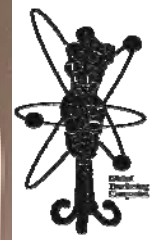


# Retail 2.0



Presented By:

Global Purchasing Companies

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# Top 5 Rules before you go into the retail business

1. You are not opening this store/boutique for your ego. This is a business to make money.
2. You are not buying clothing or items for yourself. You are buying goods to sell to your target market.
3. From day one think about the big picture which includes having more than one store.
4. You (the owner) should NOT plan on working on the sales floor.
5. Don't quit your day job.

# What you will need to decide

- Who your target market is?
- What type of store will it be?
- What kind of retailer?
- Where will it be located?
- What will you sell?
- What size store do you need?

# What will you sell?

Start by asking yourself 3 questions.

- What is the need in your area?
- Can you supply the need?
- Can you make a profit selling this item?

# It's all about the math

Retail is 90% math, 5% fashion

5% good luck

It's not about

Ego

Pleasing your Friend & Family

Being the Home Coming  
Queen



# Markets that are under retailed

- The Plus Size Market
- 62% of the US population is a plus size consumer
- The Baby Boomer
- 38% of the US Population is a baby boomer born between 1946 and 1965
- The Petite Market
- 40 million Latin's live in the US & 20 million Asians
  - Lingerie boutiques
  - Children's boutiques
  - Social occasion

# You will need three Pros

- Legal consul that only does retail contracts and leases
- Retail accountant that understands and knows all the retail and sales tax laws
- A floor planner/merchandiser

# Math you need to know

- Mark-Up (Margin)
- Turn-Over
- Sales to Stock Ratio
- Sales per Square foot
- O.T.B (Open to Buy)
- R.O.I (Return on Investment)





# Pricing

The truth is no one can make a living with a “key stone” mark-up

The key to pricing is knowledge

- Understanding your customers price resistance
- Knowing what the competition is pricing the item at
- Following the manufactures standards
- Then charging the most you can for the product

# Turnover

**Turnover:** Is literally how many times you clear the floor of goods and restock it.

Total net sales for the year

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= Turnover

Average inventory at retail

\$120,000 / \$20,000 = 6.0 turns per year

# Sales to Stock

Sales to Stock Ratio: The amount of stock you have on hand in relation to the sales you are predicting.

$$\frac{\text{Inventory on hand at the beginning of the month at retail}}{\text{Amount of predicted sales}} = \text{Sales to stock Ratio}$$

90,000 in inventory / 30,000 predicted sales = 3/1

3/1 is ideal 2/1 is great but tough to manage 1/1 and you are under inventoried.

# Sales per Sq. Foot

Projected Yearly sales (or yearly sales)  
————— = Sales per square foot  
Total sq. feet of selling space

Chains do about \$350 a sq.foot boutiques  
can have a much higher sales per sq.

# Can you make your sales goal?

If, you have to sell **\$20,000** a month to meet your overhead you would take your average price point, lets say it is **\$30**, and divide it by the **\$20,000**. Our store would need to make around **667** sales. If we were open **6 days a week 8 hours a day**, we would need to make about **28** sales a day or **3.5 sales** an hour. If only **half** the people who shop at your store buy, then you would need **56 people a day to stop at your store**.

# Some good news

- Not everyone will buy \$30, hopefully you will have multiple sales.
- More than half the people that visit your store will shop. In a small store your sales goal should be 70% of the people who stop in should buy.

# Return on Investment

ROI= the amount of profit, before taxes and after depreciation from the investment made.

For every dollar you put in what is the return?

How many years will it take you to make back your capital investment?

# Where to shop

- **Tradeshows**
  - Can view many vendors in a small amount of time
  - Review fashion and retailing trends.
  - Excellent place to network
  - Crash appointments with apprehensive vendors
    - Not the place to make deals
- **Regional Markets**
  - Easier pace-more specialty store friendly
  - Great for finding young designers
    - Prices can be higher & reps don't have the full line
- **Market Week Showroom Appointments**
  - Best place to make deals
  - See full collection & ask for off price
    - Not for the weak of heart



# Questions to ask the vendors

Is it ok to “thumb” the line?

Can you give me an idea of your price points?

What is the cancel date?

What is the start date?

What is your FOB point?

What are your terms? Are you factored?

What is your opening order?

What is your size run & how do they come packed?

Is this the best you can do?

# Tips for shopping a trade show

- Register early and online.
- Start your day early. You are not on vacation.
- Pick up the trade show book and map out your day.
- Walk row by row.
- You **can** leave your orders at the show but make sure to mark them, “hold for confirmation”.
- Bring a notebook, stapler and an extra pair of shoes.

# Work on all of the senses

Truth is we have more than 5 senses. You have about 4 seconds to “make” the consumer want to be in your store.

- The over-all store presentation
- Displays & Fixtures
- Lighting
- Signage
- Music
- Smell
- Excitement

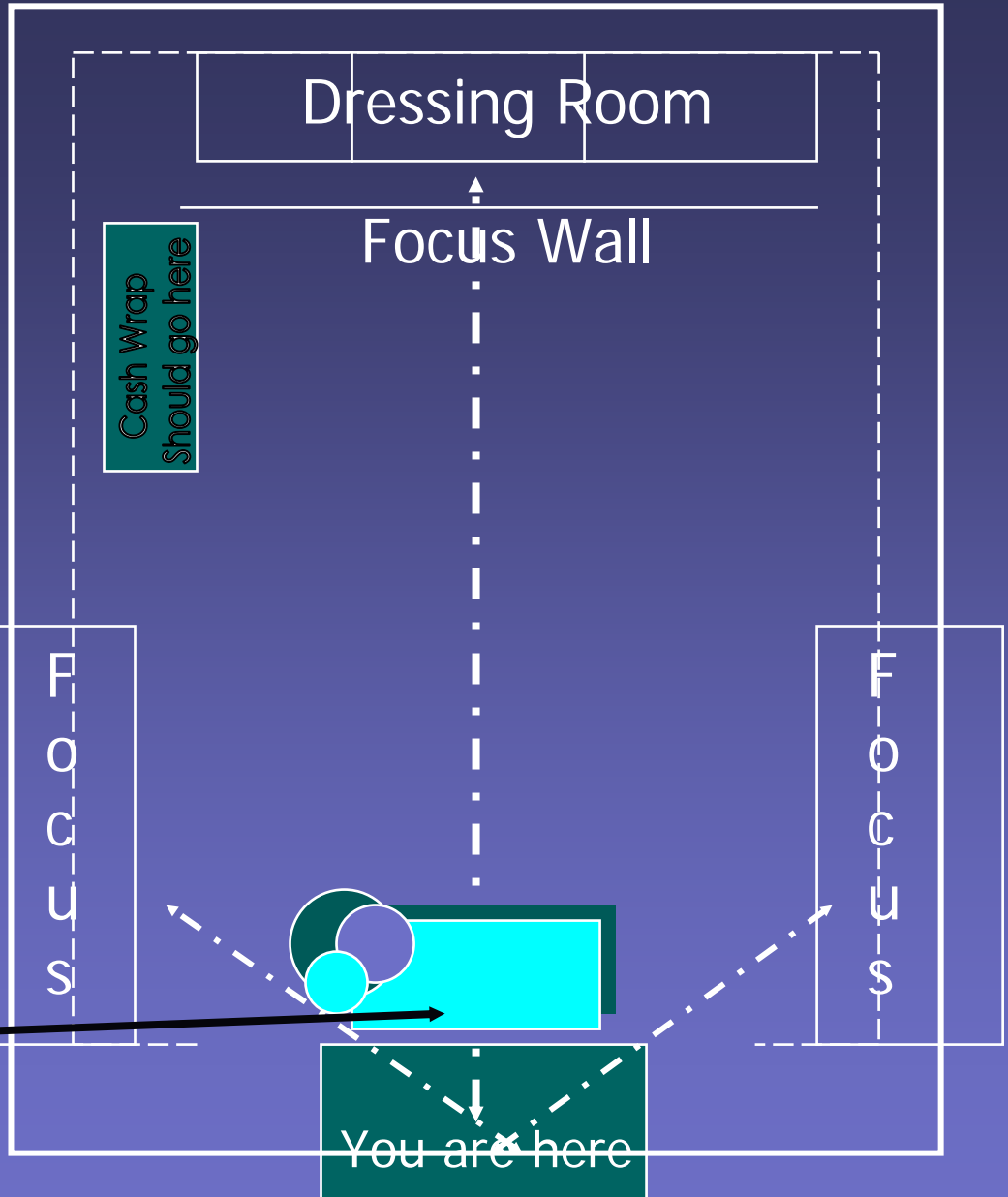


# Prime Time

The prime real estate in your store is the 20-foot semicircle just inside the front door.

Impact Zone

Moment of Interruption



# Why Run Sales

- 
- A photograph of a retail window display. A mannequin is seated on a stack of large, colorful letters that spell out 'SALE'. The letters are green, blue, red, and yellow. The mannequin is wearing a dark shirt and dark pants. The background shows a blurred view of a city street with buildings.
1. Move Goods
  2. Build Cash Flow
  3. Attract New Customers

# It's a numbers Game

You lose money everyday you have a dead item on the floor.

You buy 6 pcs at a cost of \$10. A total investment of \$60

You sell 3 pcs at a full markup of 2.5 for a total of \$75

You have made back your investment of \$60 plus \$15

You sell the 4th pc at 20% off or \$20 full keystone markup

You sell the 5th pc at 50% discount or \$12.50

You sell the last pc for \$10 or cost.

Did you lose money? **No**. Your average sales price was \$19.50 or a margin of 49%

# The key is Smart Recruitment

- Create an employee profile & job description.
- Look everywhere, don't just hang a sign in the window.
- Hire nice people with positive attitudes.
- Look for people who want fashion careers not jobs.
- Must know or has use store product in the past.
- Experience working in retail with a major store.
- Willingness to learn.

# Sales in 5 easy steps 😊

- Greet the Customer
- Discover the need...not what they want
- Provide a Solution
- Close the Sale
- Follow it up



# Types of loss

- Shoplifters:
- Individuals & Teams
- Employee Theft
- Refund Fraud
- Refund Abuse
- Counterfeit Money
- Credit Card Scams
- Sweetheart Sales
- Bad Checks
- Package Switching
- Price Switching
- Gift Card scams

# Profiling Customers Conduct

- Standing alone in a remote part of the store
- Looking around or side to side
- Waving items in the air
- Moving items from one area to another
- Wearing coats or jackets on warm days
- Customers that come in all the time but never buy anything
- Customers that walk in alone but continue to look at another customer that is in the store
- Last minute customers that “can help themselves” as you are closing
- Weird accidents that take you off the floor
- Wearing “way too” baggy clothing

# Probable cause

- See the shoplifter approach your merchandise
- See the shoplifter select your merchandise
- See the shoplifter conceal or carry away your merchandise
- You must maintain continuous observation the shoplifter
- You must see the shoplifter fail to pay for the merchandise
- You must approach the shoplifter outside of the store

# Exposure

Studies show that consumers are hit with 200 bits of advertising a day

When tested, they could only recall the names of the brands from

Television 24% of the time

Newspaper 20% of the time

Magazines 20% of the time

Radio 13% of the times



# Be the creditable expert

Fashion update emails

Be quoted in local paper

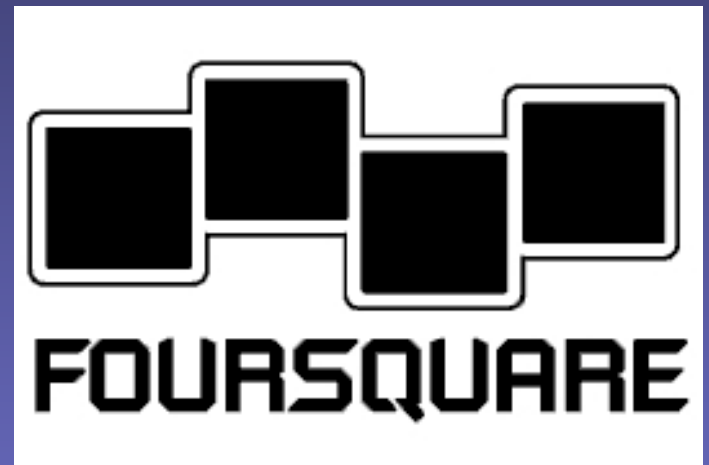
Get out of the store!

Be part of the community events

Postcards

Craft fairs, markets and events

# Social Media



# Surprising a customer = fans

Think customer relationships, not just customer service.

- Short approach times
- Quick check-outs
- Gift Wrap (unique & pretty)
- Delivery Service
- Seating areas
- Clean Bathrooms
- Layaway
- Good, clear signage
- Gift Certificates
- Personal Shopper (phone orders)
- Coat/bag check
- Internet
- Longer store hours during seasons
- Personal Thank You notes

# Store policies

- Must be clearly posted.
- Should be printed on each receipt.
- Don't just give store credit.
- 14 to 30 days for a return with receipt.
- Make sure staff knows store policies.



# Retail Cloning-Think BIG

- Receiving
- Inventory Control
- Security Control
- Returns
- Safety
- Employee & Company policies
- Visual merchandising & presentation
- Financial plan
- POS & Technological infrastructure

Setting an example is not the  
main means of influencing  
others; it is the only means.

.

**Albert Einstein**



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