

DRIVING RETAIL SUCCESS

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



Dave Downard
ddownard@rmsa.com (626) 969.5986

ANALYZE AND REVIEW YOUR SYSTEMS FOR IMPROVEMENT AND INCREASED EFFICIENCIES

DEALER SPOTLIGHT: Newbury Park Bike Shop

Clothing is an integral part of our business. As the largest shop in our area, we make sure to have more brands, more depth and more breadth than all of our competitors combined.

As a result, our clothing department regularly brings people from outside of our market and with each new person walking through the door we have the opportunity to make them a permanent customer.



Our apparel business provides an excellent opportunity to make extra margin with the less overhead costs. Apparel does not need to be assembled or serviced it is simply a cash

and carry item. Even better, clothing needs to be replaced regularly whether from use, changes in fashion or changes in the consumer's physique. With this in mind a customer spending a few hundred dollars on clothing will provide greater revenue and far greater profits with more frequent return visits than the customer who simply buys a \$1000.00 bike.

If you look at any successful sporting goods retailer it doesn't take long to realize how important the apparel business really is. A strong apparel business can provide you with extra margin, higher profits, a unique shopping experience and unlimited branding.

Ben Cox
Owner Newbury Park Bike Shop

How to do an Analysis: By Reviewing Your Systems You Can Increase Your Efficiencies

Now's the time to review in-store systems

Systems. Systems. Systems. Why are they so important? It's simple. Haphazard systems hamper sales; well-planned systems enhance sales. Let's look at how apparel is stored and restocked, how systems impact sales and reorders, and why it's time to think about customer flow. After all, it's not all about what's stocked up front. What's out back is just as important. And with a new year fast approaching, now is a great time to assess your systems.

Back Stock: Everyone has stock stashed in the back. But how you manage it, especially at the most hectic time of the year, impacts sales and reorders and, more importantly, profits. If back stock is a mess, then staff is less likely to restock the front—they may put it off or wait for someone else to do it.

Here's an example: It's Saturday, customers are lining up at the cash register but one needs a size larger short. It's not on the rack, it's in back stock. Because the back-stock system is a mess no one has time to sort through a jumble to find the right size or restock the front. Sale lost. Multiply that by any number of Saturdays and then think about potential lost sales whether its apparel, parts or accessories. (By the way, you should never run out of basic shorts in any size.)

Reorders: If back stock is kept in bins, it's difficult to manage inventory at two levels. First, it's impossible to keep an accurate count of what's on hand. Second, when it's necessary to restock it's time consuming to pick through assorted apparel stuffed in bins. Size runs and colors get missed. That could lead to reordering items still in stock. Let that happen several times over the summer and end-of-season sale racks balloon with marked down items.

Solution: Take the time now and consider these recommendations:

- Make space in the back. It's a rare day when there's no back stock on hand, especially for key items such as shorts.
- Hang apparel and tag it so that it's ready to go on to the floor. Hang rails work better than bins and hang rails make it easier for staff to restock, especially on busy days.
- Put someone in charge of restocking. It should be done either at the end of the day or first thing in the morning. On busy days, someone should re-check stock regularly.
- Make yourself accountable for re-orders. If it's easy to check back-stock inventory, over ordering is easily avoided. And that means fatter margins.

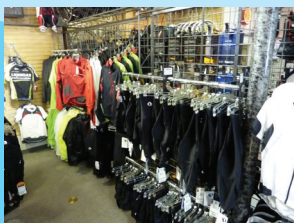
Improve Your Systems by Placing Product to Improve Traffic Flow

Boost customer flow: Take a moment and look around and ask yourself several questions. Where is stock placed on the floor? How do customers flow through the store? For example, did the helmet section stop people from flowing toward apparel? How about shoes? Did customers buy socks when they bought shoes? How do women walk to women's apparel? These are critical questions to ask as business slows. Here are some other issues to ponder before another season starts:

- Analyze the major categories in apparel and assess sales, back stock and reordering systems.
- Develop a plan to change what failed to work and set a deadline for making necessary improvements.
- If current systems work, or if someone has a great idea, or if you've spied an idea at another store or at the mall copy it now.
- Take a hard look at fixtures. Do they help tell a story? Do they help move product? If not, get rid of them.

Do It Now!

- Let's look at those high margin categories and use this information to form a better plan of where your profits will come from for 2012
- Use this information and create a business plan for 2012 and to increase your success



Just adding new wooden hangers can increase apparel sales as much as 30%



Tips and Tricks

- New wooden hangers can bring new life to your apparel and increase sales
- Overloading fixtures with product makes it hard for your customers to see the product sometimes less is more

To see previous articles go to the resource tab/resource/library/DRS articles at www.bicycleretailer.com