

[IDEAS 2 GO]

The Path to Profit

Nine tips for retailers to optimize operations and capture market share. **BY JAG KAPOOR**

It's a frustrating — and frightening — time for many retailers. Soaring fuel costs are inflating prices and depressing consumer spending. But in the midst of this turmoil, there are steps operators can take to drive revenue and reduce costs. All will require effort, and some will require investment. But if higher fuel costs are here to stay, then the famous cheese has been moved again, and savvy retailers need to get ahead of the change.

1. Get the word out. If you aren't advertising in the local paper or on the local radio station, start now. Make sure any subsidiary businesses or services your store offers — such as money orders, lottery tickets or money transfers — are promoted near your store entrance. And take a tip from your local grocer and create a specific area for items on promotion and display price information prominently.

2. Manage your inventory. Aim for a scan rate of 90 percent or higher in your stores, which will make managing inventory and reducing loss from mis-priced items much easier. If a customer brings a product to the counter without a price tag, he or she will be undercharged 99 percent of the time.

Complete inventory visibility has backroom benefits as well, enabling better vendor management. When you can see what you've sold, and what you haven't, you can say yes to more of the former and no to more of the latter.

3. Understand your local demographics. Sell products that drive traffic to your

store, such as staple items like eggs, bread and milk, at market-competitive pricing. Offer discounts for multiple purchases to drive volume. Consider pricing and promotional signs in multiple languages. If you have stores in predominantly Mexican neighborhoods, stock a variety of Mexican candies and snacks to encourage people to come into the store.

4. Appearances matter. Keep a clean and organized store. Don't clutter your windows with signs and posters. Place items that are often used in combination, like soft drinks and salty snacks, in close proximity. Consider getting rid of the slowest moving products through promotions or impulse-purchase locations.

5. Talk to your customers. Greet people with a smile and engage in conversation. Customers who feel welcome always buy more. If you haven't already, start a loyalty program to track what your repeat customers buy.

6. Think outside of the box. Talk to neighborhood businesses and design mutually beneficial cross-promotions. For example, receipts printed at the pump or in the store can contain coupons for the dry cleaners or the restaurant next door.

7. Vendor management. Keep an eye on the prices being charged, and stay involved in the ordering process. Dig into details about volume discounts, buy downs, coupons, etc. — your sales reps always have these hidden in their pockets. Be friendly to your sales reps and delivery drivers; they know what is

selling, and how the other businesses in your area are performing.

8. Employee management. Be firm and fair with your employees. Invest in training your employees — they are your face to the customers. Make their jobs as free of administrative chores as possible. You want them focused on the customer, not spending 10 minutes processing a return.

9. Compliance. Be aware of the laws that impact your business. These include age and hour restrictions, regulations on the display of certain products, rules on what can and can't be purchased with food stamps, and more. An investment in an advanced POS system will quickly pay itself back. A front-end system that monitors compliance can head off costly violations of regulations and labor laws.

By taking even a few of these steps, smart retailers can put themselves on the path to profitability, even in the middle of a bleak economy. ■

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The PCATS Gateway facilitates quicker delivery check-in and faster invoice reconciliation, effectively reducing accounting errors.

(Source: www.pcatsgateway.org)