

If You Don't See It - We Don't Have It!

By Anne M. Obarski

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What does it take to make it in business? It seems recently that the companies that customers trusted for so long are closing their doors or involved in unethical scandals.

Who would have thought that some of the big players in the retail world would find it hard to get and keep their once loyal customers? I believe every business has to work everyday at their focus on their most important asset, their customer.

If you talked to the owner of a retail store and asked him or her why they decided to open up their own business, they would probably answer something like this.

"We saw a need for a product that no one else offered and we knew we could offer it either in a larger quantity, more creatively displayed, with more unique advertising and in multiple sizes, every day of the year."

That answer is the original dream of every entrepreneur. That answer was also the answer for K-Mart many years ago. Their inventory would reflect what the customer needed in the appropriate sizes and quantities and price. Yet recently I read an article in my local paper where a woman said the reason she changed her loyalty to Target from K-Mart was that K-Mart seemed to always be out of the items they had advertised. She said she didn't want a rain check or a "blue light" special she just wanted the advertised item. Is that request so complicated?

Having the correct inventory is a matter of managing your purchasing dollars to the customer demand. Solid communication between the retailer and the vendor is mandatory to establish accurate delivery dates. Knowing the delivery dates of merchandise you plan to advertise is critical.

I remember when I was a sportswear buyer for a large department store, that we could have been fired from our job if we ever ran an ad and did not have the merchandise in the store. There was never such a thing as running an "apology" in a section of the newspaper stating that the merchandise advertised was not available. That ad might as well be followed by, "but you can find that item at your local _____". If the customer wants it bad enough they will find out who has it and they will go there to buy it. Supply and demand is the basis for good marketing!

The rules of balancing inventory is as follows:

- [] Know your customers.
- [] Know what your customer wants.

- [] Know what your customer is willing to pay.
- [] Know what vendors you can build long-term relationships with.
- [] Learn how to do short term and long term predictions.
- [] Never be out of stock on "bread and butter" products.
- [] Know what your margin is so that you can frequently offer your customer their favorite items on "sale".

I taught retail marketing classes at the college level for 15 years and I remember writing a test question as follows: "List the 5 Rights of Merchandising". Here is the answer.

1. The Right Merchandise
2. The Right Time
3. The Right Quantity
4. The Right Price
5. The Right Location

Would you have passed the test? Do you follow the "5 Rights"? Which ones do you have the most trouble with? Are you willing to do your homework? K-Mart didn't. Maybe we all can learn from the mistakes of the infallible.

Anne M. Obarski is the "Eye on Retail Performance". She is an author, professional speaker, retail consultant and Executive Director of Merchandise Concepts. Anne works with companies who are performance, profit and people focused and helps leaders see their businesses through their customers' eyes. Anne's mystery shoppers have secretly "snooped" over 2000 stores searching for excellence in customer service. Reach Anne at www.merchandiseconcepts.com or <mailto:anne@merchandiseconcepts.com>

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