



Seven Steps to Success for Retailers

The adage is true: a bird in the hand is worth two in the bush. Unfortunately, many retailers do very little to upsell the customers they have or even keep them happy, according to a recent research study by Verde Group, that was confirmed by the Baker Retailing Initiative at the Wharton School at the University of Pennsylvania. More than 50 percent of Americans say they have had a poor shopping experience recently and each of people reported that experience to an average of four friends, most of who will go out of their way to avoid that retailer.

So why are so many retailers overlooking this often untapped source of additional revenue? Poor planning, says Eric Olafson, the Chief Executive Officer of Tomax Corp., a Salt Lake City, Utah-based software developer that offers [Retail.net](#), a planning and merchandising service.

'For many retailers, the basic job of simply knowing who you're doing business with is an underdeveloped capability,' he says. Olafson suggests these tips that can help you boost your bottom line by keeping the customers you already have.

1. **Keep tabs on stock.** The average retailer's out-of-stocks are 10 percent. This means that ten percent of the things your customers are looking for aren't there on the shelves or available online. Unfortunately, that's a lost sale, and potentially a lost customer if he or she goes elsewhere to fill that need. That's where forecasting comes in, said Olafson. "Forecasting is all about understanding how, for example, an individual item was doing in the store last year at around the same time, as well as understanding recent trends," he says. "It's a complex ecosystem. You've got to connect the dots between the consequences of in-store merchandising and customer service. Retailers need to have software programs in place to help them do this."
2. **Staff appropriately.** Turnover is the bane of any retailer's existence. Supermarkets, for example, says Olafson, have a 114 percent turnover per year. Still, retailers who can train their employees to do upselling and be in the right place in the right time will have a definite advantage. Olafson suggests doing the obvious—making sure staff levels match store traffic levels—as well as taking it a step further. "Use sophisticated forecasting to accurately identify what the demand will be in store in 15-minute intervals," he says. "Calculate, based on employee availability, skill, experience, and union rules, who should be in the store at that time." Bottom line: have your best employees available when the bulk of your customers are shopping. And consider e-learning, which can be done on premises or at your employee's home. One Tomax customer saw a 7 percent increase in sales by simply tinkering with employee placement and scheduling. "That's a huge number," says Olafson.
3. **Match offers to customer needs in real time.** Reward programs have been a boon to retailers. They provide instant offers and rewards based on shopping patterns and preferences. The problem: coupons and offers are given at the checkout after your customer finished his or her shopping. A better option: consider technology solutions that will let customers scan their cards at a kiosk upon arriving at the store and receive personalized offers and coupons on the spot. "It'll say, 'Okay, you're you,' and bam, it'll spit out all these offers that have nothing to do with the weekly flier, have nothing to do with some mass promotion," says Olafson.
4. **Let technology do some of the heavy lifting.** Some of the most promising marketing and merchandising options use simple technology that is becoming quite pervasive, says Olafson. "In some supermarkets, they're experimenting with shopping carts that—as you go down the aisle—identifies through RFID a tag in the aisle and says, 'Right now, we're going to offer you a special promotion on this ketchup,' or something like that." This lets you combine slow-moving items and your customer's shopping history to create personalized deals.
5. **Make checking out simpler.** Exxon Mobil gave its customers a way to pay for gas without fumbling with credit cards or cash. The company provides its customers with something called a Speedpass, a contactless pay system. They can buy gas or other items by waving their Speedpass—a keyfob linked to a favorite credit or debit card—across a Speedpass terminal. Olafson says smart retailers are already offering similar functionality in stores.
6. **Give store access via the Web.** Online shopping may not be feasible for every retailer, but there are things you can do that will give your customers Web access without the need to set up fulfillment

services. One retailer recently did just that by putting its products online, letting customers pay for their purchases, but requiring those customers to pick up their items in-store. Even those retailers who don't have the resources to allow online payment and ordering can and should be using their sites to help drive traffic into stores. "You could let customers go online and see exactly what is in your store, including the specials. This is one of the customer convenience options that can help them prepare their shopping lists in advance and let them do some ancillary roaming around the aisles," says Olafson.

7. **Grow interest in unexpected categories.** If you own a drugstore, your customers might think of you when they need over-the-counter medicines, tissues, and vitamins, but you can add to your profits by getting them to think of you when they need cosmetics, stationary, and party goods. Large chains do it all the time by using reward cards to push customers into new-to-them categories. "It's all about saying, "Let's provide our customers with offers to get them back into the store and expand the profile of what they're buying in the store," says Olafson. "It's all about anticipating needs."