

Retail Business Basics Fact Sheet

Starting a retail business in a tough climate can be exceptionally challenging - but it can also be an outstanding opportunity to make your mark. The basis of any successful retailer is not simply what you sell, but also where you sell, how you sell and at what price you sell at.

Your job as a business owner is to attract customers and convince them to buy your product, and a free trading period with The Square could be your first critical step to success.

To help you on your way towards a winning retail strategy, we have provided a Business Basics Top Ten.

1. Location

Location is the most critical factor in the retail industry, and this factor alone can determine the success or failure of your business.

A business selling the correct products at the correct location need not go much further to generate sales. Very often, the premium for such a good location comes back within a few months owing to more sales with minimal advertising.

A correct location could mean a monopoly setting, with no other outlet in the area selling similar products, or a prime shopping location guaranteed to attract footfall.

The Square is a perfect location for both footfall and customer engagement, not with standing the support you will receive from our team.

2. USP (Unique Selling Point)

A retail business can stock any type of merchandise, but usually those businesses that can identify a niche category and offers merchandise suitable to the location stand a better chance of success.

A good USP usually ensures a dedicated customer base. Advance research in both your product and your competitors will serve you well and help you stand the test of time.

3. Merchandise

The selection of a suitable USP needs reinforcement in the form of your product offer. Can you offer a product range? Are you able to ensure variety and choice? Why should your customer keep coming back?

Customers respond favourably to a retailer that can keep up with category trends, launches and refreshing new ideas and introducing new products on a periodic basis help retain interest of regular customers.

4. Stock Control

Establishing an efficient stock system and maintaining optimal stock levels is of critical importance in the running of a retail business. Customers who take the trouble to look around, only to find the item they want out of stock are less likely to return.

Good retailers identify their fast-moving and most popular items, and devise seamless and systematic ways to replace the sold out items in double-quick time. Most businesses have an 80-20 pattern, where 80 percent of the sales come through the 20 percent of fast-moving items. Good retailers ensure adequate stock and rapid replacement of the fast-moving items, but at the same time do not neglect slow-moving items unless such items become dead stock, or there is no demand.

5. Display

One of the cardinal time-tested principles for success in the retail industry is good display of merchandise. Many sales depend on impulsive buying, when customers browse, become attracted by the merchandise on display and make a purchase.

Unless you display all merchandise in an eye-catching and attractive manner, you could lose out on potential revenue. Even customers who are pre-determined to buy a specific product are likely to make the purchase only if the product is displayed in its best light.

Merchandise not displayed, displayed shabbily, or in an untidy manner is as good as not having stock of that merchandise.

Displaying only pristine merchandise, grouping similar items together, displaying impulse-buying items near your till and use of attractive posters and banners to highlight special offers are some of the fundamental time-tested display rules.

6. Pricing Strategy

The pricing strategy of a successful retail business depends on the merchandise.

You can afford to charge premium on unique merchandise not available elsewhere whereas your business would probably have to offer discounts or initiate special pricing strategies to entice customers to purchase commonly available merchandise.

An important pricing related strategy is special offers. Most retailers offer seasonal discounts and run special promotional offers on certain products from time to time.

Such special pricing strategies attract customers and more than make up for the discount offered through increased volumes or by customers buying other high margin items along with the discounted items. Special offers are also a good way to sell off slow-moving or dead stock and use the money raised to buy fresh stock of fast-moving merchandise.

7. Sales Staff

The first consideration is ensuring adequate numbers of sales staff. An ignored customer is an annoyed customer, and unlikely to return.

Entrepreneurs seeking ways on how to run a retail business also need to train their sales staff on customer relations and on product knowledge. Such training is an important, yet often underestimated part of running a retail business.

Your staff play a crucial role in your operations by introducing various products to the customers, explaining the technical specifications and utility of the product, making the customer aware of special offers, clarifying doubts and finally persuading customers to make the purchase.

8. Advertisements

All good retail businesses need some form of advertisement to attract customers. All businesses would also do well to tap the power of internet, especially social networking as an effective advertising medium.

A good advertising campaign needs to aim at creating visibility - letting potential customers know who you are and where you are.

You can also make the most of The Square marketing tools by providing product and promotional info to be included on our social media, customer e-mailers and our website.

9. Organisation and Control

The hallmark of a successful retail business is its efficiency in operations and attention to detail.

Attention to small detail such as good quality carrier-bags and, a seamless till and receipt system will stand you in good stead.

Good control in the form of an efficient accounting and inventory system will also help lay the foundations for the future.

10. Review

Good retail businesses take stock and review their business, and that of their competitors on an ongoing basis.

A review of the competitor's new product range and pricing strategy enables you to make necessary changes. Benchmarking can also be internal, such as comparing the present display, layout, and other factors with the previous ones.