibilities for hyper-personalization of Internet-based product selections increases target marketing capabilities and the likelihood of hitting the impulse-buying hot button of an individual, wherever it may be.
- Items purchased on the Internet are typically bought with a credit card, which offers the perception of increased buying power, and can encourage impulse buying.



Whether on or offline, product placement strategy is well developed, though ever-evolving.

¹³ *Ibid.*
¹⁴ *Ibid.*

The use of planograms

Switching gears back to the offline world, determining the best positioning for all of a store's inventory and displays can be complex. One tool retailers have learned to embrace to simplify the process, or at least introduce science and reason to the effort, is the planogram, a diagram that helps retailers determine where specific merchandise should be in order to maximize sales. According to proponents, planograms can help a retailer know where to place specific products to achieve the maximum effect, attracting customers and encouraging them to buy the item. Planograms may also help store owners make the best use of their space, and some say, help generate increased revenue for the store. These days, manufacturers will often release a suggested planogram with a product launch, to illustrate where the item fits in with existing retail goods. Overall, planograms are intended to maximize shelf space, inventory turnaround and profit margins.



Advocates say planograms can have a number of benefits that extend far beyond the potential for increased revenue. They include¹⁵:

- Assigned selling potential to every square foot of space
- Satisfying customers with a better visual appeal
- Tighter inventory control and reduction of out-of-stocks
- Easier product replenishment for staff
- Better related product positioning
- Effective communication tool for staff-produced displays

Planograms can be helpful to brick-and-mortar stores of all shapes and sizes. "Big box stores and larger retailers typically hire merchandising specialists to assist in developing planograms or they may have their own in-house planogrammer," explains retail expert and writer for About.com, Shari Waters. "Due to the hefty price tag of most planogram software, small and independent retailers often resort to using word processors or paper and pen to optimize shelf layout."¹⁶

A key determining factor in planogram recommendations is visual product placement, which is decided upon based on a number of factors.

Visual product placement

There are many types of visual product placement which retailers can use to capitalize on consumer habits, trends and preferences.¹⁷

¹⁵ Waters, Shari. "About Planograms - Understanding the Retail Planogram." *About Retailing - Starting a Small Business in Retailing - Store Operations*. About.com. Web. 11 Dec. 2011. <<http://retail.about.com/od/planograms/a/planogramming.htm>>.

¹⁶ Ibid.

¹⁷ "Planograms - Meaning, Its Need and Types of Product Placements." *Management Study Guide - Free Training*

Horizontal product placement – products are placed on shelves, side by side to showcase a wide range of options for consumers.

Vertical product placement – merchandise is displayed on more than one shelf level.

Block placement – related or similar items are stocked together in one place, under a common umbrella.

Commercial product placement – the brand value of the items is taken into consideration. The public's perception of the merchandise determines where it will be placed in a store. Items with the highest perceived value or image would score the best shelf real estate in the store. Items which do not contribute greatly to the store's bottom line get less favorable positioning.

Market share product placement – products which generate the most revenue for the store will be placed in a prime location, so customers can easily find and purchase the item.

Margin product placement – the greater the profit on the item for the retailer, the better its location in the store.

Once a store manager or owner has determined the criteria by which they will organize inventory on shelves, it is vital to take into consideration positioning of those items. Traditionally, eye-level displays are preferred, followed by space at waist level, then knee level and ankle level. But because most everything is at eye-level store experience has proved that consumer response to shelf location depend on other factors, too, such as product package size, whether or not it's being advertised, its need for visibility and intended market segment.¹⁸ Likewise, it stands to reason that lower store shelves present opportunities to market to children.

As stated earlier, consumers examine items on shelves from left to right. Enterprising manufacturers have leveraged their clout (and budgets) to claim prime eye-level shelf space, and price items low to high from left to right. This has subconsciously suggested to consumers that higher-priced items are on the right, essentially knocking all competition to the right and below the items out of consideration.¹⁹



Guide for Students and Entrepreneurs. Web. 11 Dec. 2011. <<http://www.managementstudyguide.com/what-are-planograms.htm>>.

18 Da Cunha, Sylvester. "The Science behind Shelf Placement - Economic Times." Featured Articles From The Economic Times. 20 Jan. 2010. Web. 11 Dec. 2011. <http://articles.economictimes.indiatimes.com/2010-01-20/news/27572872_1_shelf-space-product-shelves>.

19 "Conversion Optimization with Product Placement | Razorfish Search." Search Shots Blog - Razorfish. 2 Aug. 2011. Web. 11 Dec. 2011. <<http://razorfishsearch.com/2011/08/02/product-placement-tactics-online/>>.

Developing a product placement strategy

As you consider the myriad factors that play a role in consumer behavior, you are now ready to develop your own product placement strategy. Here are some tips to get you started.²⁰

- 1) Using anything from an expensive planogram to your personal computer or even pen and paper, create a shelf layout.
- 2) Be sure to allow sufficient walking space for customers, to accommodate traffic flow in both directions. If you have shopping carts, allow space for customers to stop near a product without disrupting traffic flow.
- 3) Create flow that encourages customers to enter from the front and walk all the way to the back of the store. This increases the time customers spent in your store. Remember, most North American customers turn to the right upon entering a store, and work their way counter-clockwise.²¹
- 4) Customer service and checkout counters should be visible to customers entering the store.
- 5) Consider spreading items that sell well throughout the store, to allow customers to browse to find what they want. At the same time, place services customers want in the most accessible locations.
- 6) Aisle layout should be a horseshoe design that showcases high-demand items at the start, then guides customers to the back of the store and near the exit with last minute purchase needs.
- 7) If you have selling aids or collateral, be sure to include placement for those products in your plan.
- 8) There are two schools of thought on which products to place at eye level. Some marketers suggest making sure the most profitable products have the most facings at eye level. Others recommend placing slow-selling items in highly-visible areas to boost sales. Determine which line of thinking works best for your organization. Then, consider whose eye level you are trying to reach, as it will differ depending on whether you are showcasing products for adults or children. Aim for uncluttered lines of sight, which will make your store appear cleaner, and will deter shoplifters.
- 9) Resist the urge to overstock merchandise, which can overwhelm customers.



²⁰ Blank, Chris. "Retail Shop Layout Ideas." Ehow.com. Web. 20 Dec. 2011. <http://www.ehow.com/list_5809038_retail-shop-layout-ideas.html>.

²¹ Anderson, Arnold. "Retail Layout Strategies." Chron.com. Web. 20 Dec. 2011. <<http://smallbusiness.chron.com/retail-layout-strategies-11464.html>>.

- 10) Consider occasion-based merchandising, which places items used together in close proximity. Alternatively, you may want to utilize category-based merchandising, which places like items together.
- 11) Graduate signage so that signs become higher from front to back and from the center of the space to the sides.
- 12) Back walls should be bright with simple displays.
- 13) Display cases can not only draw attention to products, but can also be conveniently used as a countertop for customer interaction with sales associates.
- 14) Be prepared to change your layout or planogram often as consumer needs and products dictate.

Cross-selling and up-selling

The two primary ways retailers can realize increased sales among their existing customer base is through cross-selling and up-selling. Cross-selling is the practice of promoting related items to a product being sold to a consumer. Up-selling is the practice of offering consumers an improved version of the product they intend to buy. These tactics can not only improve the customer buying experience by helping them find items they need or want, but can also increase sales volume for the retailer. The key to effective cross-selling and up-selling is putting your customers' needs first by adding value to the customer experience with your related-item suggestions. Cross-selling helps to educate your customers on the depth and variety of what your business has to offer but, above all, don't use cross-selling carelessly as a forum to simply push more products or services.²²



Remember our fictional shopper, Sally? Consider her purchases. Remember the strawberries, how they were on sale, and placed next to the shortcake? Think of how that single purchase led to the sale of two other items: shortcake and whipped cream. This is an excellent example of cross-selling: the retailer is enticing Sally to buy something related to something she has already decided to buy. Note also that the store does not inundate Sally with choices. The retailer could have stocked the area with a number of related items that a cook might use with strawberries: a huller, pie crusts, yogurt, trifle ingredients, pancake mix, rhubarb and more. Yet, in cross-selling, it is important not to overwhelm your customer or make them feel as if you are trying to sell them everything. This counts whether you are selling something in person, or passively, either online, or by placing it on a shelf.

²² H., Bill. "Tips for Effective Cross-Selling and Up-Selling." *Sell It! on the Web*. Web. 11 Dec. 2011. <<http://sellitontheweb.com/blog/tips-effective-cross-selling-up-selling/>>.

Another excellent example of cross-selling that you may see regularly is when you're buying a new cell phone. Think back to your last experience. Chances are the salesperson offered you the opportunity to also buy accessories for your phone, and even a protection plan. You may have even received an email with additional discounts for accessories. But these cross-selling efforts had meaning to you—you want to protect your \$400 phone, and you want to make sure you can charge it while on the road. Add-ons like these are often perceived as a benefit to consumers, rather than a high-pressure sell.

In the online world, there are no shelves on which to set related items, and there is no physical check-out counter where you can hang items that consumers might buy on impulse, but that doesn't mean you can't leverage product placement. Quite the contrary ... in the virtual world, your opportunities to exercise strategic product placement are limitless: there are no shelves to set up, there is no inventory to move and individually price. Instead, you can build in a system of helpful recommendations for your customers, to either up-sell or cross-sell goods. Your site visitors are then free to continue browsing, while keeping the originally-intended purchases in their virtual shopping cart.

Whether your store is bricks-and-mortar or online, consider seven these tips to help you cross-sell more effectively through product placement²³:

- 1) **Be relevant.**
Offer suggestions which are related to the original sale—either what customers have come in for originally, what they are buying online, or what they are picking up at the grocery store. But avoid the temptation to push the entire inventory on them. If a customer buys some peanut butter, show them the jelly rather than the green beans. Your customer does not want to be inundated with too many choices when they have selected an item.
- 2) **Maximize positioning.**
Place your cross-sell items near the related items your customers are purchasing—either physically or virtually. In the store where Sally was shopping, the shortcake and the salsa and dish are both excellent examples. Seeing the shortcake planted the suggestion that Sally make strawberry shortcake for desert. Seeing the salsa dish and salsa helped cross-sell those items when they were



²³ Ven. "10 Cross Selling Techniques That Work." *Money Making Online - Anatomy of Online Business, Tips and Guide for Free*. 27 Sept. 2010. Web. 11 Dec. 2011. <<http://moneymakingonline.com/2010/09/07/10-cross-selling-techniques-work/>>.

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positioned near the chips. Experts suggest you let your customers see the accessories or related items that you have on hand, but don't overwhelm them with choices. For Internet-based stores, use a suggestion tool, which can often be found in conjunction with eCommerce software.

3) **Bundle products.**

Offer discounts for buying groups of items. Consider combo meals which have worked in the fast food industry. In grocery stores, you can group items visually, placing them on the same end cap and offering a deal on purchasing the entire group. Consumers, as a rule, love finding a good deal. If they know they will save \$2 by purchasing chips, salsa and a dish, they will be more inclined to purchase all three.

4) **Consider location.**

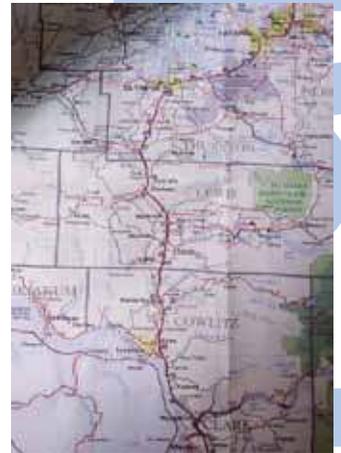
Timing and placement are both critical to your sales success. The most effective locations for cross-selling and up-selling online are the product-specific pages and the page allowing customers to view their cart before checking out. Feel free to experiment with other locations on your website, to determine what works best for you and your customers.

5) **Separate low and high involvement items.**

Strive to separate your low-margin, easy-selling items for which consumers need little information, from the items which require a great deal of info to make the sale. These low-involvement items should be displayed closer to the point-of-purchase, online that means the "view cart" page; in stores this means the check-out lane. Meantime, high involvement, higher margin alternative product suggestions should be displayed on the product pages. These require greater examination by a customer. You don't want to slam your customer with such a big decision late in the buying process. Presenting alternatives early online helps avoid indecision.

6) **Show top suggestions.**

Tap into relationship selling. Online, tell your customers what other customers have bought, and what products they believe are the best. While this type of product placement may be impossible in stores, online it's golden. This allows customers to compare products, features and prices, and customers love information.



7) **Keep add-ons at checkout.**

This applies to both in-store purchases and online. Customers hate having to check out twice, or run back to an aisle for something they forgot. They do not want an impulse buy to send them to the back of the check-out line. They do not want to re-input their credit card info just because they want to add on some batteries with the electronics they just bought. Make it easy for them to make their purchases by ensuring smooth flow from pre-planned purchase to impulse purchase to checkout.

Though a grocery store has served as our primary example of product placement, product placement strategy is employed far beyond the retail grocery market. Savvy consumers and retailers alike will notice similar strategies employed by fast food restaurants, which place the deep fryer near the front counter so consumers will see and smell hot fries as they come out of the oil and be tempted to purchase some for themselves. Customers may notice that a rack of clothing on clearance is set outside a store, and after perusing the rack, they find themselves drifting in to see what's new. Or, a young woman who is shopping for a shirt may see one that suits her taste, paired with a perfect necklace, skinny jeans, boots and a matching handbag, all displayed at the virtual check-out counter or on a physical clothing rack in-store. Merchandisers hope that this will drive her to open her wristlet a bit wider. To her, the transaction may seem simple, and that is perhaps the ultimate goal: that the science and psychology of product placement and impulse purchasing is relegated to the halls of retail strategy, and the consumer simply views the buying process as seamless, convenient and ultimately a pleasant experience.



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