

New year, new approach, new sales

How can you boost business for 2007? **Stuart Jackson** investigates the options for a more profitable New Year.

2006 has not been the strongest year for sales growth and the outlook for 2007 could be brighter. The latest shopper statistics testify to a drop in footfall and interest rates are on the up again (see this issue's Talking Shop column). Since other parts of the economy are performing well, the retail industry can expect little support from outside factors such as an interest rate cut or a softer attitude to minimum wage and other costs; we are on our own.

The bare reality is that consumers are being forced to curb their spending. This is of particular worry as much of our profit comes from non-food lines, which are regarded as luxuries and the first to be eliminated from a shopper's basket.

Predominantly food-oriented health shops need not rejoice at the news on non-foods as, although they may be protected from the worst effects, they are still selling a deluxe option in premium health and organic foods. Additionally, food-only stores typically return less overall margin and are more sensitive to the effects of lost revenue on net profit.

Retail experts point to present statistics that contrast the boom years where there was growth for all, irrelevant of individual initiative. Today's market forces competition amongst retailers and results in more dynamic shops continuing to achieve growth while others go under.



Market experts in the health food trade by and large predict a better 2007 than 2006, though it is a steadying of the ship that is expected rather than any fresh momentum. Such sobering facts mean retailers must re-evaluate how they tackle sales generation in 2007.

There are three main factors that could make or break performance; the products on offer, communication with the consumer and the environment we ask them to shop in.

Products

Recent issues of this column have explored, in detail, existing trends in consumers' purchasing habits. To revisit the most popular growth categories briefly, they were: herbal medicines and homeopathic remedies, aromatherapy, sports nutrition, skincare, hair and

foot care, cosmetics, organics, functional foods, vegetarian (meat-free) foods, special diets and herbal teas. VMS is also showing signs of recovery.

It is essential for retailers to offer customers the type of product in demand. Crucially, many of today's successful product categories are trends that have developed in recent years, leaving some retailers with a badly out of date selection.

The brands chosen to supply these "in demand" categories must provide the right kind of support. Look carefully at retail price, packaging, point of sale material and the retail policy of the supplier.

The UK consumer is very fickle about the way items are priced and look. Due to the limited resources of our small industry, many brands on offer are overpriced and

inappropriately packaged for the UK. In general, UK consumers prefer subtle yet stylish packaging that reflects quality and class rather than the brash, loud and brightly colourful presentation favoured by some countries and exported here.

To preserve an alternative product offering from that of multiple retailers, support suppliers whose retail policy places independents first in their choice of customer.

Fire up 2007 with a reassessment of your product mix. Make a target list of categories that need to be expanded along with the suppliers that can fulfil that goal. Creating the necessary shelf space to accommodate them may involve shopfitting or a deletion of old lines but do whatever it takes to offer more of what the customer wants.

Communication with the consumer

There are many proactive shops that engage in brand marketing, participate in their community by organising or exhibiting at consumer health shows, offer trained and qualified staff and use modern tools such as the internet to communicate with their customers. These will be the successes of 2007 and if your shop is not so active it risks becoming a casualty.

Strategy should be to create awareness, respect and a need for your shop within both the local catchment area and your perceived sphere of influence. Once the consumer is attracted, capture them as a shopper by offering user friendly, fun, informative and private self help tools such as the Health Notes Kiosk (www.healthnotes.com) and qualified staff that can turn a health question into a high value sale.

Although still only a fraction of total UK retail sales value, the internet is becoming more and more central to the future success of a business. It is not just about offering an online shop, it is creating a link between you and your customer while presenting a professional front to trade contacts.

Modern sites engage the browser in knowledge, advice and information to create a support mechanism in health. Due to web design costs dropping it is increasingly feasible for any retailer to cost effectively present an online shopping and nutritional experience. Health Notes, for example, can integrate smoothly to any website to solve consumer nutritional advice needs.

This industry has our own dedicated and independent organisation that provides cost effective training to our retail staff. For those of you not making use of the Health Food Institute courses, I recommend

you contact them on enquiries@healthfoodinstitute.org.uk or 0115 941 4188.

Be creative with promotions. Use “buy this and get that free” offers, time-limited deals and above all else, promote popular lines. Do not fall into the trap of only promoting products that are not selling well. The reason they haven't sold is because nobody wants them. Promote new lines and strong sellers that will gain the shop a reputation for quality, worthwhile deals.

The environment

Independent retailers have a tendency to work in a physical environment that can be untidy, worn out and, on occasion, even unclean. This happens because retailers spend too much time in their shops and the surroundings become so familiar that we forget to look at it from the eyes of a new customer.

There are too many stores where the window or till areas are piled high with boxes, odd unsold items and posters advertising wares from flats to local practitioners. Many of our shops need a good lick of paint and new procedures to ensure shelving, floors and equipment are cleaned and operational.

Hire a stranger or a trusted friend to visit the shops and produce as damning a report as they can muster on everything from the experience of approaching the shop front to the attitude of staff. Act on it and make the shop a pleasant experience for your customers.

Summary

Every retailer has to face up to a New Year choice of being an “also-ran” or wake up to again find the passion that once drove them onwards and upwards. 2007 is predicted to be steadier but also be one where only the strong will flourish. Be innovative. [HFB](#)



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk