

what customers want

PART THREE OF **STUART JACKSON'S** SERIES ON GETTING BACK TO BASICS COVERS THE CRUCIAL AREA OF STRIVING FOR NEW SALES.

Over the past two months we have looked at communicating our shop's health message externally to the local community and then being equipped internally to meet the demands and needs of the newly attracted shopper. This month, we are going to complete the picture with a strategic vision of sales.

SALES SOURCES

As there are an almost limitless number of tactics that can be employed to augment sales, it can be quite a revelation to appreciate that they all fit neatly into just three overall goals. They are to:

1. Attract new customers
2. Increase the number of visits a current customer makes
3. Increase the amount each customer spends (Average Customer Transaction Value [ACT])

The trick is to evaluate every proposed sales tactic against its impact on each of these three factors. For example, external advertising produces results in attracting new customers, while stocking more fresh daily food increases the number of visits a current customer is likely to make. Alternatively, stocking more topical products or offering promotions will

enlarge the ACT.

It may be that one particular tactic impacts on more than one of the factors, returning added value. Improving staff expertise, for example, is likely to both develop ACT, through superior advice, while attracting new customers via word of mouth.

If past sales data on customer numbers (the transaction count from the till) and ACT (sales divided by transaction count) is held, the analysis becomes truly useful. Any dip in turnover can now be defined as a drop in customer count or in ACT. Armed with accurate analysis, focused decisions can be made to improve the factor in distress.

In a practical situation where a shop's sales are falling, the data might report that when compared with the past, the number of customers is steady but the ACT is under achieving. This suggests that there are problems with the selection on offer, the type of promotions, or with service. In a reverse scenario, all these factors could be performing adequately, and it is the marketing of the store that is failing to entice customers in.

Many retailers suffering disappointing sales have little idea which factor is affected, and are forced to stumble blindly through potential solutions. Sales data

should be recorded at least weekly, and preferably daily, to enhance the quality of cause and effect decision. On occasion, data can even be analysed on an hourly basis to evaluate trends such as lunchtime shopping habits.

UNDERSTANDING POTENTIAL

It is difficult to plan for sales growth if there is no real grasp of the maximum business potential of the shop. Independent health food shops vary dramatically in turnover performance with the worst returning as little as £120 per square foot per annum of retail sales space, whereas the very strongest generate as much as £800 or £900 per sq foot.

Calculate your sales floor square footage and divide net annual sales total by that number to evaluate your own shop's rate. This will give you a clear idea of just how well the shop is performing, its potential revenue ability, and will also highlight whether factors like service and selection are everything they should be.

RETAIL DESIGN

Retail stores fall broadly into three categories: those that are concerned with a trendy design image and purposefully create a sparse yet attractive product layout; those that deliberately pack their store full to the brim; and those that sit somewhere in the middle by either accident of design, or because of other considerations such as negative cash flow.

With most overheads fixed in relation to the size of the operation, it is imperative to make the most of every square foot of selling space. My advice is to pack the shop out with tight shelves built into every available wall and floor space. Trendy sparse design is not for our market and will not succeed.

MAKE THE BEST OF WHAT WE HAVE

An independent retailer's two major advantages over the multiples are that of expert advice and the choice of specialist products on offer. But this can also be our Achilles' heel.

Statistics show that more than half of



customers would rather leave a store than ask for help, yet much of our potential for sales growth depends on giving the right assistance. With our multiple competitors getting ever more proficient, retailers must look closely at employing nutritional advisors and developing links with local practitioners.

PROMOTIONS

Strategically, promote the products that consumers want and not just those items that either our suppliers want to advance or that don't sell or are overstocked. Instead decide which items would be the most popular with customers, and persuade suppliers to promote those lines. As a result, customers will recognise this shop as one that always has a deal on something of interest.

CONCEPTUAL SELLING

Three forces drive selling – 'Need', 'Want' and 'Persuasion'. A consumer either has a need for a product's function, such as a particular health solution, or they have a "want" (desire) for an item, such as chocolate. The third factor, persuasion, can be applied ethically to add a hitherto untried product to the consumer's shopping because the customer has a need for it.

Service should ideally be further tailored to meet the individual personality traits of customers who can be easily categorised as 'confident and knowledgeable', 'confident yet uninformed', 'nervous', 'arrogant', or those in a hurry and those with time to browse.

The 'confident & knowledgeable' shopper desires prompt, professional service; the 'confident yet uninformed' customer benefits from staff that are educated and tactile, while a 'nervous' shopper wants patient and friendly staff. 'Time constrained' shoppers suffer if product is moved, poorly displayed or out of stock, whereas the 'browser' will be disillusioned without new products, helpful staff and promotions.

The retailer that can build the best cross section of service skills will generate the most sales opportunities.

FAILING THE CUSTOMER

It's said that 96% of customers don't complain when they have a problem – they simply don't come back – but each dissatisfied customer will tell up to 10 friends of their bad experience. Don't take complaints personally; don't even worry if it is reasonable. What's important is that the customer thinks they have been unfairly treated. By satisfying their complaint, a disgruntled customer can be converted into a loyal shopper.

A startling and sobering statistic is that 68% of customers leave for good because of the staff's general lack of interest in them.

SUMMARY

Get a handle on your shop's sales potential and instigate policies and tactics that directly affect the three factors which develop sales. Recognise the advantages that we have over our competitors, and further develop these to stay ahead. Give customers more of what they want, not what we want to give them.



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