

## MALIBU CHAMBER OF COMMERCE

### 10 Steps to Retail Business Survival in This Tough Economy!

The housing market has tanked; consumer spending has slowed dramatically; the job market is weakening and the big retailers are nervous as sales forecasts are becoming a wild guessing game: Welcome to 2009. *But in the midst of all this doom and gloom, there are some opportunities for the sharp-minded small retailer.* One of them is building upon your customer base by outsmarting your competitors. Here are some suggestions on just how to accomplish that.

**1. Clean-up, take inventory.** Know what's selling and what's not. Set a 60 to 90 day price reduction plan to get rid of the 'what not's'. Present your clearance items in a key traffic area of the store to be sure they are seen. Clearing the old makes way for the new and nothing attracts customers more than the latest items, neatly presented in an easy to shop environment. By the way, sign clearance so it's easy for the customer to understand the value you are offering. A sign that says "30% off" has little effect. [Hint: use comparative pricing: Originally \$, Now\$]

**2. Maintain stock levels on key items.** These are the "what's selling". Be in business day and day out on these items. Know your turns and be sure you have stock on hand to "fill-in". Search the store for empty peg hooks and empty shelves, each one represents a potential loss sale and disappointed customer.

**3. Price it right (not always lower).** Know your competitive position on pricing items. Know what items are price sensitive and be extremely competitive on them. For those items where price is not an issue with the customer, price them fairly to maximize your margins.

**4. Solidify the customer base you already have.** Send out a newsletter; promotional flyer or e-mail to residents and also out through the Malibu Chamber of Commerce. Tell your customers you appreciate their business and tell them often. If you're not capturing names and

addresses at the time of each sale, start now. Your current customers are a valuable resource and an asset to your business. Don't lose good customers while in the process of attracting new ones.

**5. Promote and keep promoting.** Promote internally with signing, flyers, and personal selling skills; Advertise in your local newspaper; cable TV; targeted radio (a lot less costly than you would think); use targeted direct mail, if possible. Be sure your message and ads are compelling and are designed to create store traffic and bring in new customers. Your advertising expense is a percent to your sales estimates; just like any other line item on your P&L statement, when you cut it way back it's like trying to gain weight without eating. When it comes to advertising don't do what you think you can *afford to do*, do what you can't afford *"not" to do!* Establish an advertising plan and budget to maximize the peak weeks of your business. Can you identify the peak weeks in your business?

**6. Provide "heroic" customer service, consistently and expect it from all employees.** Hold training sessions on what heroic customer service means to your business; set goals on what you want customer service to accomplish. (Every customer must be 100% satisfied.) Every employee needs to become a walking public relations director for your business. Stop! Hear! And observe how customer service is being made the most of in your store, particularly when employees are talking to customers over the phone or at the cash register.

**7. Know the needs, wants and expectations of your customers, then meet and exceed them.** This is particularly important when it comes to new customers. You can accomplish this mission through merchandise; merchandising; pricing and service and doing these things consistently better than your competitor.

**8. Know a few key "don'ts" when business is tough.** Don't stop buying merchandise that's selling; don't show a

"worried" attitude to employees or customers; don't stop promoting and advertising; be competitive but don't give away the "farm". New customers can sense a store that is failing or troubled, never give that impression. Stay positive and create a positive atmosphere.

**9. Know the "do's" when business gets tough.** Do create a friendly "canvas" for your customers to shop in; do have the right items at the right time and at the right price; do keep communicating to your customers and to your employees; do understand and promote your "competitive-edge" (what sets you apart from your rivals) and do it everyday; do keep focused, stay on plan and have that "stick-to-it-tiveness" that will see you through the tough times.

**10. Make every new customer feel like he or she is an old customer.** Some smart retailers make each customer feel like they are the *only* customer. You will have a great sense of winning over customers when you begin to experience increased sales and profits; increased transactions at the register; increased sales average; more repeat store traffic; and lots of happy faces walking in and out of your business all year long.

*Counseling sessions are set up through the Malibu Chamber office. Call today for more information. 310-456-9025, ext. 0*

*Michael Scotto is a retired marketing consultant with over 45 years of retail marketing experience and a volunteer with SCORE of Ventura County.*



Michael J. Scotto