

Increasing Restaurant Profits with Product Merchandising

by James C. Makens and
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Product merchandising has become a nearly essential part of a restaurant's income stream. Selling mint candy at the cash register is just the beginning.

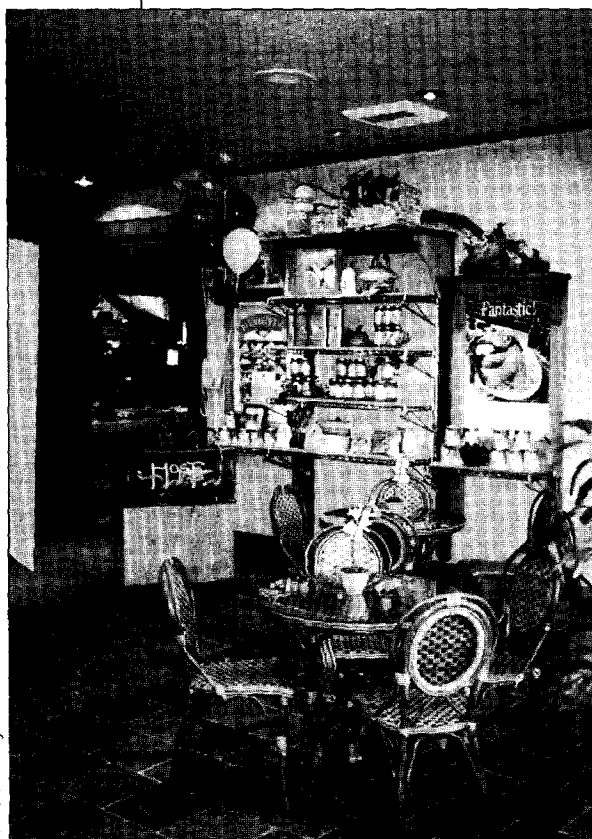


Photo courtesy of Marie Callender's Restaurants

Managers in all restaurant segments are discovering that effective product merchandising can increase profits, improve competitive positioning, and promote the restaurant. Merchandise sales can account for 20 to 50 percent of total restaurant sales. If a restaurant chain records per-unit sales in excess of

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\$10 million, 20 percent of that amount becomes a significant figure, especially when gross profits on merchandise average 50 percent. In this article, we will explain why product merchandising has become important and provide guidelines for effective display and sale of signature items from your restaurant.

Many restaurant patrons are on vacation or celebrating a special occasion. Consequently, they are often less price-sensitive or are inclined to purchase impulse items—particularly t-shirts, a product which seemingly faces insatiable demand. Over 600 million t-shirts valued at \$5 billion are purchased by restaurant patrons each year.¹ Restaurant chains such as Hard Rock America do well in this product category. Peter Morton, owner of Hard Rock, claims that the company's logo shirts are the number-one-selling t-shirt in the world. The sale of t-shirts, caps, calendars, and other merchandise accounts for about 7 percent of sales for Hooters outlets. In Miami, Hooters added an adjoining logo-merchandise store to the restaurant and plans to add more retail space to all older restaurants.²

Restaurants particularly lend themselves to merchandise sales that allow the guest to remember an enjoyable experience. This is particularly true for some of the biggest benefactors of the merchandising trend—entertainment-theme restaurants, such as Planet Hollywood, The Dive, Harley-Davidson Cafe, House of Blues, and Country Star (in addition to Hard Rock Cafe and Hooters). Product merchandising, such as the sale of t-shirts and other

signature items, has helped these operations promote themselves while earning additional revenue. Other kinds of product merchandising, including the promotional merchandise and toys sold by quick-service restaurants such as Burger King and McDonald's, drive food sales. Burger King, for instance, scored an unexpected coup late in 1995 by tying into a promotion of Walt Disney Studios' movie "Toy Story." One Burger King franchisee told a Syracuse, New York, television reporter that he estimated a 20-percent rise in his December 1995 sales resulting from the "Toy Story" promotion.

Merchandise has become such an integral part of the product mix of many restaurants that some chains demand that feasibility studies demonstrate not only a market for the food-service concept but also a predetermined level of support for product sales before opening a new restaurant. Potential locations have been denied that would have supported food and beverage operations but could not meet desired levels of merchandise sales.

Dave Hoemann, director of operations for Santa Fe's Cafe Coyote, proclaimed: "retailing is one of the survival tactics of the nineties."³ Successful retailing, however, demands more than simply placing merchandise on a rack or shelf somewhere. Customers must be engaged by the merchandise. Cracker Barrel restaurants, for instance, are designed so that everyone who enters the restaurant must pass through the gift shop. The Lewisburg, Pennsylvania, Country Kitchen takes that approach a step further. Since the restaurant doesn't take reservations, customers must often wait for a table. Although the restaurant provides a small waiting

lounge, the logical thing for customers to do while they wait is browse the adjacent gift shop, which is stocked with Pennsylvania Dutch-style curios. The Po' Folks restaurant near Knott's Berry Farm in Los Angeles provides games for customers to play while waiting for their meal. These games are also sold in a gift area near the cash register. Likewise, Friendly's restaurants (a northeastern chain) has for several years placed a brain-teasing peg game on its tables. Those games are for sale at the register.

Merchandise-sales opportunities aren't limited to chains or to non-food products. Neighborhood taverns often sell logo t-shirts, sweat shirts, and baseball caps to loyal patrons. On the other hand, many restaurants, such as New York's 21, do not consider it appropriate to offer t-shirts or baseball caps but proudly sell signature-brand steak sauces and marinades.⁴ Others have found that fresh bakery items are profitable. The neighborhood bakery that was essentially replaced by the supermarket bakery has evolved to become a café-bakery, offering fresh and interesting baked products along with casual dining. These two concepts support each other. Customers coming in for baked goods come back to dine. The Corner Cafe-Buckhead Bread Company projected \$5 million in sales its first year, with a 60-40 percentage split between the café and bakery.⁵

A bakery section does more than add extra profits. When placed in the entrance, it provides tangible evidence of the restaurant's food quality. Customers who enter a Marie Callender's Restaurant and Bakery are exposed to the treat of

¹ David Glen Mick, Michelle Demoss, and Ronald J. Faber, "A Projective Study of Motivations and Meanings of Self Gifts: Implications for Retail Management," *Journal of Retailing*, Vol. 68, No. 2 (June 1992), pp. 122-132.

² Sonia Ossorio, "Check Out This Hoot of a Mass Market," *Tampa Bay Business Journal*, Vol. 13, No. 1 (January 15, 1993), p. 1.

³ David Farkas, "Your Logo Here," *Restaurant Hospitality*, February 1994, p. 70.

⁴ Caroline E. Mayer, "Restaurant Gifts: The Next Best Thing to Being There," *Washington Post*, December 7, 1994, p. E14.

⁵ Jack Hayes, "On the Rise: Cafe-Bakeries," *Nation's Restaurant News*, Vol. 28, No. 44 (November 7, 1994), p. 57.

freshly baked pastries that assure customers that they are in for a pleasurable dining experience (see photo, opposite page). The strategy obviously works to sell the pies, too, for the chain sold 8 million pies in 1994. Bob Fuerch, general manager of the Las Vegas Marie Callender's operation, reported that his store sold 23,000 pies in one month and 7,000 the day before Thanksgiving.

Regional chains, such as JB's of Utah, have also benefited from selling baked goods. According to Dave Perth, JB's CFO, the bakery section enhances the restaurants' atmosphere and creates many take-out opportunities. Customer research showed that 50 percent of JB's customers said they would increase the frequency of their patronage due to the bakery.⁶ The type of positive customer response enjoyed by JB's was also found by the popular New York restaurant Sign of the Dove, which started ECCE PAANIS, a retail bakery, in response to customer requests. ECCE PAANIS now has two locations and is rated as one of the city's top bakeries.⁷

Bakery-merchandising success stories like these have a common denominator. Successful sales are not the result of selling someone else's baked goods. Many coffee shops can sell a piece of pie and a cup of coffee to a hungry patron, but can't sell those pies as take-out items, because they are not store baked. Customers recognize quality and uniqueness. Pie production is designed into a Marie Callender's restaurant, for instance. The chain's buyers contract with fruit producers to ensure ingredient supply and quality. That's far different from having pies delivered from a cross-town bakery or the cash and carry.

Merchandising Management

Despite the success stories just cited, our nonscientific observation of the restaurant industry is that most restaurateurs could take better advantage of the opportunity for product merchandising. The remainder of this article is a primer for product merchandising. Like other areas of a food-service operation, product merchandising must be properly executed to be effective. David Farkas of *Restaurant Hospitality* provides this anecdote about purchasing a baseball cap in a restaurant.

It's inside a glass case with some other stuff that's got the restaurant's logo on it. But no one's around to take my dough or give me the cap. The hostess spots me and says she'll call a waitress. When one finally shows up, she says she has to go to the manager's office, where the merchandise is under lock and key. She vanishes before I can tell her to forget it. She returns (cap in hand), takes my money, and disappears again to make change.⁸

We believe the above description is exactly the wrong way to offer restaurant merchandise. Three steps are essential to ensuring effective product merchandising in a restaurant: **(a)** select the right merchandise; **(b)** match merchandise with location; and **(c)** create merchandise excitement, making it easy for customers to buy. We next discuss each of these points.

The Right Stuff

Selecting the right merchandise is an obvious first step to merchandising success, yet the choice of what to sell is sometimes made haphazardly. All merchandise buyers need product guidelines that provide direction without restricting creativity. This is as true for a family-operated restaurant as it is for a chain. The product mix is defined

by price points, differentiation, and assortment.

Price points. Decisions concerning which price points to offer to the public directly influence all other aspects of merchandising. Pricing decisions must be made according to the target customer, the restaurant's image, and profit goals. Family restaurants, for instance, provide a selection of low-priced gifts. Specialty restaurants, on the other hand, successfully sell products that might seem overpriced. Matsushia, a popular Beverly Hills Japanese restaurant, sells baseball caps for \$20. Michael Cardenas, the manager, says "Our customers are high-end people who could get a New York Giants cap at Joe Blow Sports shop for \$10. We sell ours for \$20 and customers don't mind."⁹ Price-point determination should always be a matter of policy rather than being left to individual buyers. A restaurant's mix of merchandise could quickly become unmanageable and confusing to customers in the absence of clearly defined guidelines.

Differentiation. As niche retailers, restaurants must carry highly differentiated merchandise. Attempts to compete with mass-merchandise or specialty chains on the basis of price would be foolhardy. Restaurateurs should remain out of product retailing if management is unwilling to support continuous new-product acquisition with a creative and knowledgeable buyer. The sale of local products such as handicrafts and specialty prepared foods achieves dual objectives of product differentiation and creating community support for the restaurant.

Some restaurants have achieved product differentiation by putting dates or locations on merchandise. The Black Dog Tavern on Martha's

⁶ Dan Malovany, "Bakeries Rise to the Defense: JB's Restaurants Inc. Installs In-House Bakeries," *Bakery Production and Marketing*, Vol. 26, No. 13 (November 24, 1991), p. 96.

⁷ Hayes, p. 60.

⁸ Farkas, p. 69.

⁹ Robert LaFrance, "Nobu Goes East," *Forbes*, Vol. 153, No. 11 (May 23, 1994), p. 18.

Vineyard annually prints a dated t-shirt, making each year's shirt a collector's item. The tavern annually sells over 80,000 articles of clothing.¹⁰ Restaurants with multiple locations, such as Planet Hollywood and Hard Rock Cafe, print the location of each restaurant on their t-shirts. Customers collect the shirts from different locations around the globe.

Assortment. Maintaining breadth and depth of a product line is usually a challenge for restaurants due to space limitations. Consequently, buyers often incorrectly elect to offer a wide assortment of merchandise but provide little depth to their product lines. This inevitably creates cluttered merchandising and inventory problems such as stockouts and difficulty with restocking. It is preferable to offer a few products—say, one size of beach towel in two or three colors—with a good inventory of each. This approach simplifies inventory control, may allow greater purchasing discounts, and improves the appearance of the merchandise. A restaurateur can make a merchandising statement by displaying, say, black and white beach towels in vertical rows with heavy numbers of each. In contrast, one or two items each of thirty colors, styles, and prices creates a thrift-shop appearance.

Suggested bundling. Suggestive bundling is employed every day by hospitality marketers who suggest morning room service via an in-room table tent or table servers who offer an after-dinner drink following a meal. Chinese restaurants have long offered bundled dinners because customers are receptive to suggestive bundling. The National Frozen Food Association, for example, strongly advises food retailers to display and advertise a suggested

menu of complete frozen-meal combinations such as a chicken, french fries, and corn. This association's studies show that suggested frozen-meal combinations have improved sales by 6.8 times and profits by 315 percent.¹¹ Unlimited opportunities exist for bundling of products sold within a restaurant. An example of merchandise bundling would be a gift basket of assorted salsas from southwestern restaurants or a six-pack of assorted beers from micro-breweries.

Matching Merchandise and Location

Product merchandising and real-estate ventures share a common success factor, namely, location. The decision of where to locate items involves first determining where to put product groups and then arranging the best placement of individual products.

The location of products depends largely on the restaurant's design. In most cases, existing restaurants were designed with no thought given to merchandise sales. Design specifications for new restaurants increasingly demand careful consideration of product location to ensure sufficient space. If product sales fail to meet the goals set for them, the merchandising strategy must be changed—including location.

To the egress. A restaurant's entrance or waiting area is a logical location for merchandise. In many restaurants, this area has all the appeal of a dentist's office (minus last

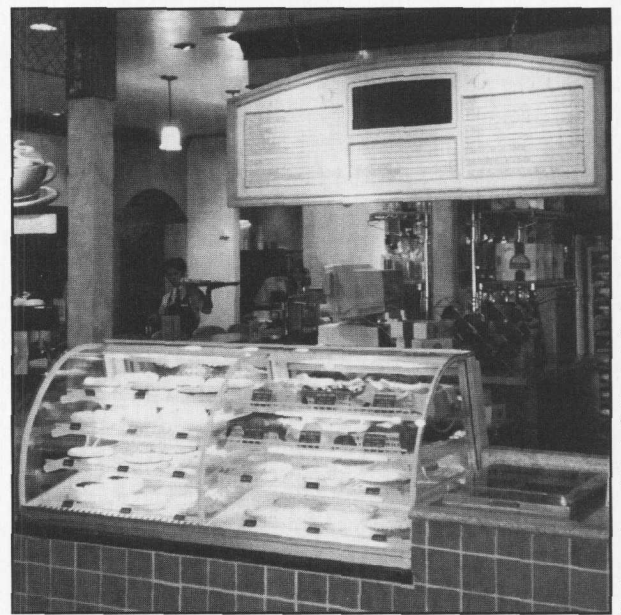


Photo courtesy of Marie Callender's Restaurants

Customers who enter a Marie Callender's Restaurant and Bakery are exposed to the treat of freshly baked pastries.

¹⁰ Matthew Brellis, "Dogfight Over Vineyard T-shirts Goes to U.S. Court," *The Boston Globe* (Metro/Region), August 7, 1992, p. 17.

¹¹ National Frozen Foods Association, *Advanced Merchandising* (1986 video sponsored by the Pillsbury Company).



year's magazines). A bit of redesign could foster merchandise sales in this area. If the restaurant does not feature merchandise, this area could be used to promote new menu items, or to encourage upselling and cross-selling.

Correct product location is a reflection of a basic marketing principle: continuously study and know your customers. Few restaurants face the complex customer traffic pattern of a supermarket or discount store. Questions such as "for how long do customers remain in an area?" and "what direction do most turn?" can generally be answered by observation and discussion with the staff.

Harley-Davidson's, Hard Rock Cafe, and Planet Hollywood take advantage of street and mall traffic with retail outlets that open onto the street or mall in which the restaurant is located. In some cases, the same retail outlet will have an interior opening for restaurant guests and an exterior one for merchandise-only customers. In high traffic areas such as the streets of New York City, restaurants often have several retail outlets, including a storefront operation adjacent to the restaurant itself. One advantage of exterior access to the merchandise operation is that it keeps non-food customers out of the restaurant, since queues are common during busy periods.

The management of New York's Hard Rock Cafe noticed a traffic problem because customers were forced to stand in line to order merchandise. To speed the process, an employee was assigned to answer questions of those in line so that when they reached the counter they would be ready to order.

Individual location decisions involve consideration of specialized display locations such as end caps and islands, points of purchase, and areas that promote cross sales.

Special display areas. End caps, islands, and dump bins should be

viewed as gold mines. Food and package-goods retailers know that stand-alone islands and end-of-isle displays dramatically increase sales. Anheuser-Busch sponsors contests for dealers to encourage creative in-store displays. Pictures of the display and sales results are published and sent to the dealer network. According to A.C. Nielsen figures for Michelob beer, the following sales increases occurred after installing in-store merchandising.¹² With a display alone, sales increased 175 percent over prior periods; when the display was accompanied by an ad feature, sales increased 295 percent; and when a temporary price reduction was added to the display and advertising feature, sales leaped 525 percent.

Creatively developed end caps and islands are well suited to restaurants with bakery shelves and gift shops. Dessert carts and wine displays are examples of food and beverage equivalents of island displays. Using the island technique, the Las Vegas Cheers Bar in McCarran Airport located a merchandise kiosk at its entrance to sell souvenirs and last-minute gifts to travelers passing by. The only downside to special displays is that to maintain customer interest managers must frequently change the products offered in specialized display areas.

Point-of-Purchase Displays

Those tabloid magazines don't magically appear at supermarket cash registers. That space is purchased by the publishers and distributors at a heavy "slotting" fee.¹³ The reason for this is that the point-of-purchase area is a gold mine for impulse items, yet the most creativ-

¹²"Michelob Beer Volume Increases Due to Displays" (a one-page bar chart from Anheuser Busch), in A.C. Nielsen *Scan Pro Monitor* YTD, September 7, 1991.

¹³Most supermarket chains charge food purveyors an amount known as a slotting fee to gain grocery-store shelf space.

ity many restaurants can muster for the register is a box of mints for a local charity or service club. Food and beverage outlets probably forgo hundreds of millions of dollars in potential annual revenue by failing to view the cash register as more than a cost-center bill collector.

Farrel's Restaurant of Hawaii enjoyed a substantial profit increase when it recognized the potential of this area. Farrel's clientele is heavily tilted toward families with young children. Recognizing this, the pathway to the cashier's area was redesigned as candy and toy heaven, with hundreds of irresistible impulse items. Our informal interviews with management indicated that the program added 10 percent to the bottom line. Perkins Family Restaurants is another chain that has realized the potential of the cash-register area. Perkins features high-margin pastry items in multitiered displays at the cash register.

Promoting Cross Sales

Profit-enhancement opportunities abound in food and beverage. A cup of coffee leads naturally to pastry, cognac encourages a good cigar, and for many, chocolate cake can't be eaten without milk. Cross-selling opportunities are even more abundant with merchandise.

A good merchandising plan includes both year-round and seasonal cross selling. The near proximity of items with cross-sales appeal is mandatory to success. If an item is a staple in the product line, such as the restaurant's special pancake syrup, leave it in its traditional location and add an additional display nearby with the product selected for cross sale, such as a new waffle mix. Track sales of the product in both locations. Chances are good that sales may increase in both areas.

Sale items or loss-leader products should be adjacent to full-margin, cross-sale products. The concept of

cross sale is basic to "horizontal" sales, in which the customer keeps adding products to the purchase. Most items sold by restaurants and hotels lend themselves to horizontal sales. Vertical sales (upselling) occur in the case of high-price items such as fine jewelry, furniture, and cameras.

Cross-selling has taken a new twist in the Jekyll and Hyde restaurant in Greenwich Village's west side. Upon entering, guests see a display of t-shirts for sale along the stairway leading to the dining room. One quickly notices that the restaurant not only sells Jekyll & Hyde t-shirts but also features shirts from its sister restaurants, Jack the Ripper and the Slaughtered Lamb Pub. Cracker Barrel also developed a new twist in cross-selling. Company restaurants offer audio books on tape for rent for \$2 a week. If the customer returns the book within a week it may be exchanged for another (at no extra charge). The exchange is a great way to attract guests who frequently travel and listen to books on their car's cassette player. Salespeople and vacation travelers have a high frequency of eating out and the offer of a free exchange tape brings them to the next Cracker Barrel.¹⁴

Excitement

Successful restaurant merchandisers know, to paraphrase Shakespeare, that all the restaurant is a stage, and the customers and employees are but players in a light-hearted drama. Merchandise excitement can be created through harmony and balance, movement, color, use of natural phenomena, sensory appeal, lighting, and product promotion.

Harmony and balance. The concepts of harmony and balance,

¹⁴ "It's Summertime and the Livin's Supposed to be Easy. If That's a Problem, Try These Solutions to Help You Have More Time and Fun for Relaxation." *Detroit Monthly*, June 1995, p. 1.

which affect stage design, are also basic to effective merchandising. Physical balance is achieved by creating combinations of merchandise that offset each other, much like children on a teeter totter. Size and distance may also be used to achieve balance such as the distance between an adult and a child. Customers appreciate balance and often feel dissatisfaction with haphazard merchandise displays, even though they may not be able to express the source of their annoyance. Balance in product displays and interior design, including the selection of fixtures and furniture, creates an environment for buying. Balance is also achieved by harmonizing lines, forms, sizes, textures, and themes.

Lines. Most retailers set up product displays in horizontal and vertical lines. It is recognized that a solid vertical line of a single item, for instance, emphasizes that product, while a solid unbroken horizontal line is considered less desirable. The merchandising effect of lines is diminished or even destroyed when the line comprises a mixed assortment of products, brands, sizes, shapes, and colors. Stair steps, zig zags, and other linear forms are sometimes used to break the monotony of straight lines. Consider

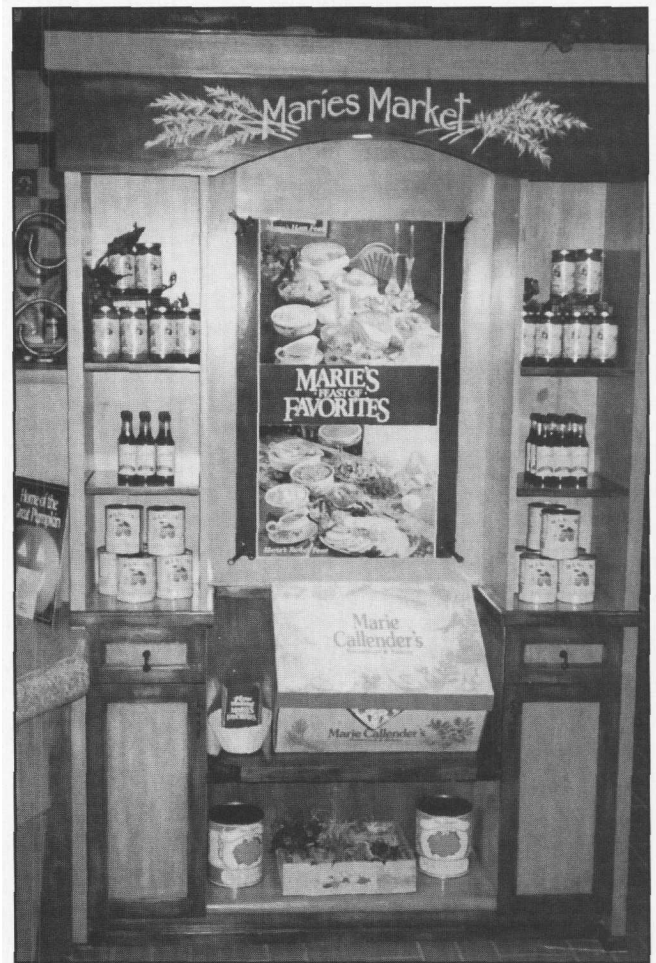


Photo courtesy of Marie Callender's Restaurants

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breaking up a two-dimensional display of shelved wine with a half barrel display in the center of a three-step display of cheese among the wines.

Shapes, sizes, textures, themes. Effective merchandising involves keeping similar products together. Interesting and powerful displays can sometimes be developed by mixing different shapes, colors, and sizes, but this is like betting on a long shot at the races. The best bet is to maintain rows or stacks of similar appearing products.

Harmony and balance are easily destroyed by mixing themes. A few themes may fit together such as summertime, swimming, and pic-



tics, but mixed themes are usually destructive. Food retailers often throw manufacturers' point-of-purchase displays in the dumpster without ever trying them, because sophisticated retailers know that a hodgepodge of themes ranging from Holstein cows to Santa Claus creates clutter and confusion. Food and beverage managers should be sensitive to this, as a negative dining experience can easily and unwittingly be created through a cluttered ambience.

Movement. Movement, whether actual or perceived, creates product interest. Note the consumer interest that a simple rotisserie creates when it is filled with golden-brown chicken, hot dogs, or pretzels. Food and beverage outlets that appeal to children must be particularly aware of physical movement. A carousel or a Ferris wheel can be used to attract attention with movement, although mechanical devices often break. Maintenance problems often lead management and staff to discard such equipment.

Perceived movement occurs when products are displayed in a manner that gives the illusion of movement. A simple stair-step arrangement of a high-margin liqueur behind the bar will intensify customer interest, particularly if it is combined with color. Sales of towels bearing the logo of a restaurant or resort, for instance, can be greatly enhanced by a display that includes a few towels that appear to be floating, dancing, or swimming as concurrent waves. The illusion of motion can be enhanced through nonmechanical props such as a flock of toy birds above a display or a train heading uphill. Perceived motion also occurs when products appear to be cascading. Candy is often displayed in a tilted basket with spilled products below.

Color. A complete discussion of the use of color would be too lengthy for this article, but here are

some basic ideas. To start with, you could purchase a color wheel at an art supply store to guide your choice of harmonizing or contrasting colors. To harmonize colors, start by picking out three to five consecutive colors on the wheel and offer products in this color range. Arrange them in their natural order on the wheel to benefit from color coordination. This simple tactic allows restaurant operators to offer new colors continuously, thus keeping the product line fresh throughout the year. Imagine the use of this concept in the dessert cart to offer excitement and customer interest. An autumn dessert cart might feature creative offerings within the yellow, gold, and light brown family of colors. Imaginative names could be applied to each dessert item such as Aspen Gold Pie to correspond with the season.

It is important to keep colors in their natural sequence, arranging displays in a color progression, such as from yellow to gold to brown. A common technique is to mark the spot on the rack with the appropriate color. This might be accomplished on a dessert cart by the use of inconspicuous stick-on color dots. Obviously, if all yellow items are then sold out, the display's sales appeal will be diminished. Prevention of stockouts is a reflection of sound management practice, including forecasting, product-line planning, and inventory control. The use of color coordination intensifies the importance of such practices.

Contrasts. The color wheel will also assist your selection of contrasting colors. For example, you could use color triads, which are any three colors at an equal distance from one another on the wheel. More commonly, designers use contrasting colors, which are opposite each other on the wheel such as blue and gold or red and green. The simplicity of using two colors and the endur-

ing positive effect on the consumer is reflected in the heavy use of contrasting colors.

Other Design Considerations

As with the use of color, design principles fill entire textbooks. In the next few paragraphs, we outline some of the main points to keep in mind. Chief among these is to engage as many of your customers' senses as possible. Few industries depend more on sensory appeal than food and beverage. Sight, sound, touch, and taste have always been key food-service success factors, as they are in merchandising.

The spice of life. Customers appreciate variety. Fast-food restaurants taught the world the necessity of serving fresh products. The principle is the same for nonperishable merchandise. If an item doesn't meet sales objectives within a set time period, get rid of it. Move slow-selling merchandise out of prime real estate and drastically mark it down or dispose of it through salvage brokers. Opportunity costs mount the longer such items remain in prime space. Frequent restaurant guests look for new merchandise. Don't disappoint them with leftovers.

Emotions. Natural phenomena exert a heavy influence on our emotions. Consequently, merchandising can be enhanced through the creative use of such natural images as rainbows, sunbursts, cumulus clouds, and the moon—symbols that cut across all cultures. You could, for instance, create a beverage display with the rainbows ending at an assortment of colored liqueurs or lemonades—to symbolize the “pot of gold” at the end of the rainbow.

Eye level is buy level. A simple retailing truth is that customers buy it because they see it. Place items you wish to sell at eye level. Offer the hottest sweatshirt style, the favorite pie, and the most popular drink

mix in the buyer's direct line of vision. But remember to consider whose eye level you are trying to achieve. Farrell's Restaurant, for instance, was aiming for young children when it placed displays of candy, bubble gum, and other impulse items near the floor. One convenience store chain uses a "squatting duck" tactic to determine correct buy level for children. Store managers are required regularly to walk through their stores in a squatting position to see how merchandise might look to a child. Eye level for customers in wheelchairs and visitors from some other countries is lower than for others.

The best way to be seen is to create a focal point for your display. Plan focal points such as wine displays to establish immediate product differentiation and enhance sales of high-margin items. One way to build that focal point is with carefully planned lighting. Shoppers' eyes are drawn to the brightest object in their field of vision. For that reason, the color yellow is often used on signs, for it helps create a focal point.

For proper lighting, you will have to augment your primary light sources, which are ambient outside light plus general overhead lights. Lighting on key displays should be at least 2.5 times stronger than room light. Many of the products sold in restaurant gift shops such as Black Hills Gold, quality ceramics, and cut glass have details and patterns that need extra light. You'll have to add a secondary light source, usually spotlights, to highlight your merchandise. To get an understanding of how secondary lighting works, visit an old-fashioned bar that has dramatic lighting on the bottles.

Let them touch it. Every chef realizes the importance of texture, consistency, and weight to create pleasurable touch and a positive effect on taste. Unfortunately, these lessons are sometimes lost once

guests pass from the restaurant to the gift shop. All too frequently signs in rhyme warn customers not to touch merchandise or risk buying the broken product. Somehow these seem to appear with greatest frequency above sections with cheap trinkets and overpriced glassware. One can only wonder how many potential sales are lost in an effort to avoid breakage of a few items bearing a 300-percent markup.

Toy retailers have learned to place sample products on the floor for the enjoyment of children. A few broken samples mean nothing if kids refuse to leave the store until parents purchase a new toy identical to the one left behind. Likewise, the costume-jewelry industry has learned that 80 percent or more of its products are sold from the top of counters where products can be touched and tried on. While guests cannot handle food or beverage products, this restriction should not extend to merchandise.

The inside of a glass counter serves as a focal point or customer-stopping tactic. Beautiful and expensive jewelry is often displayed in the glass case primarily to stop the customer. Few shoppers ever purchase those items, and the same is surely true of a pastry counter. Place exquisite cakes inside the counter, but build beautiful displays of croissants, sweet rolls, and doughnuts on top. A few cakes will sell, but volumes of on-top merchandise will move. Items displayed on countertops must make a statement to the customer. They need to demonstrate to the customer that this restaurant is serious about selling this product and offers an exciting assortment at price points to match your needs.

Sizzle. Selling the "sizzle" was invented and perfected by the food and beverage industry. This lesson also applies to merchandise. There is little point to displaying battery-driven products without a power source just so that the noise won't

bother the sales staff. Imagine trying to sell ethnic cuisine without the aroma of garlic, or popcorn or pizza in a smell-proof room. Merchandisers of products from new cars to cosmetics depend upon smell. Have open tins or jars of potpourri, soap, and other aromatic products to attract customers.

Taste. Product sampling works! A well-trained staff will not simply recite a list of dessert items and then quickly give up when no one seems excited. They have been taught to present the products to guests and offer bite-size samples. Product sampling is an old and proven merchandising concept that has fallen into disuse due to concerns about supposed cost. Many of the high-margin specialty items featured by the restaurant industry lend themselves to sampling, including hand-dipped chocolates, an exotic drink mix, or a house-special cheese ball. All have two things in common: most customers aren't familiar with them, and all carry high profit margins.

Just About Anyone Can Do It

Entertainment-theme restaurants have drawn the industry's attention to merchandising, but the opportunity is not limited to these high-profile restaurants. Most restaurants can profit from some form of product merchandising. Contract feeders, for example, can package baked goods, entrées, or entire meals for their customers to take home. Neighborhood restaurants can build on their customers' loyalty by selling clothing bearing their name and logo. Specialty restaurants can package sauces, dressings, and other signature food items. To be successful at merchandising, managers must select the right merchandise, match the merchandise with location, create excitement, and make the purchase process easy for customers. The result will be a substantial increase to the bottom line. **CQ**