

10-Steps to Retail Success, part 2 (4 & 5)

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Introduction: Who am I?

- Family of entrepreneurs for over 150 years
- Started “on my own” in 2006, after 15 years in retail, hospitality & leisure businesses
- Author of : “The Retail Champion: 10-steps to Retail Success” & “How to Sell to Retail”
- “Retail expert” contributor for media: TV, Radio and press
- Right now my time is spent helping businesses recover from the impact of covid, and, in preparing for the “new normal”...

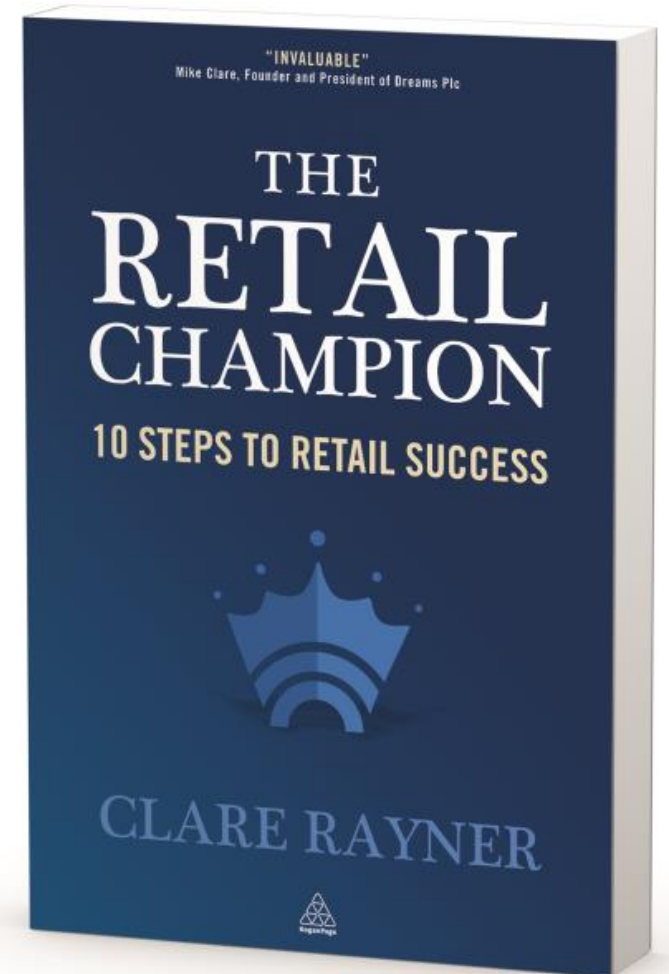


What we will cover today:

4 & 5 of 10-Steps to Retail Success

10-steps to retail success is a methodology to enable retail business owners to develop robust and repeatable processes and systems to create scalable, saleable enterprises.

- Creating your Range Plan
- Implementing your Pricing and promotional policy



Why 10-Steps?

- Robust: Easy-to-follow, “fool proof” processes.
- Repeatable: Can be done to a consistent standard, time and again, replicating what your customers expect from you
- Processes & Systems: Day to day actions, transactions and analysis done to deliver the customer promise
- Scalable: Very important; growing your business without YOU becoming a bottleneck!
- Saleable: Ultimate endorsement of your success – your business has a value in the eyes of an outsider.



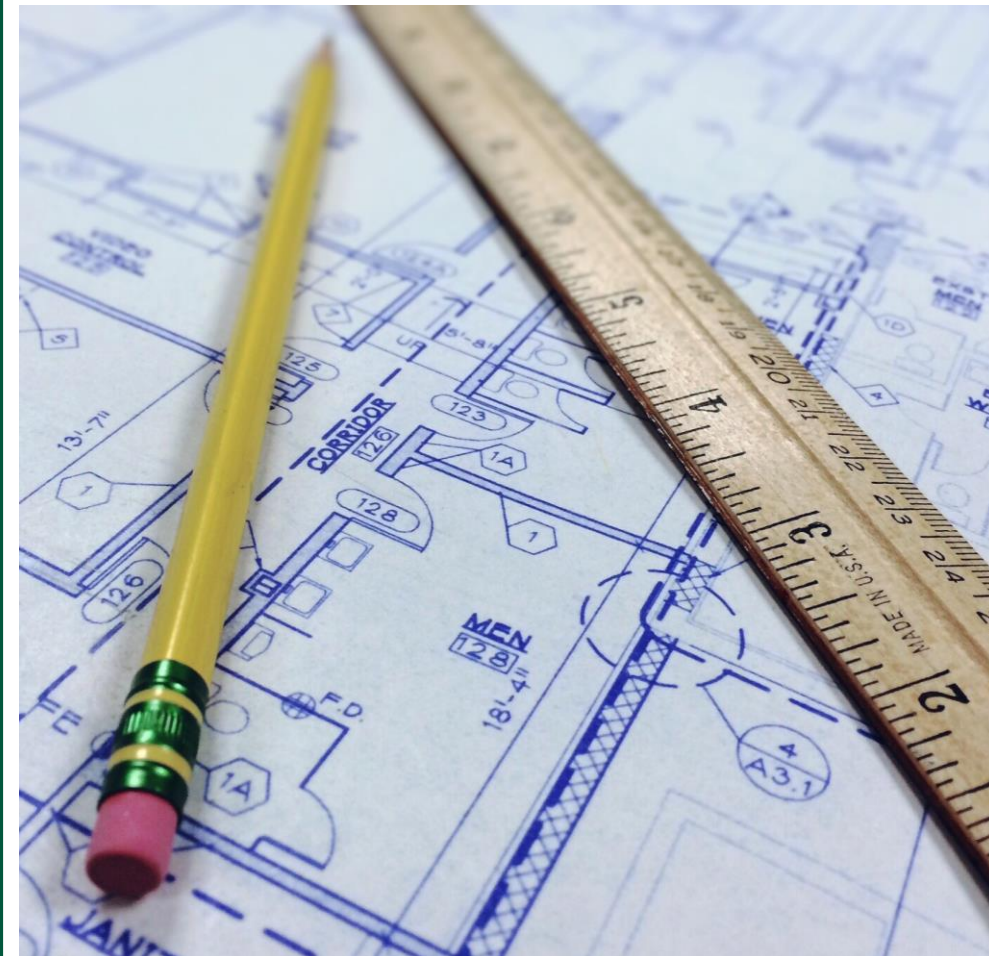
Step 4: Range Planning Overview

- Product is part of your positioning (step 2)
 - Impacts 2 of the top 3 cost-drivers in a retail businesses
 - Product, people, property
- What you offer needs to reflect the needs and wants of your ideal customer (step 3)
- Product of course is linked to pricing (step 5)
- Some form of “range” plan is essential to all consumer-facing businesses
 - Your treatment list is your range in beauty
 - Your menu is your range in hospitality, etc...



Step 4.1: Range Architecture

- Range architecture – shape of the range, SKU count, categories
 - Width vs. Depth – the difference between a variety and speciality retailer
 - Width: lots of product categories, not much choice within a category - variety
 - Depth: few product categories, lots of choice (curated, expertly selected) within the category - speciality
- Use at trade shows (when these are back) to help select ideal suppliers to support the development of the range plan
 - We will come on to this shortly...



Speciality



Variety



Step 4.2: How to use a range plan

Range plan

- Financial control – use to manage costs, retail prices, margins as a result and cash flow
- Margin management – use to ensure your realistic retail price is going to protect your target margin
- Supplier negotiation – use to ensure you can talk to suppliers about the amount of business you are putting their way and generate volume discounts
- Stock flow – alongside financial control – estimate rates of sales, stock-flow management and rebuys

Buying tool

- As mentioned – a range architecture helps you to identify suppliers, your range plan helps you to talk about volumes, order quantities and replenishment



Step 5: Pricing & Promotions Overview

- Key aspect of positioning (step 2)
 - Inextricably linked to range plan (step 4)
- It is essential to have the right pricing and promotional approach for your ideal customer (step 3)
 - And to not devalue the brand
- In planning, involve suppliers to see if they are willing to support activities
 - Promotional materials – e.g. POS
 - Financial support
 - Reliability of supply – stock availability for sales



Step 5: Pricing & Promotions Overview

- Key aspect of positioning (step 2)
 - Inextricably linked to range plan (step 4)
 - How you price and promote says a lot about your business
- What's the right kind of promotion for your positioning?
 - Don't devalue your brand or confuse your customer base
 - Think about what will resonate with customers
 - Value-adding vs. discount
 - Spotlighting products / categories to draw attention
 - End of season diverts higher spending customers...

A graphic featuring the letters 'VIP' in a large, bold, serif font. The letters are a light green color and are set against a solid, darker green rectangular background. The 'V' and 'I' are connected, and the 'P' is slightly separated from them.

Which brands get sale time REALLY right?



Step 5.2: Price Ladder

- Price Ladder – helping your customers talk themselves into spending more!
 - Good, Better, Best
 - Product serves the same purpose / solves the same need but has different “bells and whistles”
 - Customer “talks themselves up the ladder”, reaching an uncomfortable rung, but only dropping back 1-rung, to where they feel the value proposition
 - Use copy, merchandising, presentation etc to showcase a price ladder and encourage customers to spend more...



Which car is the most expensive?



Step 5.3: Price & Assortment Elasticity

- Price ladder is just the beginning... there is a way of changing the prices for each of the rungs of the ladder to influence customers, and, margins
- Assortment is “the choice presented”
- Price elasticity is a known economic term
- So, assortment elasticity is the way in which the price points for the choice of items available can be changed to push sales between items
 - Useful to encourage movement up the ladder
 - Useful to encourage sales of items with surplus stock
 - Useful to push customers towards higher margin items



Step 5.4: Promotional Mechanics

- What's the right kind of promotion for your positioning?
 - Don't devalue your brand or confuse your customers
 - Use clearance channels (step 6)
- There are so many different ways of promoting – some examples include (not exhaustive)
 - Value-add e.g. Bundles / Kits / Packages
 - Spotlighting
 - Discounts (loyalty, VIP, % etc)
 - Multibuy & Link-save
- Use a mix, and track performance, to see what works best for you



Step 5.5: Promotional Calendar



This is a template marketing / promotional calendar populated with some of the possibilities for 2012. You can update this and add to this; it should just be an example to get you thinking about what would be most relevant to your positioning, ideal customer, product range, promotional plan and customer engagement model. The marketing and promotional calendar is most linked to steps 5 & 7 of The Retail Champion 10-steps to retail success methodology, but would of course be influenced by several other steps.

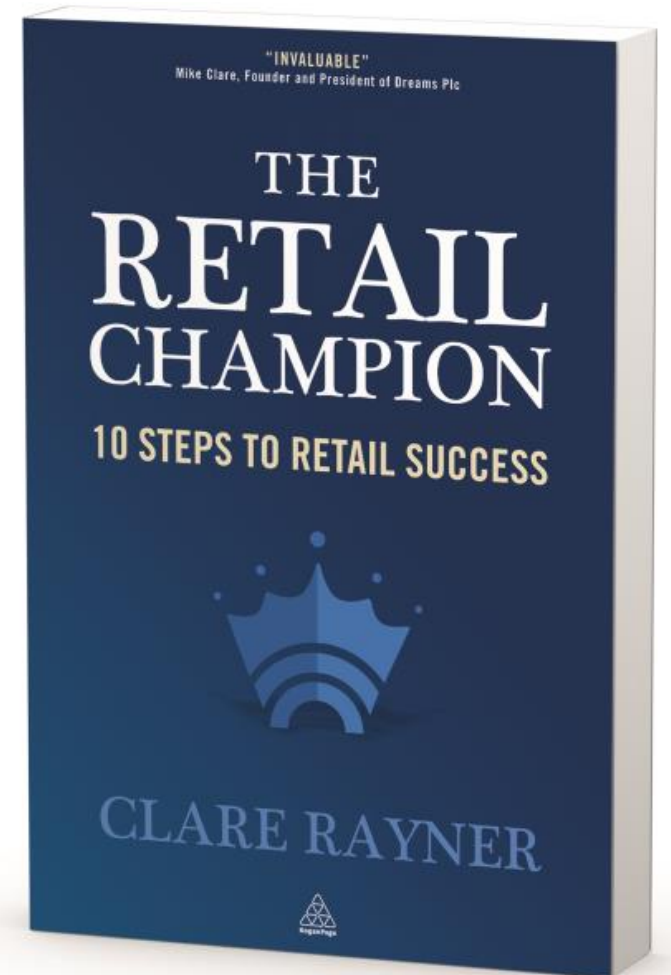
	Calendar events	Academic Calendar	Religious holidays	Sporting events	Promotional Activity	Marketing Activity
January	New year	Back to school			End of season sale	Window advertising for end of season; new range launch event
February	Valentines	Half term			Valentines window feature	Radio advertising about buying the perfect valentine's gift for a loved one
March	Mother's day				Mother's day window feature	Radio advertising about buying the Mother's day gift
April	Easter	School holiday – Easter		London Marathon	Price promotion – make your money go further in school holiday theme	Sponsor a local charitable Easter-egg hunt

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Thank you for listening

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