



Retail

Guide to doing business in tough times



Want to make sure your business stays on track?

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A **FREE** Business Review from Business Link can help you tackle the challenges and opportunities of running a business.



An experienced adviser will help you step back and take stock of your situation, focus on your priorities and create a **Business Action Plan** that will take you forward.

To arrange a meeting with a **Business Link Adviser** contact us now on:

0845 600 9 006

info@businesslinksoutheast.co.uk



Introduction

Business Link provides support to businesses in all situations and in all industries.

This guide offers practical guidance to help your retail business when times are tough. It focuses on the key challenges retailers are facing in the current economic downturn and offers some suggestions of how to tackle them. The guide includes advice on how to increase footfall, improve sales and reduce costs.

Each section starts with things that can be done today. These are simple short term actions that may have long term benefits. The guide then looks at longer term actions designed to help you move forward and includes suggested links for further information about specific issues.

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All the support in this guide can be accessed on the Business Link website at **www.businesslink.gov.uk/southeast/retail**

For further support and to arrange a free meeting with a Business Link Adviser who can help you review your business and create an action plan, please contact us on **0845 600 9 006**.

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1. Increase footfall

Waiting for customers to come to you will fast track your shop to closure. In testing times, creative and cost-effective promotion is important to show customers your shop gives them what they want, at a price they want to pay.

Things to do today...

- Ask customers for feedback at point of sale
- Contact your town centre manager and ask for help to organise a meeting of local retailers
- Tell your local newspaper about your latest promotional event

Short term actions

Find out what customers want

In the changing climate, consumers' wants and needs have moved on and your business has to move with them. Conducting regular market research will help you find out whether your business is still delivering what customers want and how you can adapt to new circumstances. Use an online survey or a till-point chat to find out:

- What do customers think of your products?

- Why do they buy from you and not your competitors?
- What do customers think of your prices?
- How do they rate your service?
- What products would they like you to stock that you currently don't?

Target marketing

Ask customers if they'd like to sign-up to your mailing list and store their details in a customer database. This will help you target direct mail and tell customers about new lines and relevant offers.

Analyse your database

Use an off-the-shelf software package for a cheap and easy way to set up a customer management database. Update your database regularly, and you'll learn more about who your customers are and when, what and how they buy.

Perhaps your shop is currently attracting a different customer base? Maybe customers are adapting their buying habits in response to a change of circumstances? These factors should be monitored as they have a huge impact on your unique selling point and how you market your business.

Niche brands and niche retailers with a strong USP are prospering while others falter, so decide what key benefits and unique value your business can offer customers.

Find out more about getting to know your customers at www.businesslink.gov.uk/southeast/retail



Eco Emporia

Anna Burns has benefited from establishing a niche brand with her Fleet-based online company. Eco Emporia sells handmade gifts made from recycled materials - 'desirable objects from discarded things'.

"My Business Link Adviser warned me not to put all my money into stock and discussed 'sale or return' and 'drop ship' options. Website products need to be priced carefully so that the postage and package fee isn't prohibitive."

Anna believes that even for an online company there is no substitute for meeting customers face to face and getting immediate feedback, so she also sells gifts at local markets and galleries.

1. Increase footfall

Research the market

Research the market by reading industry magazines, attending trade shows and speaking to suppliers. They'll give you ideas on how your business can respond to changing market conditions. The British Retail Consortium offers a subscription package which includes market data and reports about emerging trends in the retail industry, sales and prices. It costs £1,200 per year, but there's a 20% discount for associate members. Visit www.brc.org.uk

Keep an eye on the competition

Your USP will be affected if other retailers are offering the same perks as you. Avoid competing directly with large retailers, and focus on unique selling points such as quality, value and the shopping experience rather than lower prices.

Promote your business

If customers won't come to you, you've got to go to them. That means taking to the streets and making

potential customers aware of your shop. Think of promotions that will appeal to your target market. You might organise a catwalk show to advertise your new clothing range or offer passers-by samples of best-selling food and drink. You could get your promotion to tie-in with a local or national event.

Host an event

In-store events are another great way to entice new and existing customers through the door. Product launches work because customers are curious about something new. They may encourage customers to spend longer in your shop and, therefore, spend more money.

Choose a theme and decorate your shop and dress the window to push current promotions. You could also hire entertainment such as a musician, DJ, a personal shopper or a chef to lead cookery demonstrations. Give guests a glass of wine on arrival and plenty of excuses to stick around. If they're having a good time, they're more likely to buy.

Get in touch with the local press

PR is a great way to get free and wide-ranging publicity for your business. Journalists are always looking for colourful local stories and photos; so let them know about your promotional events. Before you call, you'll need to write a press release detailing your news story and some background information on your business. You can find a few pointers on writing a press release at www.businesslink.gov.uk/southeast/retail

If you don't know any of the editors, the news desk should be your first port of call. Explain what your story is about and ask the journalist if they'd be interested in receiving your press release. Take the journalist's name and email address and follow-up the call if your story isn't printed within a couple of weeks. Contact the journalist again next time you're running an event or promotion. Charity fundraisers, competitions and exclusive products are all good ways to get attention.

Long term actions

Work with local shops

A lack of customers is made worse by a general lack of visitors to the high street. Some towns are seeing a domino effect as shops close and visitor numbers decline. In an economic downturn, work with your neighbours to ensure the problem doesn't get any worse. If you have a town centre manager it's their job to promote your town centre and encourage visitors, so they'll want to assist with any promotional activity. Ask them to help organise a meeting of local retailers where you can discuss the challenges you face.

Tackle the challenges

Difficulties such as expensive parking or over-priced rents affect everyone and, if you work together, you're more likely to be heard by the councils and landlords who have the power to make changes. Ask your local authority to negotiate with landlords to put visuals across

1. Increase footfall

empty shop windows or allow other traders to display there.

Promote your high street

Discuss ways you could promote the high street as a whole. You could offer late night shopping once a week or organise a community event. Stalls at local shows and festivals will give everyone a chance to reach an audience who may know little or nothing about your shops and what they sell.

For more information about hosting a stand at an event, including a checklist of things to remember, visit www.businesslink.gov.uk/southeast/retail



2. Convert footfall into sales

With increased footfall, you should be bagging more sales. But how can you persuade customers to part with their hard-earned cash at a time when money is tight? Read on for a few pointers.

Things to do today...

- Take a look at your shop-floor and decide what needs a refresh
- Decide on one promotion a month for the next six months
- Set up a messaging service for out of hours when your shop is closed

Short term actions

Improve visual merchandising

Your shop should be a place that interests and inspires customers. If they enjoy spending time there, they're more likely to buy. In recessionary times, it's tempting to keep an iron-like grip on your takings, but the fact remains you have to speculate to accumulate. If you allow your visual merchandising to become tired and out-of-date, your shop will become invisible to passers-by.

Take a walk outside and see how your shop appears to customers.

Is the window nicely dressed? Is the area outside the shop clean? Is the door open? Do staff look bored or ready to help? Get these things wrong, and you'll lose customers before you've had a chance to sell.

Top tips

- Use colour, texture, music and scents in your displays.
- Put new and best-selling products in the window and at eye level within your shop. 60 percent of purchases come from here.
- Offer in-store samples and tasters. Suppliers will often fund goods in kind as a contribution towards the cost.

2. Convert footfall into sales

- Use shelf-talkers and clear signage to highlight promotions and a clear pricing policy. Invest in a high quality printer if you'd like to make your own shelf-talkers and cut long-term costs.
- Create permanent promotion points at the end of gondolas.
- Display impulse purchases next to the till.
- Create a 360-degree layout to encourage customers to walk around the shop and make impulse purchases.

Avoid blanket discounting

It's tempting to drop prices in the hope of improving sales, but blanket discounting will have an adverse effect on your profits and brand. A better strategy is to offer regular promotions and cheaper basics.

If you want to make price reductions, use them sparingly and to your advantage. Flag up offers with banners and place heavily discounted items close to more expensive ones. Customers may

want to buy something else because they've found such a good deal.

For more information about different pricing tactics visit

www.businesslink.gov.uk/southeast/retail

Sainsbury's has attracted price-conscious consumers with limited special offers and their 'feed your family for a fiver' campaign without compromising their upmarket reputation. Oasis has avoided discounting altogether with the aim of retaining product quality and preventing customers from waiting for discounts.

Long term actions

Offer a five star service

Good service becomes even more important in a downturn. It's cheaper to retain existing customers than attract new ones, so make sure you look after those who have chosen your business over your competitors'.

2. Convert footfall into sales

- ***E-based retailers***

Offer an easy-to-navigate online shop with immediate confirmation of orders, speedy delivery and the facility to contact you or a member of staff via phone or email 24/7. You could use an e-newsletter to cross and up-sell by alerting customers to relevant new or complimentary products.

- ***Shop-based retailers***

Shop staff must use their expertise to demonstrate specific benefits if they're to persuade increasingly reluctant consumers to part with their cash. Make sure staff are up to speed by providing ongoing product training and communicating standard policies on how you'd like customers to be served.

By asking customers what they're looking for and why, staff will be able to match products to customers' needs and increase average sales per person. Staff should be able to direct customers to products they're looking for and have a good grounding on key benefits. By offering perks such as a free guarantee,

free delivery or gift-wrapping, you're more likely to entice customers.

Customer handling and team working are the key skills most in need of improvement in the retail sector (Skillsmart Retail, June 2009). Business Link can help assess your training needs and skills gaps, as well as research suitable courses, providers and funding. For a free Skills Review, contact Business Link on **0845 600 9 006**.

Reward your customers

You might also consider offering customer loyalty or reward schemes. These might include giving preferential discounts to existing customers on further purchases, providing a free gift with purchases over a certain amount or offering a customer loyalty card which entitles customers to a percentage discount.

Find out more about managing customer care and customer loyalty schemes at

www.businesslink.gov.uk/southeast/retail

3. Online selling

Despite our digitally-conscious age, only 50% of shops have an email account and only one third sell via e-commerce. That adds up to a lot of lost business. Today's consumers expect to be able to shop and find information online, so don't disappoint them by falling behind the times.

Things to do today...

- Find out what sort of website is right for your business
- Draw a diagram which structures your website for quick navigation
- Research online auction websites to see if selling there could be right for your business

Short term actions

Research types of website

Every business has different needs, so you'll have to decide whether a basic or more sophisticated site suits you best. An online shop can offer increased sales to a wider and more diverse audience. This sounds appealing, but your brand and mix of stock must be appropriate for online selling. Think through whether a website could be best used to encourage customers to visit your shop or to actually sell products. You can find out what type of website

is right for your business at www.businesslink.gov.uk/southeast/retail

Design a website

A simple and easy-to-navigate website will help you maximise profits in a challenging climate. Off the shelf websites are suitable, but it is advisable to use the expertise of a web designer if you want more than just a shop window.

Consider your customer base at the planning stages to ensure you produce a site that will appeal. What will attract your customer base to

the site? What will they want to see when they arrive? What will make them return? Treat your online store as an independent unit. What sells well in your shop may not perform on your website so be prepared to experiment.

Every website is designed with different purposes and users in mind, but there are a few things that everyone wants to see:

- **Content prioritised over style.** A website is there to communicate information about your products and services, not wow users with snazzy graphics.
- **Readability.** Divide text into short paragraphs, contrast font colours and backgrounds and keep the overall colour scheme neutral.
- **Ease of use.** Users should be able to locate the information they're looking for within three clicks of the mouse. A standard navigation bar in the same place on every page will help users move around the site, as will a site map and search facility.

- **Speed.** Each page should load within 10 seconds. If not, you might want to remove some images.

You can find out more about web design and finding a web designer at www.businesslink.gov.uk/southeast/retail

Long term actions

Sell via e-commerce

If you decide e-commerce is right for your business, thorough planning and commitment is essential. You must ensure you can fulfil customer orders and have sufficient resources to answer telephone and email enquiries related to the site.



3. Online selling

Some customers still have concerns about buying online, so try to make the process as easy and painless as possible. You should:

- Include hi-res images of products and give users the facility to zoom in and out.
- Make the checkout process, quick, easy and secure. Use Secure Socket Layer Technology to collect card details. The 'golden padlock' symbol will put users' minds at rest.
- Include a contacts page. Users will want to talk to a human being if they need advice or things go wrong.
- Confirm every order immediately by email.
- Offer a 100% no-quibble money back guarantee if customers do not like or want the product.
- Keep postage and packing costs down. Consumers would rather pay a higher price for the product and less for delivery.

Top tips

- Take a course in e-commerce to boost your confidence and maximise the effectiveness of your online shop.
- Get your website noticed by listing it in web directories, using search engine optimisation and adding the web address to your emails, letterheads and delivery vans.
- Selling online is a great way to capture customer details, so encourage users to fill in a customer satisfaction survey and opt-in to your e-newsletter.

Visit **www.businesslink.gov.uk/southeast/retail** for more information about selling via e-commerce.

Consider doing business on online auction websites

Auction websites can provide a cost-effective and wide-ranging forum for you to sell goods. These sites allow you to upload items to be sold at a fixed price or in an auction-style bid.

3. Online selling

You'll need to register, and a fee is charged for selling goods, dependant on their value.

Using an e-marketplace will reduce the need for advertising and provide an opportunity to clear unwanted stock, but there are downsides.

Buyers will learn less about your brand, and the listing system will highlight products that aren't competitively priced. Auction sites aren't suitable arenas for all retailers, so research the products sold before going ahead. It's also worth checking the site's list of prohibited items.

If you decide an auction website is a good forum to sell your products, it's possible to make very good profits. Here are a few hints to help maximise sales:

- Get an idea of what an item could sell for and how other similar items have been sold by searching the website's completed or sold items section. Online selling is very price driven, so it's essential you get it right.
- Leave feedback for your buyers and encourage them to do the same for you. A healthy feedback rating will encourage others to buy.
- Update your web store on a regular basis to keep buyers interested.

Write an e-newsletter

Ask customers to sign up to your company e-newsletter, either online or at point of sale. An e-newsletter will keep customers in the loop about offers and promotions and may entice lapsed customers back. Built-in response mechanisms will show you how many and which customers are opening your e-newsletters, so you can monitor their effectiveness.

Comply with data laws

It's important not to misuse information that customers give you and this is governed by the Data Protection Act 1998. You must tell customers how you plan to use their details, how you intend to contact them and give them the opportunity

3. Online selling

to object if you wish to share their information with third parties. An individual has the right to stop their information being used for direct marketing purposes and, if they inform you that they want communications to stop, you must act on this request within a reasonable timeframe. It's a good idea to include an opt-out box at the bottom of e-newsletters, so customers can remove their name from your emailing list.

To read more on the legal and data protection issues that govern use of customer information, visit www.businesslink.gov.uk/southeast/retail

Did you know?

- Online sales are forecasted to grow 13% on last year's figures and reach £21.3 billion by 2011.
- 10% of online sellers do business via a major marketplace.



GMDC Global Ltd

John Pemberton has seen rapid growth for his eBay based business. The one-stop menswear e-tailer sells internationally through specialist 'shops' on the online auction site. With help from Business Link, John produced a viable business plan which gave the bank confidence to lend the company £87,000.

"Business Link has given me really important guidance about how to structure my business growth, and they provided assistance with cashflow forecasting. I'm very excited about the growth of my business."

4. Finance and management

Boom times can mask inefficiencies in management and financial planning, so take the opportunity to get organised. A few simple steps such as energy saving measures and shopping around for suppliers can make all the difference when it comes to keeping your business out of the red.

Things to do today...

- **Make savings on utilities using a price comparison website**
- **Look at your company outgoings and identify where you could cut costs**
- **Assess your business security at [www.homeoffice.gov.uk/secure your business](http://www.homeoffice.gov.uk/secure-your-business)**

Short term actions

Reduce your overheads

Put your costs into a database or spreadsheet to see where you're spending too much. Perhaps there's scope for easy savings by shopping around for utilities or leasing or buying equipment second-hand.

Review supplier arrangements

Supplier costs are likely to be a major outgoing, so make sure you're getting the best deals. Get a few

competitive quotes and give your current suppliers the opportunity to match them. You may also be able to negotiate longer credit terms to keep your cashflow healthy.

Always enter negotiations positively and with clear objectives. Draw up a list of factors that are most important to a deal and others you're prepared to compromise on.

Establish a preferred outcome but be realistic and flexible.

4. Finance and management

If you decide to do business with a new supplier, don't compromise on service levels or product quality or your business will suffer. Develop good supplier relationships by explaining your business needs and ensuring you understand how your new suppliers operate.

Top tips

- Buying from a carefully targeted group of suppliers may make it easier to strike deals, as your business will be more important to them. Using a single supplier is risky as you'll be without stock if they let you down.
- Always carry out credit checks on new suppliers. If they go bust, it could have catastrophic effects on your business.

Find out more about managing suppliers at

www.businesslink.gov.uk/southeast/retail

Manage stock control

Stock ties up a large slice of your business capital, so stock management is essential. You should have a dedicated system to decide what, when and how much to order.

A computerised system is a good option for businesses dealing with lots of different types of stock. It enables you to check stock levels and see how well a particular item is moving. More efficient systems will save you money and needn't be expensive to set up. Lease a computer system and accounting software or buy off-the-shelf software to keep costs down.

If you're spending too much on stock, you might be able to reduce costs by identifying a minimum stock level and only re-ordering when stock reaches that level. The 'just-in-time' system cuts expenditure by delivering items when they're needed for immediate use. Consult your seasonal sales plan and decide how many weeks' worth of stock to carry.

4. Finance and management

Get staffing levels right

Recruiting staff is expensive; so hold fire before you write that job ad. Even if a member of staff has left or there's been a recent increase in business, hiring more full-time staff might not be the answer. You might consider:

- Offering overtime.
- Staggering working hours so your shop can stay open longer.
- Sharing work among existing employees.
- Asking part-time employees if they'll consider full-time work.
- Promoting existing staff.
- Training existing staff.
- Employing students over busy holiday periods.

If you do need more manpower, you could opt for:

- **Fixed term contract staff.** Employees have a contract with you for a pre-agreed time only, e.g. the duration of a busy season/sale.

- **Temps.** An employment agency can supply your business with temporary staff.
- **Zero hours contracts.** Workers agree to be on-call as and when they are needed. There's no obligation to offer them any hours, but they are also under no obligation to accept work.

Think about why you need new staff, how long they'll be needed and which new skills will help your business before making any decisions.

Top tips

- Avoid allotting staff breaks during peak trading hours to maximise productivity.
- Arrange for deliveries at quiet periods so staff aren't distracted from serving customers.

4. Finance and management



DGH Group Ltd

The workforce at flooring and furnishing retailer, DGH Group Ltd based in Horsham, is being up skilled through Train to Gain, organised by Business Link.

Accounts Manager, Yvonne Humphrey explains, "Like most other retail companies we have been slightly less busy this year due to the economic downturn. Giving staff time to work on professional training has been a good use of their time. Everyone has gained a wealth of knowledge to compliment their roles. And ultimately the company benefits because we have a qualified workforce which puts us ahead of our competitors."

Save energy

The retail sector is responsible for around 21 million tonnes of CO₂ emissions each year. That's not just a colossal carbon footprint, but a lot of wasted pounds for businesses that can ill afford it. A few simple improvements could cut the size of your bill by half:

- Ensure your refrigeration system is set to the right temperature. Only 1°C lower than needed will up costs by 2-4%.
- Switch lights off in empty rooms for savings of up to 15%.
- Keep your thermostat at around 19°C. It should be warm enough for staff and customers' comfort. Turn the dial up by one degree and you'll pay 8% more.
- Use less packaging and reuse packaging that parcels up deliveries.

Business Link can help you identify the skills you need to save money through improved environmental

performance. You may find a course in waste management, energy efficiency or food waste recycling will help you cut costs. Contact Business Link on **0845 600 9 006**.

Long term actions

Save with the small business rates relief scheme

If your business has a rateable value of below £15,000 a year (or less than £21,500 in Greater London), you could claim up to half of your business rates back. Contact your local council for more information and to make a claim.

Plan for a return to 17.5% VAT

It is planned that from January 2010, VAT will return to 17.5%. As the busiest time of year for retailers, forward planning is essential. Re-pricing to incorporate the new tax is a large exercise and should be started in good time. Contact Business Link on **0845 600 9 006** to find out how VAT changes might affect your business.

Did you know?

- Buying local or from EU-based suppliers will help keep costs down.
- It's estimated that energy savings of up to 20%, equivalent to more than £560 million, are possible in the retail sector.
- According to Business Rate Relief, only 41% of small businesses who are eligible for rate relief actually claim it.

5. Useful contacts

Organisation	Tel no.	Website
British Retail Consortium	020 7854 8900	www.brc.org.uk
British Shops & Stores Association	01295 712277	www.british-shops.co.uk
Retail Weekly	020 7728 5000	www.retail-week.com
The Retail Bulletin	01737 648209	www.theretailbulletin.com
Food Standards Agency	020 7276 8829	www.food.gov.uk
The Independent Retailers Confederation	020 7340 6260	www.independent-retailers.co.uk
Association of Convenience Stores	01252 515001	www.acs.org.uk
Office of Fair Trading	08457 22 44 99	www.oft.gov.uk
Carbon Trust	0800 085 2005	www.carbontrust.co.uk
Federation of Small Businesses	01253 336000	www.fsb.org.uk
BIS – Department for Business, Innovation and Skills	020 7654 5000 020 7215 5555	www.berr.gov.uk www.dius.gov.uk
British Chambers of Commerce	020 7654 5800	www.britishchambers.org.uk
HMRC		www.hmrc.gov.uk
• Working for yourself	0845 915 4515	
• New Employers Helpline	0845 607 0143	
• Employers Helpline	0845 714 3143	
• VAT	0845 010 9000	

KEEP YOUR BUSINESS FIGHTING FIT.



Preparing your business for challenging times ahead? At businesslink.gov.uk/realhelp there is a range of free support to find finance, raise productivity, or save money by reducing waste and saving energy. So whether you need to increase cashflow, keep your staff on, improve their skills and flexibility, or simply reduce costs, you can get real help to keep your business fighting fit.

go to businesslink.gov.uk/realhelp or call 0845 600 9006

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