

Trade Secrets of Successful Retailers

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MISSION CRITICAL

Marketing
Inventory
Staff

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Marketing



**BASIC GOAL:
Create Demand
Which will
Drive Traffic to
the Stores**



What Are Successful Retailers Doing?

- Email Marketing – and NOT just once per week
- In Store Events – Charities
- Facebook/Pinterest/Instagram – what is the message?



Measuring The Results

- Open rate/click thru rate from emails
- New friends/fans on Facebook
- New names in your POS customer list
- First time purchases
- Donations to charities



Keys to Your Success

- What is the message?
- Test, Measure, Repeat
- Do *SOMETHING* to create demand
- **OUTFLOW** is **EVERYTHING**





Inventory Management



BASIC GOAL:

Maximize Sales

While

Minimizing Inventory
Investment



Inventory Management

What Are Successful Retailers Doing?

- Measure sales by Department/Class, THEN by vendor.
- Measure your sales in direct relation to what you received and what you still have on hand.
- Use the above to formulate a vendor scorecard, and use that when you go to the marketplace to get better margins from your vendors.
- Look at your sales by class to determine complimentary classes that you are not selling or maximizing, and improve your assortment plan.
- For Multi-Store Retailers: Compare the above by store. Are there classifications or vendors that don't perform in all locations? How does that affect your initial buy/distribution/restock plan?



Measuring The Results

- Sell-Thru and Turn
- Margin Sell Thru (Percent of Gross Margin achieved)
- Cash Margin (Gross sales minus Cost of Goods Received)
- GMROI
 - 1st Dollar pays for the goods
 - 2nd Dollar pays for operations
 - Everything above that is profit



Purchases

The single greatest cost to a retailer.

Key Components

Timing - flow of Inventory

Amount - to satisfy demand profitably

Small changes can have a huge impact on cash and revenue growth.

Inventory Management

Actual Results:

Revenue	\$ 751,666	\$ 751,666
Purchases %	55%	53%
Purchases Dollars	\$ 413,416	\$ 398,383
	\$ 338,250	\$ 353,283
		\$ 15,033
		3.6%

Keys to Your Success

- Classes with demand need to be fed.
- Classes not growing need to be maintained.
- Classes dropping need repair and care in planning.

Sweeping cuts can destroy performing classes.

Stopping the fresh flow of inventory can paralyze.

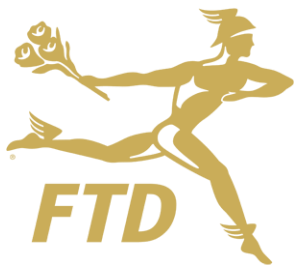
Knee jerk reactions without thoroughly drilling down to the details can have long term consequences.

Inventory Management

Keys to Your Success

- Inventory is your largest investment.
- POS systems offer tons of reports. Use them!
- Vendors respond to stats, not complaints.
- GMROI is a vital statistic. Watch it carefully!





Staff Management



BASIC GOAL:

Maximize Sales
By
Salesperson



What Are Successful Retailers Doing?

- Ensure your system is set up to record sales by sales associate.
- Group commission plans are not effective. Create a commission plan based upon individual sales.
- Assign sales goals to each associate: Dollars per Hour, Average Dollar Sale, Units per Transaction.
- Run reports by associate by week, compare them against the store average (not each other!).
- Post the stats in the backroom so all associates can see their own stats, as well as each other's stats.
- Train them on selling techniques.
- Get them as much product knowledge as you can.

Staff Management

Measuring The Results

- Units per Transaction
- Average Dollar Sale
- Sales per Hour



Keys to Your Success

- Employees need stats to know where they stand.
- Measurements by stats helps you keep the good employees and weed out the bad ones.
- The employees that complain the most about this are the ones that don't want you to know that they can't sell!
- Be slow to hire, quick to fire.

**HAPPY
PEOPLE
DON'T
COMPLAIN**

A Few Lingerin Thoughts....

- Retail “health” means managing marketing, inventory, and staff.
- The retailers who win are those that understand their numbers and their customers.
- Cutting costs, while important, is not a long term strategy for success.
- “You cannot improve what you do not measure.” – Lord Kelvin

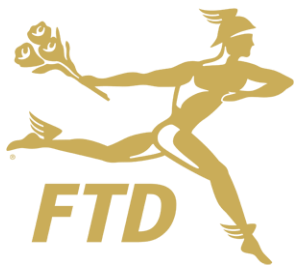


SPECIAL OFFER!

We will do a **FREE ANALYSIS** of your stores.

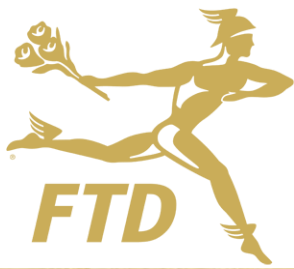
Find out:

- Where are you missing business?
- What classes of merchandise are you buying incorrectly?
- How can you generate more cash?
- Where are your expenses out of line with industry standards?



Questions ??





Thank you !

Email: Dan@RetailSmartGuys.com

Handouts are available at:

FTDi.com/FTDUniversity/webinarmaterials.htm

Webinar will be available to view at:

FTDUniversity.com