



3 Ways to Thrive in a Retail Slowdown

When the economy starts sputtering that's when savvy retailers take action. Every newspaper, news program, news website is full of doom and gloom these days. Stores closings, liquidations, rising fuel prices, job cuts are all the top stories in the media. If you own a business, the question is, what changes can you make immediately to remain healthy during this period of "business sickness"? For some retailers that could be like turning around the Titanic, and for others, it can be a small course correction.

If you are a retailer who sells "non-essentials", it would be advantageous to focus on the three areas that could help ease the pain of a spending downturn.

Focus on your Consumer: I recently saw a list of survey questions about consumers that made me think. The four categories were; shopping closer to home, shopping for sales more often; spending less on clothing; and taking fewer shopping trips. The responses were about even between all four areas. Customers are saying that they would rather buy less frequently, but locally and are looking for good deals.

The worst thing a business can do now is to stop promoting itself. The customer needs to know that you are just like them and you are sensitive to their situation. By using as many cost effective tools to stay in touch with your customer, even more than before, will help to keep your name first and foremost in their mind. Make the most of your customer database through email, phone, web, even direct mail communication. Use your customers to step up your consumer research. Call them and interview them to get "real-time" opinions of what they like and don't like and wish you had more of.

Focus on your Inventory: Retailers must be very aware of their stock levels. Strategic buying plans will help keep stock levels lean. Analyze each and every department and classification and be brutally honest as to what is selling, what isn't and how you are going to deal with that situation, now! By cutting back on selection, you actually may be making it easier and quicker for the customer to make their buying decisions.

As the customer is making fewer purchases, they are hoping that most of them will be "on sale". Having flexibility in pricing is a direct reflection on your buying structure. Too often, carrying national brands can dictate the retail price you must charge. Private labeling and carrying products that are locally made can give a retailer the ability to price with a larger gross margin but remain competitive in the marketplace.

Put milk on sale! What does that mean??? Milk is a staple item for any grocery store. If a grocery store would put milk on sale, I would guarantee customers would buy more than one. What "milk" item do you have in your store? What basic item do customers buy from you day in and day out? What would happen if you put it on sale? Along with that basic item, what else would



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they buy to go with it? The goal during a downturn is to be able to sell more items to more customers and this is known as an increase in UPT's or units per transaction. You see, the customer has already told us that they want to buy locally and less frequently. If they are a captive audience in your store, then it is your responsibility to appreciate their desire to save time, money and energy and still get what they need at a good price.

Focus on your Staffing: I was just in mainland Europe on a business trip and I mentioned to the taxi driver that business seemed brisk. He actually said that it was down but that his boss never gives the cab drivers time off when business is slow. His boss said that he wanted his fleet of cabs to be seen all over town and that if there was business to be had, they would get it. He told me that he could take vacation when business was really good.

What does that mean to you? Don't cut your staffing unless you absolutely have to. Customers who can't find someone to wait on them will go elsewhere. They don't care that you are watching your staffing budget. By having a sharp, knowledgeable, hard-working staff whose schedules are planned around the pace of store traffic will generate more sales from customers who realize that service is a priority in your business.

Tough economic times tend to reduce a customer's loyalty to any one store. The question is are you top of the consumers mind when they think of the product or services you offer? Now, more than ever is the time to make the course correction through consumer research, inventory evaluation and strategic scheduling so that your business will thrive in a recession even as others struggle.

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