

# Retailing Tips to Grow Your Bottom Line

By Anne M. Obarski

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Anne M. Obarski  
anne@merchandiseconcepts.com

Merchandise Concepts <http://www.merchandiseconcepts.com>

If I asked you what one thing made you decide to be in the retail business, what would it be? Money? Prestige? Glamour? Travel? Envisioning your name in lights on the front of a building!

Maybe you felt challenged to do a better job than the competition at either merchandising, selling or marketing to a specific retail customer! In marketing, that is called "differential advantage". There was a gap and you decided to fill it. Now you are in the wonderful "niche" of retail! Congratulations!

Niche marketing has been retail "buzz word" for years. A niche can be defined as offering something special, to be highlighted, worth seeing and most importantly, different.

An old term that has resurfaced is that of "brand identity". Combine the two and you have found a way to be different and a way that your customers recognize you for it.

A retailer that has done a great job of this is Target. By just mentioning that name, what do you see in your minds' eye? Should be a red bulls' eye, right? It appears in all of their ads, in their marketing, and on their shopping bags, etc. They found a niche and cemented it with great brand identity. The GAP is another super retailer who has a wonderful brand identity. Three capital letters make up their marketing campaign, which is simple, straightforward, and memorable.

By focusing on the letters in the word "niche", you can discover ways to cement your brand identity and grow your bottom line! Polish your magnifying glass and let's take a closer look at your business.

N= Novel:

What do you do, sell or offer that is different than your competition?

Sometimes it can be the smallest thing that sets you apart from other retailers in the eyes of the customer. It can also be the unexpected. If you were to interview a customer coming out of your store, what would be the one thing that they remembered the most? Was it the service, the merchandise, the atmosphere or even the lack of? Be prepared, it may not be what you have been working hard to establish!

Let me give you an example. I was recently "scouting" a new garden center for a client.

It was a huge all glass building, fabulous array of plants and flowers, even a restaurant inside!

As I tried to discover what this business did different from my client, I noticed one thing.

Music! Unusual for a garden center! There must have been 200 outdoor speakers throughout the center and I found myself browsing for over an hour. I slowed down my pace, I relaxed and I found myself humming to the music. Did I purchase? You bet I did!

We all know the longer we can keep a customer in the store, the more chances they will buy. Think novel, think different, think unusual. Shop other stores and even websites, other than your industry. It just might be the bull's eye you need!

I =Inventory:

Planning is the beginning of inventory control. Careful monitoring of the inventory is what will keep you in business? Buying plans should always include these three important categories; fashion goods, basic goods and promotional goods.

1. Fashion Goods are those items that are unique and fashion forward. They are also the items that you may be able to take a higher markup on if the items are unique to your store and your area. Usually these items tend to be purchased in smaller quantities and are merchandised in a prominent location. If it is a hot item, it can add plenty to your gross margin.
2. Basic goods are the "bread and butter" items. These are items you sell day in and day out. These are items you never want to be out of stock on. Keep track by size and quantity and try to develop a reorder system with your key vendors.
3. Promotional goods can come out of the fashion or basic goods. These are usually items that are selling well and you are able to offer them to your customer at a reduced price. Promotional items should be purchased at a lower cost so as to make additional markup dollars as sold.

In order to maintain a good inventory turnover, monitor sell through on fashion goods and start taking markdowns within 6 weeks of receiving the merchandise. Smaller markdowns, done early on, can help move merchandise and protect your gross margin. If fashion items aren't selling, don't assume they will eventually. Fashion items are like over-ripe bananas; they don't get any better the longer they lay around!

C=Customer Appeal

Do you really know who your customer is and do you market successfully to them? It is so simple to keep a database on your customers. You can track past purchases, help them develop and keep customers. Unfortunately, most retailers don't take the time to implement the technology. I believe those retailers who do, will have the upper hand.

I have been doing some research on the "Y" generation. This is the part of the population that was born after 1980 and is growing the fastest with a spending power of \$155 billion. The oldest group is just hitting adulthood. Within the next ten years, the oldest part of this group will be having babies.

The "X" generation, born between 1960 and 1980 make up the current young parent profile. Each of these generations has something in common. One, they have never really experienced excellent customer service and two, they have been used to everything handled quickly. They have grown up having drive through dinners; banking, pharmacy pickup and dry cleaner drop offs. They are computer savvy and embrace technology. They have grown up with microwaves, remote controls and cell phones. They have been self-sufficient from the time they were little as most came from homes of two working parents or single parent households.

They are interested in doing business with pleasant people who can provide a fun and entertaining shopping atmosphere, quickly. They have been loyal to the big names of GAP and OLD NAVY and Abercrombie & Fitch and they have spent more money in their short life times that would make baby boomers cringe. They are educated, they want to see a woman president, and they will focus more on neighborhood and family and volunteerism will be at an all time high.

I challenge you to know everything you can about your customer and future customers and court them, using websites, email, great advertising and most importantly, good service. Trust me, that is something they are used to, and will demand!

H=Hiring

Test before you hire! Human Resource managers will say that one of the most important A tool that employers should use is a "behavioral assessment profile " with each potential new hire. With the unemployment rate at an all time low, it is harder and harder to find good people to work for you. Most potential employees have learned all of the "right" answers to employers' questions. But those answers may not give the correct insight to the applicants' true personality and behavioral traits. Many times a store manager doesn't even know the right questions to ask, and will rely on the canned answers an applicant gives to make their final decision and then hope for the best.

There are a number of companies that offer these types of assessments. The basis of assessment profiles is simple. The employee answers a number of questions and then a computer program generates a report that can pin point the new hires' strengths, weaknesses, value to the organization, ways to motivate, ways to manage etc. By understanding the information in these types of reports, a manager can learn exactly how to train and manage and reward an employee for the long term.

E=Extra Mile:

Do you find ways to go above and beyond your customers' expectations every day? As you are creating your "brand identity" in your niche, what would really "knock the socks off" of your customers. Here are some ideas that will help you cement your identity with your customers:

1. Merchandising for the convenience of the customer.
2. Cleanliness of the store, fitting rooms, wrap desk, mirrors and doors and exterior.
3. Care taken in packing the customers purchase.
4. Quality of bags, tissue, gift boxes etc.
5. Professional looking ads, marketing, business cards, website, etc.
6. Special services offered to customers, especially at "no charge"
7. Consistency of training so that customers are helped by everyone with the same courtesy.
8. Phone etiquette in answering customer calls as well as handling personal calls.
9. Handwritten thank you cards to customers on special store stationary.
10. Professional looking employees who reflect the "identity" of the store.

I wish there were a crystal ball we could all look into to focus on the secret of success in any retail business. There isn't. But I feel confident if you study each part of your NICHE, it will not only help you cement your unique identity with your customer it will keep you on target to lay to foundation to build the business of your dreams.

Anne M. Obarski is the "Eye on Retail Performance". She is an author, professional speaker, retail

consultant, and Executive Director of Merchandise Concepts. Anne presents keynotes, seminars and workshops nationwide. She 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 <http://www.merchandiseconcepts.com> or <mailto:anne@merchandiseconcepts.com>

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