

# About evolution...



The hardware retail market continues to change and sales agents and merchandisers are working to continue to change and adapt with it. **Jess Brunette** reports.



**WHILE THE PAST** year has been generally buoyant for most players in the hardware channel, merchandisers and sales agents are feeling the push to be increasingly tech-savvy and adaptable with some making big changes to their business to keep up with the pace of change.

I spoke to four players involved in the hardware channel to get their thoughts on the health of the market, what challenges they are up against and what they are doing to adapt.

### AN INDEPENDENT PERSPECTIVE

“Browns Brush Man” and head of Central Regional Sales **Stephen Edlin** reports that 2018 tended to “sail along quite nicely” except for a downturn in the last three months that has only recently abated with the good weather properly kicking in.

Commenting on the trends he has noticed in recent years, he feels that the revaluation of property has had a direct effect on the buying habits of homeowners.

“I’ve noticed that many people were pleasantly surprised with the increased equity available to them and that has informed purchasing decisions with people finally deciding to build that deck or put in those double doors that they had been planning for some time.”

Stephen is also of the opinion that the hardware channel is a good barometer of the economy as a whole, with trends noticeable there well before other areas like grocery.

“Things like food and electricity are necessities and demand remains pretty steady for them.

“BBQs and the like, however, are often things you can hold off on so you usually have to be in a certain state of mind to make those kinds of purchases and be feeling reasonably buoyant about things as a rule.”

### UP AGAINST IT

These fluctuations can make things tricky for an independent like Stephen Edlin, who also finds that the relentless changes in technology and competition from larger outfits can cause some issues for his business.

However, he feels that there is still an important role for independent agents like CRS to play in the channel.

“With the larger type operations, theirs is a growth model – whereas mine is more an individual serve.

“I’m an electrician by trade so I think what I and other individual agents can offer is a bit more of a technical product focus if they require that.”

For a word from one of the larger outfits, I spoke to Storelink Director, **Angie Samuel**.

The last 12 months have been a buoyant period for Storelink which has seen “phenomenal growth” in the hardware channel.

The outfit’s merchandising tasks have grown by 68% over this period, which she says is driven by a doubling in the number of clients Storelink represents in hardware and made possible with its team of over 400 merchandisers and a scalable business model.

### GOOD PEOPLE = GOOD BUSINESS

Looking at the bigger picture however, Angie Samuel does share concerns with many others in the channel, especially around the tough labour market.

“Recruitment and retention of team members is an issue and, while Storelink offers our team members comprehensive training, support and development opportunities, there are options in other sectors that may be perceived as preferable to retail,” she says.

And, while the market has indeed been buoyant for Angie and many of her contemporaries recently, many of the players I spoke to for this feature highlighted a constant need for change to keep up with the demands of the channel.

Angie Samuel for one welcomes the improvements that technology can bring to the table.

“Data and store segmentation enable our grocery Territory Managers to make decisions that ensure consumers’ needs are met in that channel.

“Access to detailed hardware data by retailer/category/competitor would also be hugely beneficial to sales agents, our hardware Territory Managers and retailers,” she says.

*I hope you all had a great Christmas and New Year! I look forward to seeing you soon.*

**Stephen Edlin – Wellington based sales agent for Central Regional Sales**

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# Embrace change without fear

As any switched on consumer can attest, a store has little value without products to sell. The stocking of products for sale and the management of them is an integral part of the operation of any professionally run and profitable store. The bigger the store, the more time consuming and complex the management of this stock can be.

The value of those non-capitalised assets (inventory) and stock items is today often the focus of dedicated and knowledgeable professionals, like VRM, a service provider working as a fulcrum between supplier and retailer systems and operations. In the modern complexity that is a large home improvement store, the corporations involved don't want to leave this job to a non-professional with little understanding of that particular market.

The use of changing and improving technologies is highly important to these formats. For example, over the past 13 months, Bunnings has systematically rolled out a new Oracle computer operating system. Along with this upgrade came major changes in the level of support required to supply vendor refill and merchandising services.

As part of Bunnings' vendor in-store support (VIS) upgrade the VRM team had to redo the Bunnings supplier VIS accreditation. VRM's dedicated contractors took this firmly in stride, seeing everyone registered by the start of Jan 2018 and ready to go. Change does not 'scare' VRM – instead the company rises to the challenge and does what it does best.

One of the many positive outcomes from the year-long Oracle roll-out, and the resulting effect across the branches in New Zealand, was new and positive alliances forming between VRM and Bunnings key management. With the greater dependence on quick, concise feedback from its team on the ground, VRM was in a strong position to adapt and meet this need for instant feedback and do so without any impact on their high standard of contracted VIS service provided.

Another surprising benefit from working through extended technological changes is the VRM team's ability to independently try/test this new intelligence on-site and then effectively share what is learnt and pass that on to the appropriate people. VRM, as a business, encourages this open communication and collective



L-R: The VRM team – Derek van der Vossen, Rebecca Gibson, Belinda van der Vossen and Isaac van der Vossen.

problem solving throughout the 30-plus strong team. It recognises one person may not necessarily have all the answers, particularly in difficult transitions involving complex technological solutions.

Average length of service within VRM is over five years so the team is solid, stable, experienced and dedicated to helping provide services to hardware channels throughout New Zealand.

VRM's methodical planning of store refits, new store set-ups and/or independent supplier relays means it can reliably navigate these expectations, using in-depth experience and knowledge to provide accurate assessments of time, cost, potential pitfalls/delays and provide real time progress feedback along the way. VRM is known for delivering on its word and executing tasks to agreed timeframes.

With hardware evolution and suppliers being brought and sold nationally and internationally, this service provider has seen a gentle rotation of its customers within the business. But VRM is consistent in its approach to aligning itself with like-minded companies. With greater synergy comes longer term, successful relationships. While the company may part ways with some business through natural attrition, it is always excited to welcome new approaches.

VRM recognises that effective inventory management is a balancing act that keeps the stock costs under control so the retailer can run a successful business. ■



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**NEW NAME, NEW GAME**

Another player taking a very proactive approach to changes occurring in the sector is **Chris Hood**, Director of Hub Retail and In-Store Sales which rebranded in July last year to come under the new umbrella of Hoop Brand Activation.

Chris explains that the changes came about to alleviate any confusion in the market that came from dealing with the two separate entities.

“People were asking are we dealing with In-Store Sales or are we dealing with the Hub? So we thought it was time to bring them under one name and we chose Hoop because it’s a simple name that everyone remembers.”

The rebrand has also seen Hoop’s merchandisers renamed Brand Activators, a change that Chris Hood feels more accurately reflects the needs of the market, with his teams focus now leaning heavily toward shelf management stock management and promotional activations.

Another change that Hoop has seen in the last year is similar businesses being pulled early on into the tendering process.

“We are now understanding that, in the tenders that the hardware sector is putting out to their clients or suppliers, there needs to be an element of in-store support as part of those tenders.

“And so suppliers are now tending to engage with us at that earlier stage,” says Chris.

**THE END OF “SALES AGENTS”?**

Looking at the role of sales agents going forward, Chris Hood pulls on his experience with grocery, an area with trends that tend to flow through to the hardware channel.

Feeling that the traditional sales agent role will need to shift dramatically to keep up with the level of technology increasingly at retailers’ disposal, Chris is firmly of the opinion that the days of the sales rep “doing the weekly rounds trying to knock up a deal here and there” are on the way out.

“The stores are getting a lot more knowledgeable with the data that they have. They know what sells in their store and are going to be a lot more powerful in terms of their knowledge of what works and what doesn’t,” he says.

And with stores no longer relying on reps to paint a picture about what’s happening in the market, Chris Hood feels that a shift from the role of a typical Sales Rep towards a more collaborative Business Manager set-up is the way forward.

“Business managers will go into a store, come up with a business plan over a year say and agree on what promotions, activities and ranging will go on. And that’s when our Brand Activators come in to ensure that plan is activated carried out and in compliance,” he says.

**CONSISTENT BUT FLEXIBLE**

Another long-time player is currently adapting and learning some new tricks is Vendor Refill Management (VRM).

CEO, **Derek van der Vossen**, is happy to report that growth for VRM – currently in its 14th year in business – has been good year on year with 2018 one of the best so far.

Looking at changes in the market, Derek feels that a combination of flexibility and consistency is increasingly what the market needs.

“Suppliers want someone adaptable that they can align with over a long period of time.

“So we’re finding it’s about building a good solid relationship and over 50% of our customers are brands we’ve been looking after for five years plus.

“And that mix of consistency and flexibility is something that’s being really important to enable those customers to continue to grow as well,” he says.

Making sure that his team has the right offering of merchandising to sales has also been an important step to maintaining good relationships with all his business partners.

“We’re doing more than just the merchandising vendor refill now with more sales calls, whereas with someone like Bunnings it’s about making sure that you have the right amount of stock for the supplier.

“So it’s a different sort of skill set but we’re moving more into the sales side of it as the need arises.”

**KEEPING UP WITH BIG DATA**

VRM’s Derek van der Vossen shares the feelings of the other players I spoke to for this feature that keeping up with the relentless pace of technology is a crucial element in maintaining strong business relationships within the channel



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for the foreseeable future.

Derek has seen this most obviously in his work with Bunnings.

“We’ve seen a lot of focus from them with regard to the merchandising and sales side,” he says.

“They have now installed the new Oracle system which is a very powerful tool for reporting and tracking. And that’s more in line with Australia now, so what happens in Bunnings Australia will happen in New Zealand and some of the reports that we’re seeing on that system are that it’s really effective.”

Adapting to the new system meant that the entire VRM team had to requalify, which involved some in-depth online training.

“There was also a whole lot of learning in store that we were feeding back to Bunnings.

“So, as they rolled it out around the country over the last 13 months, we’ve seen improvements working directly with them about things that work and things that don’t work.”

#### WE STILL NEED PEOPLE!

Of course, the robots aren’t running everything just yet and having good staff on hand to make sense of the data available is crucial.

Unfortunately, as with many other areas of the channel, this

is becoming harder all the time.

When I asked Derek van der Vossen about his chief concern going ahead, he didn’t hesitate to say that finding the right people was his biggest ongoing challenge.

“Our business is about having the very best most reliable and consistent service and delivery and you can only do that with the right people,” he says.

Unfortunately, he explains, he hasn’t been able to clone his best workers just yet.

And while Derek is confident that VRM has a strong process in place to find new people, it remains difficult to find enough people to entire that system.

This is particularly true in places like Auckland, where the cost of living is significantly higher than other areas around the country and the expectations of people in these areas are different.

Despite these concerns, Derek remains happy with how his business has been performing.

“It’s been a good year and it seems to be showing no signs of slowing down.

“It’s also really cool that a massive number of our customers are people that we’ve worked with for a really long time.

“So I guess we must be doing something right.”

And long may that continue. **NZ4B**



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