



The Retail Buzz - December 2008

How To Lift Your Retail Spirits During Slow Times

By Matt Parmaks

All we hear these days is how bad the last few months of 2008 are going to be. The National Retail Federation, in the United States, is predicting an increase of approximately 4% over last year, and they generally predict a bit on the bright side so the reality, in North America at least, is probably somewhat less than that.

However negative the predictions are, the truth is that people will still be shopping in the malls and they will still be buying clothes and other things and gifts for family and friends, even if they do spend a bit less than normal. A crystal ball would be something a retailer would pay a lot for right now...what are they going to buy and how much are they going to spend?

Well, there are no crystal balls.

So, what does a retailer do to ensure they have the very best possible chance for success this final quarter of 2008? Whatever success there is to be had right now...how do they have it? Even in bad economic times, sales are still made; people still buy. Maybe not as much, but they still buy.

Here is the answer to getting whatever you can as a retailer. Be better than the others. Whatever it is you are selling, do it better than the others.

Remember the two guys who were running from a charging bear and the second guy - the guy in the rear - said to the first guy - who was out front - "How are we going to outrun that bear?" And the first guy responded "I don't have to outrun the bear, I only have to outrun you." It's not very pleasant, but true none the less.

Retailers don't have to beat the economy in the days ahead; but they do have to do what they do better than the others who are doing the same thing.

Here is where getting back to basics comes in.

First of all, the buying, allocation, inventory control and logistics departments must get the right merchandise in the right place at the right time. Then it is up to the Operations and Field teams to make the shopping experience pleasant. Have friendly, smiling, knowledgeable, well trained staff available to greet and talk with customers; and have enough of them. Have customer friendly policies and procedures in place. Have clean, well organized and well maintained stores. Have clear, understandable signage. Have respect for your customers and for their time.

Do what you promise to do and do it better than every other retailer out there. Watch expenses closely but don't let a tight fist get in the way of providing your customer with the service and the pleasant shopping experience that they deserve. Sometimes a few extra payroll dollars can go a very long way.

In the final analysis, all parts of the retail organization have to be on top of their game during these times. Buying, allocation and inventory control, finance and loss prevention, marketing, warehousing and distribution - they all play a vital role in the lead up phase. But the people in the organization that meet the customer - the person who pays for the merchandise - are the people who can make it or break it. Retailers can be great at everything else but if they do not have solid field operations then they cannot win in the long run.

Consumers have had about all they are going to take of the same old run around, the complacency, the "I don't give a damn about you" attitude. With disposable incomes diminishing, who can blame them? Why should they spend the money they have in a place that is undeserving of their business? Even if disposable income is increasing, the same question applies.

This quarter, make sure the customer is the one and only focus at store level. Make sure tasks are minimal and spirits are high. Coach and motivate your teams to make your customers excited about doing business with your company.

Embrace Creativity

In slower economic times, or recessions, organizations often push creativity and new ideas to the side and concentrate on execution of belt tightening strategies. They believe that new ideas are for times when the economy is booming. This doesn't really make a lot of sense. When the going gets tough it is creativity that is going to make the difference.

When sales are falling your associates need to be even better at engaging the customer than during the boom times. The front line employees absolutely must be on top of their game, using all of their creativity and pulling out all the stops.

And the Head Office approach to tough times definitely needs to be creative in order to keep, or gain, competitive advantage during this crucial time. Cutting everything from entertainment and meal expenses to head count just isn't enough - in fact, it's a wrong strategy overall. Of course, wasteful spending should be stopped but why was there wasteful spending in the first place? That's something that needs to be addressed but it is not what is going to make the difference. No, what is needed is creativity and innovative thinking to come up with measures that your competition hasn't thought of. Otherwise, no matter how much you struggle you still won't be ahead of your competition because they will all be doing the same things; taking the same knee jerk actions as you are.

Recessionary times are a great time to gain market share; more so than in times of growth.

So, even though many Store Managers just want to quietly navigate through this period - basically trying to go unnoticed until it's over - there are ways that you can get the creative juices flowing in your retail organization.

Start now by inviting your retail store teams and your Head Office teams to Creative Strategies sessions.

Before morale starts sinking due to lower sales and negative thoughts, get people together and ask some serious questions. The quality of your questions usually determines the quality of your answers. Make sure all of your questions are targeted at specific issues and very focused in order to get the best, most useful, answers.

Stay away from broad, general questions to which many answers could be considered correct. Focus on the details. Ask very specific questions around what is draining your business and what actions can help. Ask for ideas; talk about new business possibilities. Make sure the Creative Strategies sessions are upbeat and exciting and have a 'sky's the limit' feeling.

Look positively forward; look forward to making gains during recessionary times because you will probably hang onto those gains when things return to normal. If you lose ground, you shouldn't expect to win it back.

Creativity is what is called for right now. Let it happen.

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About author: Matt Parmaks is the author of numerous management and retail related books and articles.