

Opportunities In Wagon Jobbing And Rack Merchandising

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Opportunities In Wagon Jobbing And Rack Merchandising

Wagon jobbing and rack merchandising are very similar businesses that are often intermingled. The "jobber" sells outright while the "racker" places his own display racks in client stores and usually consigns the merchandise they hold. There are definite advantages and disadvantages to each, as we will see.

WAGON JOBBING

The term jobbing come from the old fashioned drummer who drove his horse and buggy or wagon from farm to farm and town to town in the early days, plus the fact that wares are usually purchased from jobbers as opposed to brand name supply houses.

Today, a wagon jobber usually operates from a van or small truck and the merchandise includes but is not restricted to brand name items.

Most wagon jobbers handle a mixture of standard and brand name items, a line of merchandise they can buy at very good prices, plus a variety of products they have obtained at especially attractive prices.

The standard and brand names are the "staples" - they are recognized good sellers and are quite helpful in getting new accounts but they are not the most profitable because they involve the most competition.

Retail stores buy from catalogs, jobbers, route order taking salesman, and from company trucks that deliver standard "brand name" products (like the Coca Cola truck) to replenish their brands on account.

Note that only two of these deliver their products now, and the wagon jobber offers any variety! Many other salesman drop by from time to time, but few are able to interest the store owner in additional products to the cost, the "unknown factor" (the store owner doesn't know them or the product) and often there's no place to put the additional merchandise anyway.

When wagon jobbers call on prospective new accounts, they usually have two primary offerings.

The first is a standard product with a known brand;

the second, a product with an unusually attractive markup.

The standard product is to demonstrate that the jobber carries realistic merchandise that will sell; the second is an example of

how the client can make extra profit -- and of course both of these are offered at especially attractive prices.

The wagon jobber several advantages that are hard to ignore: immediate delivery, useable products, name brand items and bargains!

very few retailers have access to close-out and liquidation offers because with the same suppliers most of the time, many whom are under contract to handle certain brands or lines exclusively.

When these retail merchants see bargain priced merchandise and realize the potential extra profit they become good customers!

For example, you might offer sunglasses that normally wholesale for \$2 per pair for \$12 per dozen. Most retailers will recognize the good price and take advantage of it -- and the wagon jobber (who paid \$7 per dozen) will also be well compensated.

The "real" profit in wagon jobbing is in merchandise that you can buy at considerably lower prices than comparable "name brand" items.

A successful wagon jobber is always on the lookout for bargains -- from sales, close-outs, foreclosure, liquidations and have several "favorite" houses that can be relied upon to provide good products at drastically reduced rates. Actually, companies that offer these "deals" find ways to let you know them once you get the reputation of being a buyer.

Since you are not under contract to any single supplier or brand, you are free to buy your merchandise at the best rates, offer your customers excellent prices, and make a nice profit for yourself.

remember that it really doesn't matter which particular nationally recognized brand you offer, so you you are free to buy (and offer) the best deal--something the brand name salesmen cannot do!

A fairly nice looking, secure (one that can be locked) van or station wagon, a storage place and an office (or juts a phone for business calls in your home) is all that is required for the wagon jobbing business.

The vehicle should have selves to accommodate the merchandise you handle -- so it won't fall or shift in travel and it should have business signs. A pair of 12 x 24 inch magnetic signs would do, but painted (or self-adhesive vinyl) would be more "permanent" looking. Business cards and a rubber stamp (to stamp your invoices) are also necessary.

Your records keeping system show show each purchase, each sale and periodic summary for you to review and evaluate your progress.

Your system **MUST** include a route book with a separate page for each client.. -- arranged in route order. As you make each call, review that customers' page to refresh your memory of the last visit and sound as if you really remember!

This little trick does wonders. As you leave each client, jot down something about the conversation on that client's page while it is still fresh in your mind. Then you will "remember" again next time!

The stock you handle will to some extent, be governed by what is available at close-out prices, however, you will soon discover that there are some items that you should always keep on hand.

A wagon jobbers not necessarily required to handle any special type of merchandise, but most tend to specialize in categories such as clothing, office supplies, novelties, jewelry or sporting equipment. This way, the jobber develops an expertise the field and is able to concentrate on certain types of stores.

As your business grows, you will gravitate towards products that your clients buy best, whatever the category. Even when you spot that special sale, your first consideration will be which of your clients can use that item.

RACK MERCHANDISING

The relationship between a store owner and a rack merchandiser is different than with other "salesmen" because this one is also "investing" in the business by furnishing a place to display the merchandise and guaranteeing its sale.

You only have to place and then re-fill the display rack -- sales from that point are virtually automatic. All that is necessary is to drop by periodically, relacing missing items, present a bill to the clerk and receive your payment!

The initial order for each client can be prepaid or it can be on consignment. Some wagon jobbers routinely place racks full of merchandise on consignment in order to place larger assortments and displays.

If the client only wants to try an assortment, he may take the smallest (cheapest) possible display -- which limits your sales potential and may not be especially convincing. And you will have to keep trying to "upgrade" him to a larger assortment.

If, however, you put the order in on consignment, he has nothing invested and is more likely to put in a nice assortment.. If you can afford it, the consignment system is highly recommendation. You cannot sell unless you place merchandise in client stores -- and the more that is on display, the more you will sell.

Since the client store signs a receipt for both the display rack and the merchandise, the store is responsible for both. If items are lost, damaged, stolen OR sold, you collect for them!

Note: Do not get into conversations about this particular aspect; just ASSUME all missing items were sold. If the client has a pilferage -problem, that's his affair (and he usually has insurance for that).

The other major reason for recommendation the consignment method is the additional control it gives you: since the merchandise belongs to you, you are free to re-arrange, substitute and even remove slow sellers (giving proper credit to the store, of course).

A rack merchandiser has a built-in conversation starter -- sales of things on the display rack, which is a relationship between the buyer and seller in this case.

each visit, a new product and/or "special" for another rack can be mentioned, but no more than that unless the customer asks (otherwise, you sound "pushy."

Leave an updated price list whenever the old one is lost or outdated, and be sure to send each client a notice of important new products so they will be "on the agenda" for the next visit. Note that when you "run out" of one product, you can simply replace it with a substitute (often one you can buy cheaper or make more money on).

As long as the products are similar, there is PROBABLY no need to even mention it to the client (unless you think that particular client wants to know). If you change the product completely, however, the client should be notified.

One of your strongest points is that you "guarantee" that your merchandise sells -- something that very few other salesmen or companies would even think about.

This practice, however, is as much to your advantage as it is to the client! When you note an item that isn't selling at one location, simply pick it up,, replace it with something you think will sell -- and place the merchandise at another location where it hopefully will sell.

When you do this, the store that you take the item out of will see that you mean what you say; they will appreciate your concern for their interests!

Building a route is simply a matter of getting in your van and calling on potential client stores. Have a suggested display rack and assortment of merchandise ready for each client, so all they have to do is say yes-- at which time, you carry in the rack and fill it.

In preliminary discussions, inform the potential client who you are, what you handle, what kind of profit he can make, our prices, and how often you will be around... if you do not place a display the first time, make it a point to be back **WHEN YOU SAID YOU WOULD** to ask them again (and prove that your word is good).

Some accounts may take several visits -- but when they see that you are dependable they will be more apt to place your racks. For the record, there are **MANY** sales people out there that **TALK** reliability, but store owners who have been "burned" in the past may want to make sure before placing their trust in you.

Once a client trusts you, he will make promises to his customers based on your performance (when you will be in with the next order). It is very important that you help your clients keep those promises by showing up when you are due and stocking merchandise he needs. If you have to miss an appointed day, call the clients and let them know in advance. They may not be happy about the delay, but at least they won't think you have slighted them.

You can buy, make or have your display racks made. They can be wire, masonite or any material, so long as it is neat and professional looking. The racks should be custom-made for your line of products -- that is, have hooks for carded merchandise, slots for books, or inserts for packages. They should be decorated tastefully, but not gaudy and should have your company name, even if it is on the back.

They are your property and are not to be used for other (especially competing products).

if applicable, have two or three different models; floor models for the aisles, counter top models, and perhaps one to fit against a wall. If you would like to make your own check some that are already in stores (or buy one or two), then take the measurements, make your adjustments and build your own.

Some stores may want to buy the racks -- if so, be sure to quote them a handsome sum (say that's what you have to pay) because you lose all exclusive rights to display your products only when you sell a display rack.

SUMMARY

As you can see, these two specialties are different but they lend themselves well to most any combination of the two. Technically, a rack merchandiser sells the same products all the time for essentially the same price while a wagon jobber sells more varied products that involve good markups.

We have combined the two here because if you go into the business, you will undoubtedly do a little of both. This type of business takes a little time to get started and involves more investment than some others, but it can develop into a steady, income producing business that almost runs itself.

Expansion is simply a matter of taking on more products and /or enlarging the route. Once a route is established, it should not be difficult to train someone to service it -- and so on!

before ordering your initial supplies (other than samples to decide on what things you will carry); call on several merchants in your proposed route area to "test the waters."

Tell them of your plans and ask their opinions -- and leave your card! Because this is not a business that lends itself to advertising, this is your way to introduce yourself and pick up some helpful pointers at the same time... Ask what days would be best to call, whom to see about specials, what products they can't get decent prices on, etc... Be sure to write yourself a memory-jogging note on their route page.

This is where your route book starts; prepare a page for every prospective customer you talk to,, but keep only those that become clients in your route book (keep the others in order, but separate).

Of course, you never tell your clients about your sources --only that you have suppliers for close-outs as well as standard products, and that you keep working with these sources to be able to offer the lowest prices.

Your preliminary visit has two objectives: you want them to be expecting your first "official" visit and you want them to suggest products will do well at their location. When you include products they suggested, it shows them that you listened, and makes it difficult for them to change their mind!

BUSINESS SOURCE

SMD, 3928 Ogeechee Rd., Savannah, GA 31405. Wholesale merchandise for wagon jobbers: 5600 products. 56 page catalog with your import available.

PRODUCTS, 6610 Blondo, Omaha, NE 68104. Wholesale carded merchandise for rack merchandisers.

MARKETER'S FORUM, 160 Eileen Way, Syosset, NY 11791, 800/428-0885. Magazine with hundreds of ads for wholesale and close-out merchandise (\$20 yr.).

RISONA, INC., 135 E. 28th St., New York, NY 10016. Close outs on cosmetics, video tapes and miscellaneous merchandise.

ROYAL SUPPLY CO., 156 5TH Ave., New York, NY 10010. Close outs on perfumes, cameras and brand name merchandise.

SPECIALTY MERCHANDISE CO., 9402 De Soto Ave., Chatsworth, CA 91311-4991. Wholesale imported merchandise; membership required.

U.S. SMALL BUSINESS ADMINISTRATION, Box 30, Denver, CO 80201-0030. Publishes MONTHLY PRODUCTS LIST CIRCULAR, and many other small business related publications.

ALL RIGHT SALES, INC., 4201-03 N. Kenzie Ave., Chicago, IL 60618, 800/258-2223. Wholesale tools, paper goods, kitchen wares, toys, jewelry, novelties.

CLOSE OUT DISTRIBUTORS, 1605 NW 38th Ave., Lauderhill, FL 33311. Buys and sells close out merchandise.

CREATIVE PRODUCTS NEWS, Box 584, Lake Forest, IL 60045. Magazine with news of new products on the market.

GALAXY ELECTRONICS, Box 17, Blythbourne Station, Brooklyn, NY 11219, 800/221-8924. Wholesale, job-lot and close out merchandise. Catalog - \$1.

GOOD 'N' LUCKY PROMOTIONS, Box 370, Henderson, WY 89015. Wholesale merchandise, specializes in job lots.

DOVER PUBLICATIONS, INC., 31 East 2nd St., Mineola, NY 11051. Discount books, clip art, stencils, etc.

QUILL CORPORATION, 100 Schelter Rd., Lincolnshire, IL 60917-4700, 312/634-4800. office supplies.

IVEY PRINTING, Box 761, Meridan, TX 76665. Write for price list.

SWEDCO, Box 29, Mooresville, NC 28115. 3 line rubber stamps - \$3; business cards - \$13 per thousand.

REYNOLDS PRESS, Box 125, Gustline, CA 95322. 3 line rubber stamps - \$2.25.

OLYMPIA PRINTING, 1282 Monomoy , Aurora, IL 60506. Business cards
- \$9.50 per thousand.

WALTER DRAKE, 4119 Drake Bldg.,Colorado Springs, CO 80940. Short
run cards, stationery, etc. Good quality, but no choice of style
or color.