



Deciding to Sell Diapers

by Gabe Trahan



When deciding to add any new category or an extension of an existing one, you must ask yourself these three questions: Will it create measurable revenue? Will it attract new customers? And will it enhance my image? If you can answer yes to at least two of the questions, then you are safe to include the line in your inventory ... unless the item is diapers.

Before you pooh-poo the idea of losing money on diapers, stop and look at your customer base.

At best, diapers will only fill one of the above requirements, so you will have to decide if they are worth the space and investment. **To be successful in selling lots of diapers, you need to sell them below your cost.** That destroys the "create measurable revenue" goal. In the pursuit of attracting young moms and dads to shop at their locations, big box stores and sometimes chain pharmacies will feature diapers below the traditional pharmacy wholesale cost. Grocery stores will do this year-round. To them, it's like selling turkey at Thanksgiving for 49 cents per pound to get people in the door so they can sell other stuff (-ing).

Will selling diapers enhance your image? *Only if the price is right.* If you are a little high-priced on diapers, the only market you will sell to is individuals who haven't bought diapers in five years and are buying them for a one-time reason, such as a baby shower. Price your diapers 50 cents too high and you will never have a run on them. Diapers sold at the right price will help your pricing image; diapers sold at the manufacturer's suggested retail price will hurt it.

Will diapers attract new customers? In the end, it is the same answer for all three questions: only if you sell them below cost.

Before you pooh-poo the idea of losing money on diapers, stop and look at your customer base. I've been in stores where the last person under the age of 30 who came in was lost and looking for directions. There is a reason why diapers are featured in sales fliers at recognizable low retailers. If you want to attract parents of newborns and toddlers, you need to do a little more than just reduce the price. **Signage is key**, and the first sign should be placed outside by the road or on your digital marquee where everyone driving by can see it and act on it. Don't forget to mention it in print ads and social media and place your

great diaper prices on the homepage of your website. Great prices on diapers are never kept a secret; just spread the word with signage and watch what happens.

When committing to a retail price for diapers, the next step is committing inventory and space. Running out of paper towels advertised at two for \$3 is one thing; running out of the advertised diapers families need is another story. You will need a minimum 4-foot section (54 inches high) to be successful in the diaper business.

The ONLY exception to the golden pricing rule: If you are offering a great price on diapers, make sure to price the front of the package. Add a sign that yells the price. Remember, most people are not expecting you to have a good price on diapers – so remind them that you're different. ■

Gabe Trahan is NCPA's senior director of store operations and marketing. Gabe uses almost 40 years of front-end merchandising experience to help NCPA members increase store traffic and improve profits. Visit www.ncpanet.org/feo to watch videos, read tips, and view galleries of photo examples by Gabe. Follow him on Twitter @NCPAGabe for additional tips.