

What Managers Need to Know About Retail and Retailers

OREGON MAIN STREET ANNUAL CONFERENCE
Kathy La Plante | October 6, 2011

NATIONAL TRUST FOR HISTORIC PRESERVATION

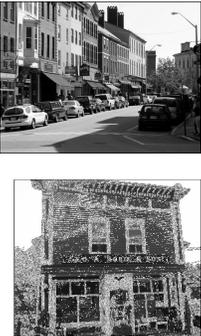


Retail – It's Diverse



Key facts of successful retail downtowns

- Successful downtowns have density with buildings/stores and shoppers or users
- Retail businesses will go where people are (tourist spots, employment centers, residential, etc.)
- Retail will change if external factors change (highways, bypasses, streetscapes, demolitions, etc.)



Retailers Need to Adapt To Change



1918 Keeney's Drug Store



1934 Keeney's Sport Shop



2007 Keeney's Sporting Goods & Antiques

Korger's Chippewa Falls, WI



Korger's Chicken Hatchery
Korger's Farm Store
Korger's Paint and Wallpaper
Korger's (paint, wallpaper, window treatments, furniture, accessories)



Retailers Adapting and Changing

Wal-Mart

- 699 stores
- 108,000 sq. ft. avg.
- 225 employees



Super Centers

- 2921 stores
- 185,000 sq. ft.
- 350 employees



Retailers Adapting to Change



Wal-Mart Neighborhood Markets (1998)

- 183 stores
- 95 employees
- 42,000 sq. ft



Marketside (2008)

- 10 times smaller than the Super Center
- Local market (prepared meals deli, pizza, chicken, national brands)
- Phoenix, San Diego,

TIME



With the recession forcing legions of stores into bankruptcy, the world's largest retailer now apparently wants to take out the remaining survivors.

A massive store and strategy remodeling effort, which it has dubbed **Project Impact**.

One goal of Project Impact is cleaner, less cluttered stores that will improve the shopping experience. Another is friendlier customer service. A third: home in on categories where the competition can be killed.

Time Magazine,
Week of September 14, 2009

Every Retailer is Different

- Enter a big box and you expect the sales staff to direct you to x, y or z product.
- Home Depot and Lowe's are more challenging. Not only do customers want to know where the product is, they want to know how to use it and what they need to buy to go along with it.



Retail Demands Well Trained and Knowledgeable Staff

Where is it?

How do I use it and what else do I need to go with it?

Lowe's attacks this problem in two ways. The first is hiring knowledgeable salespeople. Hiring people who know the difference between a locknut and a table saw, and who can guide customers to the right product for their need: augmented by continuous product knowledge training programs, and pocket selling guides for instant reference.

The second approach is what Lowe's calls "operation-efficient merchandising." This means making the shopping experience easier through effective signage, product adjacencies, and packaging. They have to package and display the product in a way that gives customers the information they need to make a buying decision

Downtown Businesses = M.A.P.ing

- Merchandise Awareness Program
- Employees need to be in tuned with:
 - latest products
 - uses
 - locations
 - complimentary goods
 - why the customer should buy it



Experience-based retailing and business development

- Help downtown businesses develop a retail/business experience
 - *Engaging customers with their employees, their products, and their physical store*
 - *"Customers who receive above market (in-store) experiences are more likely to purchase, be a loyal customer, and recommend your store to family and friends."*
 - *Doug Fleener, Differentiate Through Experiences: A Case for Experience Based Retail*

Downtowns Can Create those Experiences

Author Book Signings – Tea Room Tastings – Demonstrations
Classes – Product Test Rides

American Express' Global Customer Service Barometer

- For adult shoppers seeking a company that puts a great emphasis on customer service, 81% of respondents said that small businesses are the way to go
- "Getting service right is more than just a nice-to-do; it's a must-do,"

- 7-out-of-10 Americans are willing to pay an average of 13% more with companies they believe provide excellent customer service

Online Marketing Trends E-Commerce

Sales

- 2009 = \$134.9 billion
- 2010 = \$152 billion
- 2011* = \$171.1 billion

- Overall retail sales in the 4th quarter were up 3.5 %
- Online sales increased 13.5%

Gone

- Companies disappear all the time. Sure, it may be news when large corporations with well-known brands go belly-up.



Northwest Airlines,
Circuit City
Woolworth's
Kresge
Pranges
Ames

Companies Expected to Disappear in 2011

- Office Depot
- Dean Foods (Land 'O Lakes)
- Frontier Airlines
- Sara Lee
- Borders
- Gateway
- Dollar Thrifty
- E-Trade



Successful Businesses and Business Plans

Start Up

- Being an independent retailer requires an extraordinary amount of patience, motivation and discipline. Starting a retail business also takes much planning. To gain an advantage and increase the likelihood of success, entrepreneurs should spend time exploring and evaluating their personal and business plans.

Shari Waters
About.com Guide



Chutter's of Littleton, NH
Longest Candy Counter in the World

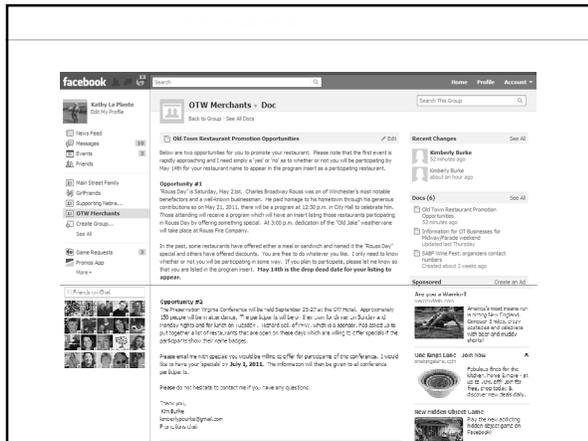
Rick Segel's Retail Survey

Two years ago, only 5-10% of retailers sold on line
Today, 41% are selling on line and another 36% plan on doing so soon.

- **Falkoff's Men's Wear, Sikeston, Mo**

Falkoff's is a leading retailer of quality clothing for men and young men. In business since 1899, we offer an outstanding selection. We also have a fully staffed alterations department so you are sure to get a perfect fit. Whether you shop at our store or our e-commerce store we appreciate your business.





Groupon

- Not recommended to typical downtown businesses that sells product or offers services that has an average or below average gross profit margin.



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Share Other Facebook Promotions with your Businesses

Niles, MI

Let's say your name is Bob and you come into Squeeze today...Say, "Hi, my name is Bob...Bob, Bob bo Bob, banana fanna fo fob, me my mo mob...Bob," and you'll get \$1 off your order :D *The Squeeze*

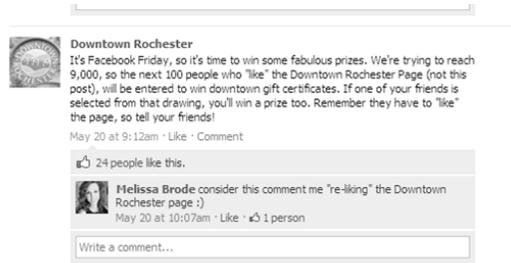


Facebook Promotion by the Main Street Organization

- Immediate impact



Facebook Fridays in Rochester, MI



Why Supporting your Retail Businesses = Economic Development

Joe Borgstrom, Michigan Development of Housing and ED

- Every time you purchase something not made and sold within your community you create a leak in the bucket. If you buy something made from somewhere else from a locally based retailer, the hole in the bucket isn't as big as if you bought the same item from a chain based outside your economy. What you buy and where you buy it from determines the size of the holes in the bucket. In all practical terms, it is impossible to have a bucket that doesn't leak.



Adding water to the bucket...



- The proliferation of websites and online retailing allows downtown retailers to sell their goods anywhere in the world. Also, tourists who come to a community and purchase a good or service while there also contribute and downtown shopping is a prime activity of tourists in Michigan. Remembering the original reference that as *any* business that sells its goods or services *outside* its local economy it adds water to the bucket. Downtown retailers move from mixer to contributor.

Retail Survey

- 13 Retailers in 6 states
- Non-scientific
- Opinions, issues, and tips to help Main Street Directors were solicited



Demands on Retailers

- Making a living and profit from my business
- Making payroll
- Finding quality staff
- Cooperative retail events with other downtown businesses
- Securing loans for inventory and operations
- Marketing and advertising
- Competition with national retailers and other shopping options
- Keeping up with trends in my sector and technology
- Shoplifting and employee theft
- Customer relations
- Working long hours



But in what order??

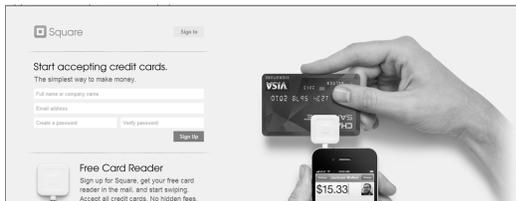
The Cost of Doing Business

- Utilities
- Salaries
- Goods (delivery)
- Charge card fees
- Theft



To take or not to take?

Credit Cards



Available for iPhone, iPad, and Android.

Donation Requests



- Cash or Merchandise or gift certificate
- Budget (few budget)
- Giving to all or giving only to good customers
- Numbers of requests
- How effective is the donation
- Research your DT

Customer Relations



- Greatest failure for a business is a complete disconnect from their customers
- Value is the most important factor – not price, but value.
- Does your program helps in this area?

Economic Downturn Activities?

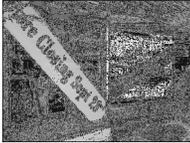
- Lowering price points or offering a wide range of price points
- Working contacts, and calling on possible customers or referrals
- Lightening inventory
- Cutting marketing \$\$
- Working more hours, less staff
- Using credit cards to pay bills



Impacts a Retailer Can't Control

Apparel Store in NH

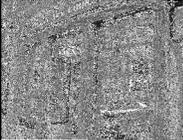
- 2,220 Sq Ft Store doing \$400,000-\$450,000 in sales
- 9 years in business
- A new mall opened across the street
- Traffic – grid lock
- Saturday sales \$3,000 dropped to \$300-\$400
- Just when you think things couldn't get worse.....
- An Eastern Food Mart/convenience store opened next door, along with 5,000 pounds of curry powder.
- Successful and profitable business closed



What other occurrences might impact or having impacted your retailers?



Property Owners Influence Retail Development and Success



Things Are Cooking

Baby Bungalow



Butter's Wine and Cheese

How do you work with retailers to help them?



Advice from Business Owners



- Communication
 - Stop in! Once a month
 - But know when to stop in
- Recognize how busy they are
- Be a fly on the wall
- Give advance notice of events, etc.
- Recognize I run my own events/promotions

Building Relationships with Business Owners



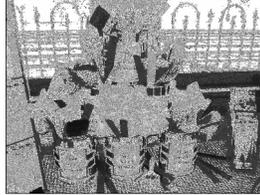
From the Business Owner who brings their child to work

To the ethnically diverse business mix.



What can Main Street do to help you?

- Fill Vacancies with other retailers
- Brand downtown and market downtown overall
- Draw more people through special events
- Coordinate more retail promotions
- Offer incentives for property improvements
- Provide business education (technologies, business plans, inventory control, merchandising)
- Provide networking opportunities with other downtown businesses
- Fill vacancies with service businesses



Improving Retail Target Marketing



- You will be most successful you are strategic in the development of the promotions
- Shotgun v. Rifle Approach
- Design Events Based on Target Market

Looking for the perfect gift? Downtown gift certificates



A very distinct pattern has emerged in that **almost 70% of our gift certificate recipients are new customers to a redeeming store / restaurant.** It is almost as if it is not "real money", so they will experiment with it on a new place.

"Merchants have been very, very successful in capturing that new customer for return visits, with as much as an **80% return rate** **Libertyville, IL.** **"It is not easy introducing new faces to their stores, and this program does it."**

Keep them Happy Demonstrate a pro-business attitude

- Communication (two-way) and relationship building
 - Building relationships will build trust
 - Learn about their business
 - Support businesses personally (board members too)

Have you ever tried to get an independent business owner to accept advice?

- Counseling/business assistance
 - Help increase profits
 - Solve business problems
 - Increase incentives
 - Facilitate transfer of ownership

Trustworthy behavior

Give a damn

- Learn and speak their language
- Take the time to understand their history, culture, and perspective
- Show genuine concern and interest in their business and its problems
- Make them feel like 'the special one'
 - Call up or send them an e-mail to congratulate them on any good news
- Listen attentively with understanding and empathy
 - Frame what they have said
- Don't rush
- Do these things without any expectation of a return

Coaching

- Help increase profits
 - Identify new market opportunities
 - new customers & new sales to existing customers
 - Reduce costs, increase efficiency
 - new skills and technology
 - Identify supplemental income



Repositioning

Shifting products/services in response to a changing market



- Offer coaching services to those entrepreneurs that may want (or need) to adjust their products and/or services to better fit downtown's market position
 - Secret shop the competition
 - Secret shop themselves

Help your Businesses Track Their Business

- Total tickets
 - Total dollar value
 - Total transactions
 - Average sale amount
- Sales compared to sales on the same day the year before
- Profitability by item and category
- Conversion rate (the % of shoppers who become buyers)
- Time spent shopping per store visit
- Interception rate (% of shoppers with employee contact)
- Waiting time

Education Businesses

Free Cash Flow Seminar

Important Dates!

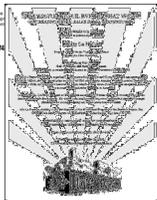
Date: January 14th, 2011
 Location: Sheraton Ballroom Conference Room
 Sheraton Hotel, 200 N. Dearborn
 200 Main Street, Ballwin, MO
 Time: 7:00 am - 9:30 am.

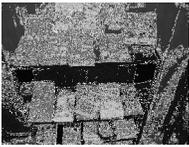
- Bring Your Coffee
- Bring Your Notebook
- Make your questions answered by experts
- Work with your cash flow

Counseling & Business Assistance
 1001 Archway - Ballwin, Missouri 63011
 Contact: 636-336-3333

Sponsored by:
 Missouri State Council of Economic Development
 Missouri State Area Economic Development
 Missouri Small Business Development Center
 Missouri State Chamber of Commerce
 Missouri State Office of Economic Development
 Missouri State Office of Tourism

We've been here for you





- Through surveys find out what help they need
- Nominal cost to attend
- Partner -- SBDC, Chamber, Universities....
- Invite non-downtowners

Business Visitation Team



- Volunteer team formed and formally trained.
- Advanced questionnaire developed
- Yearly visits to businesses to discuss needs & issues.
- Summary report furnished after visit with responses to business issues.
- Establishes direct line of communication to MS program.
- Monitor changes to downtown business base.

Recognize early warning signs of business failure – coaching needed

- Low or slow-moving inventory
- Too much or unrelated inventory
- Cut-back in staff
- Cut-back in hours
- Drop-off in advertising
- Poor maintenance
- Negative attitudes
- Slow payment record
- Rumors



- Poor performance of another business in same cluster
- Personal crisis
- Near retirement age

Top 10 Customer Turnoffs

- Dirty Bathrooms
- Messy dressing rooms
- Handwritten signs
- Stained floors and ceiling tiles
- Burned out or poor lighting
- Offensive Odors
- Loud Music
- Crowded aisles
- Disorganized check out counters
- Lack of baskets or shopping carts

Establishing Business Guidelines can help a Downtown Keep Customers Like Design Guidelines, they "set the bar" for business greatness

- Ideal hours of operation
- Frequency of window display turnover
- Investment in marketing
- Customer service standards
- Tracking Customers
- Hospitality
- Parking practices
- Knowledge of neighbors
- Referrals
- Maintenance
- Cleanliness
- Positive attitude
- Appreciation
- Other?

Retail and Special Events



It's not Main Streets' job to make people spend money at your downtown businesses.

It is Main Streets' job to:

- √ attract people
- √ communicate and offer marketing opportunities
- √ provide ideas on how to take advantage of special events
- √ Listen to input from businesses



Window displays

Allow Local Businesses First Right of Refusal to be Highlighted at Special Events

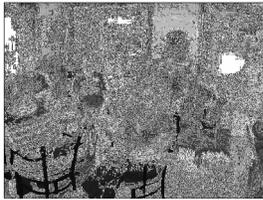


Beaufort, SC, Shrimp Fest



Roseburg, OR Wine Walk

Engaging Merchants and Business Owners

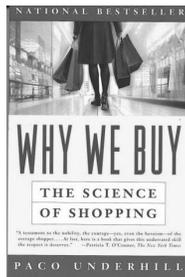


- Communicate
- Learn about their businesses
- Invite them to the table
- Seek input/ideas
- Empower them
- Build confidence
- Educate
- Vary the agendas

Why We Buy: The Science of Shopping

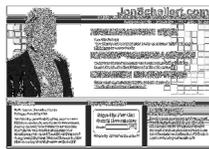
Paco Underhill

- Retailing 101
- Educate Yourself
- Recommend to businesses



Learn More Free on-line newsletters

- DSM - www.dmsretail.com/Retailwise.htm
- Jon Schallert
www.jonschallert.com
- Rick Segel
Rick's Retail Tip of the Week
www.ricksegel.com/index.htm
- Margie Johnson
www.shoptalk.org
- Barbara Wold



Joining the National Main Street Network



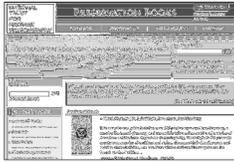


- Bi-monthly issues of *Main Street Now* – the journal of the National Trust Main Street Center
- Listing your commercial district's retail e-commerce businesses on ShopMainStreet.org
- [Online database resources](#) from our website's Solution Center
- Access to the [Main Street List Serve](#)
- [Secure online contribution web pages](#) for your fund-raising efforts
- National Trust membership [List Exchanges](#)
- [Membership in the National Trust for Historic Preservation](#), which includes *Preservation* magazine



Joining the National Main Street Network

- [Discounts](#) on conferences, workshops, and publications produced by the National Trust Main Street Center
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Questions?

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