

DRIVING RETAIL SUCCESS

Inventory Analysis

PEARL IZUMI

This editorial feature is sponsored by Pearl Izumi with Mercedes Ross.



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Invest In a Plan Now, Not Later

What's the most significant investment a dealer can make in their store? It's an ongoing business plan, said Ken Bankson, a senior merchandising analyst at RMSA.

"It's always difficult setting aside the time to plan, but having one for all aspects of your business makes you better prepared to meet customer demands," Bankson said. But a good plan isn't written in stone, he added.

"As you prepare your plan, remember that the best plans are flexible, that allow for last minute changes so you can capitalize on new opportunities, and lets you react to fast-breaking trends," he said.

Some of the key factors that go into drawing up a plan include the following tips that Bankson urges all dealers to consider:

- Keep in mind that today's consumers are value-oriented. They research products, prices and quality before buying. They are smart and well informed and are buying fewer items but better quality products. So get in touch with your market and understand your customer base.
- Review your financial reports—analyze sell-through, margins, turns and vendor performance. Analyze profits by category. Did you get deliveries on time to maximize sales and cash flow? Scrutinize vendor performance.
- Examine last year's expenses—payroll, rent, utilities and other administrative expenditures. Did you keep your percent of payroll in line with sales? Have you updated your cash flow forecasts for spring? Is your operating budget flexible enough to accommodate adjusted revenue?
- Don't forget customer service when putting together a plan. Are your staff members effective communicators? Do you have regular meetings? What about "spiffs" for sales staff that sell targeted items? Has your customer database been updated and are you using it consistently to stay in touch with them?

"If you've developed an effective plan for the year, there is one side benefit that often gets ignored," Bankson said. *"It will reduce your stress levels as the year progresses."*

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Ideas of March Herald Spring Sales

Let's Get Ready for a Great Year

First Things First: Inventory Analysis

This means quantitative and qualitative research.

QUANTITATIVE: Let's look at last year's apparel numbers. What drove sales both in volume and dollars? For example, how many medium black gloves did you sell at \$21 and were those large black shorts you sold at \$75 each your single biggest grosser? Only you can answer those questions so you can be clear about what happened last year.

QUALITATIVE: Your spring orders are in and UPS is delivering daily. You still have time to adjust your orders, so talk to your staff and review your pre-orders. Make sure you've got what your customers want when they walk through the door.

Let's Display Those Products

Take a look at your women's section. Do you have at least two or three color stories displayed with enough items to create add-on sales in each color story? Now is the time to fill holes. Sometimes a white jacket or vest, black jersey or jacket creates a bridge between color stories. Check with your vendor for them because you get only one chance with customers to make a good first impression.

Split your color stories up. For instance, greens should never be displayed next to neon yellows. Use floor fixtures to split color stories up. Create add-on sales by merchandising gloves and socks that go with your color stories. You didn't order them? Do it now.

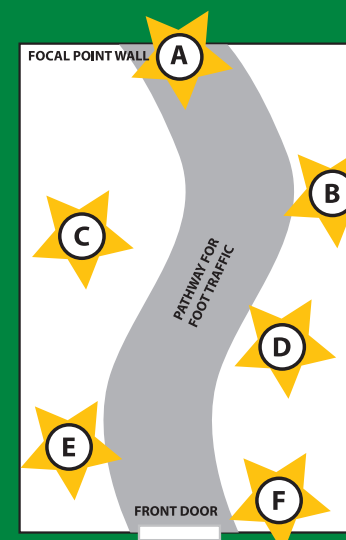
As for menswear, rule number one—keep it simple. Size rings on hangers, for example, are critical. Men can be impatient. They want to find their size quickly. Again, create product add-on sales through color and technical stories. Men like to talk tech. A floor fixture with a high-tech story will spike interest. Include ample signage to call out the "uniqueness" of those awesome fabrics and form-fitting race wear.

Men are keen on name brands. Have a range of price points available in each brand of shorts. Place them next to each other so they create an up-sell moment. Now is a good time to make sure your stock levels are adequate for the start of the season.

Who's Browsing Your Apparel Section?

If you don't know, now is the time to find out. Here are two ways to do it. First, take time to keep an eye on the area. Are consumers browsing through the floor fixtures? If you're still using chrome four-ways, make sure they aren't too tall. A common mistake is to assume that everything must be at shoulder height, but that could create an uncomfortable shopping environment. Lower the fixtures and see if that changes the section's "feel." The wall is an anchor and primary merchandising spot, so avoid putting fixtures that are too tall in front of it.

Second, ask your employees. They will tell you if customers are checking out the wall. Just asking the question will encourage them to keep an eye on it for you. Retailers sometimes put products so low on a wall consumers avoid them. Apparel is a spontaneous purchase—consumers have to see and be attracted to it—so create a visual attraction. Create color stories. Good luck and keep those photos coming.



APPAREL AREA FLOOR PLAN

- A - Focal point wall
- B - Essentials wall: including helmets & shoes
- C - Women's apparel
- D - Men's apparel
- E - Women's apparel
- F - Men's apparel

Quick 'N' Easy

- Spring is coming, so merchandise your rainwear separately.
- Weed through winter wear and put stragglers on the sale rack.
- Create add-on sales with hard goods; put fenders near rainwear.

Do It Now

- Adjust the floor plan to optimize traffic flow.
- Prepare staff for clinics and give them a schedule.
- Place the newest spring arrivals on mannequins.

What's Next?

- Guidelines for staff training in apparel sales.
- Rep clinics to aid staff training.
- Stock that product and keep it selling.

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