

Retail managers need to get rolling

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My shops are staffed by good managers. But in this kind of economy I fear we won't have enough walk-in traffic to maintain sales. We'll get through the holidays okay; after that I'm worried about January and the whole first quarter. I also don't think I can get sales going on my own. I think my managers need to be playing a stronger role in helping us grow sales. And I'm not even sure if it's selling or marketing that we need to be doing. What are your thoughts?

Many retail operations get stuck when walk-in traffic declines. That doesn't mean that retail business has to roll over and die. As the old saying goes, when the going gets tough, the tough get going.

Let's take a look at some facts, good and bad. Then we'll talk about the role of shop managers. And we'll finish up by looking at a variety of sales and marketing efforts this company can deploy to improve their chances for success.

First, the bad news. In September, retail sales were down twice as much as predicted – not a good sign. The downward trend continued in October and November, in medium price, low price, discount and luxury stores. Problems are impacting retail businesses of all sizes – from Lillian Vernon catalog, Linens and Things, Sharper Image and Circuit City, to the locally owned shops on the neighborhood strip. Investment failures, declines in housing values and job losses are hitting every sector, including the formerly well heeled, retirees, hourly and salaried workers, blue, white and no-collar.

Now the good news. While the unemployment rate has climbed from 5% to 6.8% nationally over the course of this year, in non-farm jobs we still have around 1 million MORE people employed this year than we did at the end of 2005 (roughly 136 million now vs. 135 million in 2005), according to the Bureau of Labor Statistics report of December 5, 2008. While consumption dropped, personal income increased between September and November, savings increased as well.

What does this mean? A lot of people have jobs. They are putting money aside to get their finances in order. And they do have money to spend, they're just being more careful about what they spend on, and when. Discretionary spending may be down, but it's not gone, just more competitive. And most small businesses don't have a predominate share of the market in which they operate. They are small enough that it's a matter of competing better in order to get more share, rather than having exceeded their potential to grow..

Now let's look at the role of shop managers. Many retail managers make the mistake of thinking of themselves as care takers for the shop. They see their job as being responsible for helping customers who walk in, asking for help. They excel at knowing their products. They sometimes shy away from closing a sale, not wanting to "pressure" a customer to make a decision. They may let a buyer walk out the door because they don't have exactly what the buyer wants, rather than making a deal to understand and solve the customer's need on the spot. They may think that if the customer is really interested he or she will return, without realizing that when the customer walks out the door other competitive opportunities may get in the way of that customer returning. These behaviors have to change in a tight financial market.

When the customer walks in the door, the shop manager is on the spot, with one opportunity, and one opportunity only, to solve that customer's need. It's time to hustle and make a deal. Time is the shop manager's enemy, as the more time that goes by, the more the customer dabbles without direction, the more likely the customer is to go elsewhere with his or her limited discretionary funds.

Instead the shop manager's job is to solve a need, quickly, efficiently, politely, and get the sale transacted. If the customer has questions, answer them. If the customer is "just looking around", find out what or who they're looking for. If the customer isn't sure, find out about any deadline they're on, budget needs and what kinds of things they like, then get their email address to send them information matched to their needs.

Of course there are also good selling schools you can send your shop managers to. Compare walk in traffic to closed sales. Find out if your store is doing better, or worse, at closing sales compared to your peers and neighbors. Do something to help your shop managers get better at making the cash register ring – after all, that's what pays their salary.

In addition to fixing problems related to closing sales, work with your shop manager on marketing. Marketing is how you get more traffic to walk in the door. There are all kinds of efforts you can explore.

First, you have to know your customer, in order to target your efforts. Who buys from your store and why? What kind of needs are they trying to solve? Are they new residents in town? Shopping for gifts or personal needs? Young, middle aged or old? Single, married, with or without children?

Why do you care about these demographics? They help you figure out where to find your target customer. Middle aged customers with children probably are involved in local school activities and will find your message if you sponsor school events. New comers in town can be found through new resident records. Seniors are often well established in their communities, which means they are likely to get information from their peers as referral sources.

Now it's time to figure out how to get your target customer into the store. Rather than trying to figure it out yourself get your shop managers involved. Ask them to network with other shop managers in the area to put on community events that draw traffic. Perhaps they can partner with another store that has a complimentary product or service, to offer each others' customers coupons. Build in-store promotions by offering customers referral rewards for sending their friends. Team up with another store to sponsor a local sports team. Call 5 customers per day to leave a voicemail making them aware of new items in the store. Entice customers who haven't been by in awhile with a time sensitive coupon. Increase average buy with add-on promotions. The list is really endless.

The point is, it's not just your job as owner to solve the problem. Your shop managers and shop staff depend on sales to keep their jobs. Ultimately if they can't get enough sales going, you'll have to close the shop. Better to get them involved now, while the store is up and running, to figure out how to be better at competing for customers' precious dollars.

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