

"A must-read for retailers or retailers-to-be. This book definitely offers invaluable guidance to meet the future challenges in the retail industry."

Kang Puay Seng  
Managing Director, Mr Bean Soy Milk chain store

# RETAIL OPERATIONS



SECOND EDITION

How to Run Your Own Store

Angie Tang & Sarah Lim

# Praise for Retail Operations

(2<sup>nd</sup> Edition)

“This book is a welcome text for students and practitioners of retail. It is direct, practical and incisive. Those seeking to start a retail business will find this book most helpful as this book serves as a step-by-step blueprint for retailers. The authors have done a great job in distilling the best practice for retail into this handy manual. It will be a boon to students, aspiring retailers and those already in business and seeking to improve.”

*TAN WEE LIANG, Associate Professor of Management  
Singapore Management University*

“This book is a valuable read for any individual wanting to understand more about the exciting world of retail. Its practical approach covers the fundamental issues of setting up and running a retail store. Its step-by-step approach means that ‘Retail Operations’ is an essential read for both students and practitioners alike.”

*PROFESSOR PAUL FREATHY, Director,  
Institute for Retail Studies, University of Stirling*

“*Retail Operations: How to Run Your Own Store, Second Edition* is a great practical guide written in layman terms, with simplified explanation of key areas of retail that all organisations will have to address. It can be used as a quick reference for all those experienced retailers in the retail industry. The book is mandatory reading for anyone entering the retail industry.”

*JONATHAN LIM, Executive Director,  
Aussino Group Ltd*

“Our company is honoured to have had invited both Angie and Sarah as our trainers. Their trainings had increased our knowledge on retail management, and inspired our retailers to put in efforts to improve the management of their stores, which helped in our endeavour to grow as professional sports retailers.

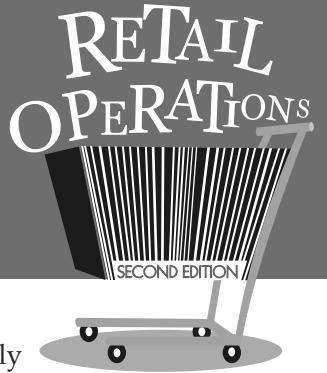
On the whole, the book acts as a very practical tool. Its analytical approach, together with its precise explanation, practical guidelines and realistic experiences, made the book suitable to both the experienced retailers who may find solutions to their retail problems from the book and to the new entrants who find the book educational.”

*IRIS FANG, Visual Merchandising Manager,  
Nike Sports (China) Co., Ltd*

“Retailing is one of the oldest trades. Today, retailing is a sunrise industry. With consumers being the main focus of all business activities, the retailing function has taken on a new dimension. Almost everyone is talking about satisfying consumers’ needs and wants. New retailers are mushrooming. Existing retailers are facing new challenges.

I congratulate Angie and Sarah for successfully presenting in this new edition insightful thinking and realistic ideas that leave the readers with a better understanding of modern retailing.”

*WONG KAI HONG, President,  
Retail Professional Network*



"This book by Angie Tang and Sarah Lim is highly readable and commended. It comprehensively covered almost all that one needs to know to run one's own store. It is a very good working guide for new entrants to the retail business. Even experienced retailers and shopping mall managers can gain some useful insights reading it."

TONG KOK WING, *General Manager,  
Investment Properties, Frasers Centrepoint Limited*

"Retailing has become one of the fastest growing segments of the economy as many new entrepreneurs enter the retail business for the first time. Unfortunately most have no one to turn to for professional advice and they usually learn how to set up their business the slow, hard and oftentimes expensive way – through trial and error.

The second edition of *Retail Operations: How to Run Your Own Store*, provides new retailers with practical advice on how to successfully plan, launch and manage their own stores effectively. The authors guide the readers every step of the way and breaks down the critical processes into concise and easy to follow steps.

I congratulate the authors on the second edition of *Retail Operations: How to Run Your Own Store* and recommend this as a reference for entrepreneurs and retail professionals alike."

VIVIAN TAN, *General Manager Asia,  
Links of London (Asia) Ltd*

"This is one of the most practical handbooks I have come across in my years as editor of *Retail Asia*. The authors, true to practising what they advocate, have paid great attention to mapping out the retail details."

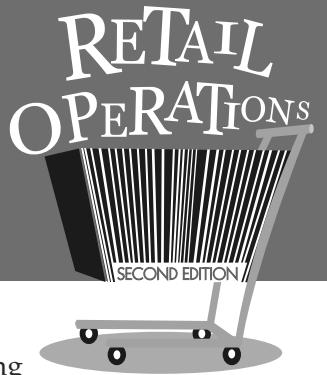
*ANDREW YEO, Editor/Publisher,  
Retail Asia*

"Topics covered in the book are sufficient, wide and relevant to the retail industry. Information on operations topics such as Daily Operating Procedures and Policies, Stock Management, Sales Policies, and Customer Service Decisions are very good Standard Operating Procedures for retail operations and supervisory levels. There are many ready-to-use checklists that are useful even for the experienced retailer. Written in simple English and presented with appropriate store pictures, the book is easy to read and comprehend."

*VISWANATH SESHAMANI, Director,  
Singapore Institute of Retail Studies*

"I have known Angie since year 2000 through a seminar on Retail Management. She is such an inspirational speaker; my team and I have benefited from her talks on retail management skills. Angie has extensive experience and in-depth knowledge about the retail industry. I applaud Angie for her book *Retail Operations: How to Run Your Own Store*. Her passion and commitment to impart her experience and knowledge in Retail Business is remarkable. A must-read for retailers or retailers-to-be. This book provides an insightful look into Retail Management. It definitely offers invaluable guidance to meet the future challenges in retail industry."

*KANG PUAY SENG, Managing Director  
Super Bean International Pte Ltd (Mr Bean Soy Milk chain store)*



"Retail is an extraordinary business, with an ever-shifting landscape. Being a retail designer, since the infancy stage of retail industry in Singapore in the 70's, I have witnessed this phenomenon. In order to provide effective retail brand image, it is imperative for retail designers to keep abreast with the changes in retail operations."

This book serves as a useful and comprehensive reference not only for aspiring businessmen who want to be successful retailers, but also for new entrants or experienced retailers who require additional guide to further improve store operations. It is also a useful guide for designers who are interested to go into retail design."

*SIMON ONG, Group Managing Director and Co-founder  
Kingsmen Creatives Ltd*

"Since 2005, Angie and Sarah *Retail Operations – How to Run Your Own Store*" has been one of the two standard text books for the Diploma in Retail Management Programme that is jointly offered by the Retail Academy of Singapore and the Institute for Retail Studies, University of Stirling. Our students have benefited from its many practical examples and tools that were based on practices in the Singapore retail industry. In the same easy-to-read style, the second edition has included four new topics, and enhancements to five existing ones. This second edition will be a valuable companion to students of retail management as well as individuals who are starting their first retail store."

*PAUL SUM, Deputy CEO  
The Retail Academy of Singapore*

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# RETAIL OPERATIONS



How to Run Your Own Store

Angie Tang & Sarah Lim



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Mexico City Munich Paris Capetown Hong Kong Montreal

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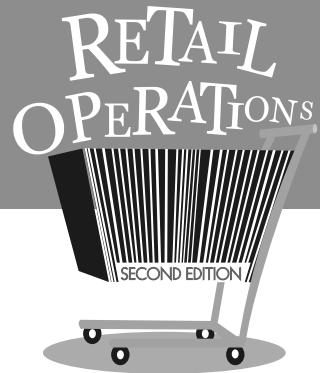
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# About the Authors

**Angie Tang is currently the Head of Retail Management Section and senior lecturer at the School of Business, Singapore Polytechnic.**

A highly sought-after seminar speaker locally and abroad, Angie is a key speaker at numerous retail workshops organised by various shopping centres management and retail companies. She also serves as an adjunct lecturer with the Retail Academy of Singapore, associate trainer with the Service Quality Centre as well as lead consultant-cum-trainer at the Retail Promotion Centre. Angie is also a renowned trainer and speaker in the overseas retail industry including Malaysia and China.

Angie has extensive consultancy experience especially in advising the small-and-medium-sized retailers on strategic developments and operations. She is also a consultant-assessor of various nation-wide service quality programmes such as CaseTrust.

Angie is the co-author of two retail books, entitled *Retail Operations Handbook: A Practical Guide For Small Retail Businesses* published in 1999 and *Retail Operations: How to Run Your Own Store* published in 2004. She has received several awards in recognition for her excellent teaching, academic leadership and publication. The awards include the Singapore Polytechnic's "Excellence in Teaching Award" and the Singapore Polytechnic's "Innovation and Creativity Award".

Before joining the Polytechnic, Angie has many years of marketing, merchandising and operational experience in the retail industry.

Angie graduated from the National University of Singapore with a Bachelor of Business Administration in 1987. She obtained her Masters of Business Administration in Retailing and Wholesaling (with Distinction) from the University of Stirling in 2000.





Sarah Lim is currently a lecturer at the School of Business, Singapore Polytechnic.

She is an accomplished lecturer in the field of retail management. In particular, Sarah is credited for managing the Retail Laboratory and for introducing effective hands-on training pedagogy at the Retail Laboratory. She was awarded the Singapore Polytechnic's "Innovation and Creativity Award" for her contributions to the organisation in 2002.

Sarah continues to be actively involved with the retail industry by providing training and consultancy services. She is a key trainer at various workshops and seminars for the management and staff of major retail corporations both locally and overseas. Sarah also serves as an associate trainer with the Service Quality Centre. In addition, she also acts as an assessor for the CaseTrust Award.

Sarah is the co-author of two retail books, entitled *Retail Operations Handbook: A Practical Guide For Small Retail Businesses* published in 1999 and *Retail Operations: How to Run Your Own Store* published in 2004. The books serve to help the small-and-medium-sized retailers raise their operational efficiency and productivity, and both have been well-received. The books have since been translated to a Chinese edition.

Prior to joining the Singapore Polytechnic, Sarah had extensive experience working for renown international fashion and cosmetics brands; as well as overseeing the sales, marketing, training and operations of the retail outlets in Singapore.

Sarah graduated from the National University of Singapore with a Bachelor of Arts in 1985, obtained a Diploma in Education from the Institute of Education in 1986 and went on to receive a Diploma in Management from Henley Management College, United Kingdom, in 2003.



# Foreword

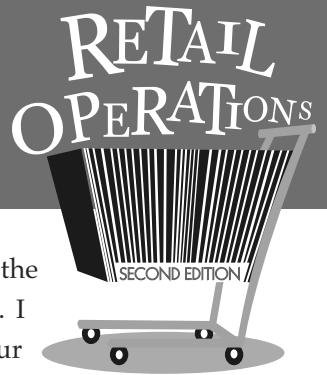
I am excited by the vision our leaders painted for Singapore — a dynamic global city of the East, just as London is to Europe and New York City is to North America. We have the infrastructure, a pro-business environment, good quality of life and, most importantly, a people with a cosmopolitan mindset and who welcomes diversity, to realise this vision.

Singapore is working on every front to make our city a better living environment for all. We are creating economic opportunities, building world class arts and sports venues, bringing in major conferences and events, and developing two Integrated Resorts that will reshape the tourism landscape.

Retail, too, has a definite role in making Singapore a dynamic and global city. Singapore has always been at the crossroads of world trade, and here, consumers can buy almost anything. The fundamentals are therefore strong for the industry. As a result, the retail landscape too has visibly shifted over the past two years. We saw new concepts coming up, such as VivoCity and the Retail Warehouses at Tampines. We are also expecting new and major developments at Orchard Turn, Jurong Point II and Marina Bay.

Moving forward, I am confident that retail will become an even more professional and innovative trade. Our polytechnics and universities are starting to deliver courses specialising in retail. The Workforce Development Agency (WDA) is enhancing the skills of the retail workforce through the Workforce Skills Qualifications (WSQ) system. The Government is pushing the services industry, including retail, to Go-the-Extra Mile for Service (GEM). The sheer size of this combined effort will throw up many more leaders, entrepreneurs and skilled workers who will propel the growth of this industry.

I congratulate Angie Tang and Sarah Lim for authoring this book, *Retail Operations: How to Run Your Own Store, 2<sup>nd</sup> Edition*. The contents cover practical topics that help retailers to enhance their business operations.



In addition, the “I need help...” sections expounded at the end of every chapter highlight pertinent retail issues. I am certain that this book adds to the effort to grow our retail industry.

*Ong Ye Kung  
Chief Executive  
Workforce Development Agency Singapore*



# Preface

Operating a retail business is not confined to opening and closing the shop every day. The smooth running of a shop entails many aspects of retail operations. Retail operations are those activities that support the buying, selling, promotion and control functions of a retail business. The retailer must pay attention to the day-to-day requirements of running a retail outlet.

Retail operations include stock management, maintenance, sales policies, customer service and general management of the shop. While each shop should have a grand plan or strategy to compete, the daily operations will determine its ability to achieve this strategy. However, this does not mean that retailers are expected to achieve perfection in all aspects of retailing.

In reality, operations problems surface frequently. The key issue here is to encourage retailers to achieve good and consistent standards in shop operations. Success in retailing is about details and the implementation of those details. Retail concepts, however interesting or new, ultimately live or die in their execution. By not paying attention to the details, retailers are selling themselves — and shoppers — short.

This is the second edition of the book and it is intended not only for students of retailing, but also for potential and existing retailers. The policies and procedures included here are not intended to fit the needs of every company, but they illustrate the types of policies and procedures that should be addressed.

## This book offers:

- A reference for new entries into the retail industry who are seeking information on how to run a retail shop more efficiently;
- A handbook for retailers who are expanding their business and require proper systems and procedures to better manage or control their chain of stores; and





- A guide for retailers who are seeking to develop or improve their operations manual. The purpose of an operations manual is to have one major reference containing all the company's standards, policies, procedures and forms so as to achieve better consistency and control.

Some sections contain sample forms written for a fictitious shop called "The Shop". They should serve as a helpful guide for retailers developing forms specifically for their company.

## Organisation of the book

Additional topics are included in the second edition. In addition, improvements and expansion have been made on the existing chapters. The second edition of the retail operations book is organised into seventeen chapters that replicate and describe the steps a person who works in store operations would take:

- Chapter 1 introduces the concept of retailing and its development in the future.
- Chapter 2 draws attention to the retail store customers and the ways to deliver services to meet their needs.
- Chapter 3 elaborates on the importance of store location and site, and the evaluation and selection processes.
- Chapter 4 looks at the daily essential operating procedures before the retailer opens for business and closes up at the end of the business day.
- Chapter 5 examines the efficient and effective handling of merchandise when the suppliers send the stock to the retailer.



Procedural guidelines from ordering, receiving, marking and storage to stock take are explained.

- Chapter 6 concentrates on cash handling and control procedures.
- Chapter 7 highlights basic shop layout principles, store maintenance and housekeeping approaches to upkeep the store image.
- Chapter 8 describes shop safety and security issues, as well as preventive and remedial measures.
- Chapter 9 covers the establishment of sales policies necessary to avoid customers' misunderstanding.
- Chapter 10 deals with the extent to which a retailer provides consumers with extra help in purchasing a product and offers a complaints-handling procedure.
- Chapter 11 expounds the steps involved in the retail selling process.
- Chapter 12 highlights some considerations in making merchandise decisions.
- Chapter 13 contains some general marketing practices which a retailer should look out for when promoting their merchandise.
- Chapter 14 attempts to highlight some legal and ethical issues in retailing.
- Chapter 15 reviews some technology applications for retailing.
- Chapter 16 aims to create awareness on issues relating to organisation structure, culture and management of employees.
- Chapter 17 emphasizes on important financial issues such as financing the initial operation, budgetary control, the evaluation of merchandise and the overall retail performance.

# Acknowledgements



Our sincere thanks are due to many people who have assisted or provided the encouragement and support in the preparation of this book:

- **Patricia Moreira**, Lecturer, School of Business, Singapore Polytechnic, for her contributions to the "I need help..." sections in Chapter 4 and 9.
- **Mark Johnson**, Lecturer, School of Business, Singapore Polytechnic, for his invaluable comments in Chapter 15.
- **Thevanathan Pillay**, Assistant Director (Legal), Consumer Association of Singapore, for guidelines to the Singapore Consumer Protection (Fair Trading) Act.
- **V. Maheantharan** (Director) and **Willy Wong Weng Kong** (Deputy Director) of the School of Business, Singapore Polytechnic, for their support and encouragement.
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- **Tan Hui Ling**, Editor, Pearson Education Asia Pte Ltd, for shepherding this book through production.

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- **Home Executive Store (XZQT)**
- **Kingsmen Creatives Ltd**
- **Robinson & Co., (Singapore) Pte Ltd**
- **Integrated Retail Management Consulting Pte Ltd**





We hope the reader will find this book stimulating, and that it provides encouragement to seek new challenges in their retail career.



*Angie Tang - Ng Mee Har*

*Sarah Lim - Lee Lay Huay*

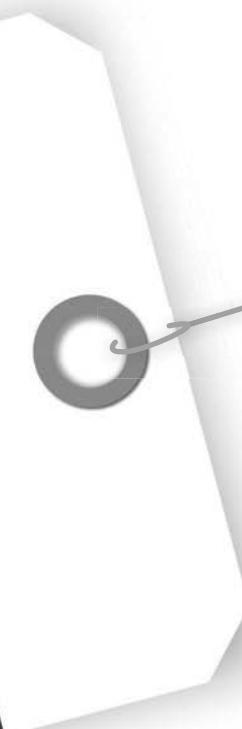


*This book is dedicated to  
David, Aaron and Amanda  
as well as  
Johnny, Alexander and Victoria  
for their patience and support.*



RETAIL OPERATIONS

A standard linear barcode is positioned vertically on the left side of the card.



# Welcome to the World of Retailing

01  
*CHAPTER*

Have you ever thought beyond shopping at your favourite store to a business or a career in retail?

## Retail is a big business.

In terms of sales volume and number of employees, retailing is one of the largest sectors of most economies. This is hardly surprising as it includes almost everything from haberdashery and home-ware to clothes, food and electrical goods and many others, making the list of retailers practically endless.

### — What is Retailing?

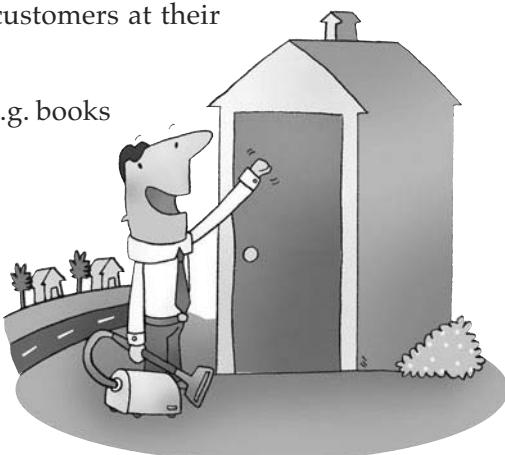
Retailing includes all the activities involved in selling products and/or services to the final consumer. It covers diverse products such as apparels, footwear, financial services and leisure.

There are two types of retailers: store retailers and non-store retailers.

Store retailers usually operate from a fixed location and serve walk-in customers. Examples of store retailers that sell products are Robinsons, Takashimaya, Giant, Carrefour, Toys 'R' Us, etc. Examples of store retailers that sell services are dentists, hair salons, etc.

Non-store retailers reach out to customers at their homes or offices by:

- Electronic or online formats (e.g. books retailer – Amazon.com)
- Catalogues or mail order (e.g. clothing retailer – Lands' end)
- Door-to-door selling (i.e. selling by knocking at consumers' home)



*"Hello! Is anyone home?"*

- Telemarketing (i.e. selling of goods or services by phone)
- Television or radio (i.e. selling of goods or services via some advertisements to encourage consumers to call in to place an order)
- Vending machines (i.e. selling of goods or services by a machine)

E-tailing is a term that is used for retail businesses that utilise the Internet or other electronic formats for their consumer transactions.

Today, many retailers sell their products and services through multiple formats and channels. They not only sell through their physical store but also offer customers the convenience of buying selected products through the Internet.

## — Why is Retailing Important?

Retailers are an important link in the channel of distribution. A typical channel of distribution consists of a manufacturer, a distributor (or wholesaler or middleman) and a retailer. The retailer is the final link between consumers and manufacturers.

Retailers add value  
to products by making the products  
available to the consumer at the  
  
right place,  
  
right time and  
  
right price.



*Christmas light up at Orchard Road by Singapore Tourism Board to promote shopping*  
(courtesy of Kingsmen Creatives Ltd)

In other words, the retailers add value to the products by:

- Ensuring the right products are bought to meet the needs of the customers
- Displaying the products for customers to touch and feel before they make a purchase decision
- Allowing the customers to buy in individual or multiple units
- Making available sales associates to demonstrate the products or answer any product queries
- Selling the product at a competitive price
- Allowing customers to exchange or refund a product that is not suitable
- Offering other personalised services such as delivery, gift wrapping, repairs, etc.



*"Can I wrap this up for you?"*

## — Functions of Retailers

The retailer performs five basic functions to facilitate the transaction between the retailer and the customer.

1. **Merchandising**, a process which includes the purchase of an appropriate assortment of products and to ensure the profitable sale of these products.
2. **Operations**, also known as store management, includes activities such as store maintenance, receipt and distribution of merchandise, as well as offer sales-support activities and customer service.
3. **Promotions**, include all activities that concern with communicating the retailer's message to the public through advertising, displays, publicity, public relations, special events and promotional activities of the store.
4. **Control**, which deals with the financial aspects of the business, that is, accounting procedures, employees' payroll, sales tallies, customer and supplier bills.
5. **Personnel**, which involves employee selection, training, advancement and welfare.



All the above functions performed by retailers help to increase the value of the goods and services they sell to the consumers and facilitate the distribution of these products and services for those who produce them. The value created from these functions includes providing assortment of products, selling in single or smaller quantities, keeping stocks and providing customer services.

## — Major Formats of Retailing

A retail format is the overall appearance or impression of a store as it is presented to its customers. It includes the external look and internal layout, the range of products offered and the pricing approach.

The table on page 8 shows the major types of retail stores by product line.

<b>Format</b>	<b>Description</b>	<b>Target Market</b>	<b>Value Emphasis</b>
<b>Department stores</b>	Large stores which are divided into discrete departments selling a wide range of diverse products such as cosmetics, clothings, home furnishings, toys, electronics, etc.	Mass	One-stop store catering to varied customer needs
<b>Supermarkets</b>	Large self-service stores that sell a wide variety of goods such as food, toiletries, household products, etc.	Mass	One-stop store catering to varied customer needs
<b>Specialty stores</b>	Small stores which concentrate on selling a specific range of merchandise and related products	Narrow	Wider choice for that specific range of merchandise and allow brand comparisons where possible
<b>Convenience stores</b>	Small self-service stores which sell a limited line of fast-moving food and non-food items, are usually well located and operate long hours	Mass	Convenient location and long opening hours
<b>Discount stores</b>	Stores that offer a wide range of products at discounted prices	Mass	Low prices
<b>Hypermarkets</b>	Very large self-service stores that offer an enormous range of products under one roof	Mass	Low prices and satisfy all of customers' routine weekly shopping needs
<b>E-tailers</b>	Stores that sell goods on the Internet	Mass	Convenience without having to move around



*Robinsons – A department store  
(courtesy of the Robinsons Group of Stores)*



*SGH Sunglass Hut – A specialty store  
(courtesy of Kingsmen Creatives Ltd)*

## — Concerns of Retailers

Today's potential customer is most likely a savvy shopper with a keen eye for price, service and convenience. They are more sophisticated and more demanding. As markets become more competitive, customers' demands for quality product and service increase.



*"The customer is king".*

As a result,

Delivering a  
unique in-store  
experience  
is a key goal for retailers today.

The key retail issues faced by retailers in order to achieve this goal include:

## Customer satisfaction



### Description

Increasing competition is forcing businesses to pay much more attention to satisfying customers. Customer satisfaction will lead to customer loyalty and a higher customer retention rate.

### Approach

- Respond to customers' inquiries promptly
- Be friendly and approachable
- Have a clearly defined customer service policy
- Attentive to details
- Anticipate customers' needs and go the extra mile to help them
- Honour any promises made

## Offering the right product to the customers



### Description

Merchandise assortment planning and buying are critical parts of a retailer's financial success.

Having a successful retail business depends greatly on offering the right product, at the right price, at the right time.

Choosing a product to sell is the most difficult decision you will need to make when starting a business. The choices are limitless. Not only should there be a demand for the product, it must also be profitable and something you enjoy selling.

### Approach

- Know your customers.
- Determine their needs.
- Know the market.
- Choose products that you can establish long-term sales.
- Offer quality products.
- Include a selection of trendy products to boost your business but these products need to be bought at the beginning of the product's life cycle
- Negotiate with suppliers to obtain these products
- Continuously source for products that are compatible with your type of business, your location and your market

## Presenting the products to the customers: Interior and window display



### Description

Product presentation is an important part of selling your product to prospective customers.

Products must be presented or merchandised to customers in a way that generates interest.

The way you display your product can have an impressive impact on your sales.

### Approach

Effective display should:

- Attract attention (e.g. by using light, colour, etc.)
- Arouse interest (e.g. by showing how it works)
- Create desire (e.g. by demonstrating the product qualities, use and benefits)
- Win confidence (e.g. by displaying related products to show how the retailer can help them put things together)

## Presenting the products to the customers: Layout of products and store



### Description

A well-planned store layout allows a retailer to maximise the sales for each foot of the allocated selling space within the store.

It is an important component in creating a retail experience that will attract customers.

Designing the right shopping atmosphere can enhance the store image.

### Approach

Your store layout should be based on your customers' decision-making hierarchy and allow for ease of movement around the store.

Each category should be positioned with the correct space and category adjacencies.

## Location and site characteristics



### Description

The choice of a store location has a profound effect on the entire business life of a retail operation.

Location characteristics include close proximity to target customers, existing or new retailers that complement or compete, accessibility of the store, etc.

Site characteristics, for example, within a shopping complex, site characteristics will include visibility of the store within the complex, walkway outside the store, ambience of the shopping centre, availability of parking lots, etc.

### Approach

Before choosing your store location, define your type of business and determine your long-term objectives

In picking the location, learn about:

- The demographics of the site
- The type of competition you are facing
- Retail compatibility, that is, whether the retailers near your store will generate traffic to your store
- The landlord (e.g. how responsive is the landlord to the needs of the retailers)
- Surrounding areas (e.g. will there be new developments, construction of highways, changes in traffic, etc. that will enhance or create barriers to your business)
- Other considerations (eg. is parking space available and adequate, is the area well served by public transport, is the population density of the area sufficient, etc.)

## Promoting the store and products



### Description

Keeping customers interested in your products is one of the biggest challenges retailers face.

For retailers who want to attract customers to the store without having to have a sale every other month, finding new ideas is imperative.

### Approach

Design a retail marketing plan which includes sales promotion ideas, branding and advertising.

Learn how to use loss leaders, media buys and sales events to the benefit of your retail store

# Retail technology



## Description

With e-commerce growing steadily, store retailers are embracing new technologies to keep shoppers happy and spending.

Technology has become particularly important when it comes to competitively differentiating the retail experience. Basically, the customer experience consists of three components:

1. Initial impressions (which will influence the customer's decision to shop)
2. Ease of browsing (which will affect the customer's decision to buy)
3. Making payment (which will influence the customer's decision of whether to return)

Technology can be specifically applied to optimise each of the above phases.

## Approach

Consider the following technologies to enhance your business:

- Customer relationship management software to gain customer knowledge
- Radio frequency identification (RFID) tags for tracking product movement
- Point-of-purchase (POS) system which include scanners, kiosk and self-serve checkout and
- Web technologies for online shopping



*MINI Habitat – Exterior facade, interior design and customer service  
(courtesy of Kingsmen Creatives Ltd)*

The above approaches will be discussed in detail in the next few chapters.

## — The Future of Retailing

Retail is an extraordinary business, with an ever-shifting landscape. Many retail markets in the world have been particularly eventful in recent years, with increasing competition, margin pressure, and greater merger and acquisition activity.

Many people have asked: "Will store retailers survive in the near future with the presence of online retailers?" Some manufacturers have also joined in the competition by taking over the retail function themselves. They may not set up a store but they sell the goods over the Internet.

So, what is the future for store retailers?

Store retailers will continue to exist especially those retailers who offer personal services like hair salons, optical, medical and dental care, etc. Personal services require one-to-one and face-to-face interaction.

While consumers love to find the product information themselves via the Internet, shopping is still their favourite past time. Consumers will still want to have the opportunity to see, touch, feel or try out the products before they make any buying decision.

Today's shoppers want a total customer experience which includes superior products that meet their needs, as well as retailers who treat them with respect, connect with them emotionally, and offer fair prices and convenience. Showing respect for customers not only includes having cheerful and motivated sales associates to serve them but also includes having a clear walkway, an organised store with appropriate signage and competitive prices.

However, the slowdown in population growth, greater competition and newer types of retailers, changing consumer lifestyle and spending patterns, and rising costs mean that retailers can no longer enjoy sales and profit growth through natural expansion in current and new markets.

Retailers of the future will have to choose their target segments carefully and position themselves strongly. Essentially, retailers can no longer continuously use the same successful formula to run their businesses. The need to keep up with the pace of change, as well as new developments in technology, simply increases the pressure on retailers to remain one step ahead of the competition.

To remain successful,  
retailers must keep  
adapting.

# I need help...

## How do I Boost my sales?

A key driver of any successful retail strategy is a strong link with your customer base. This includes attracting customers to your store, gathering customer data and developing and implementing winning strategies to drive your retail business.



The other day, I was an hour early for a lunch appointment at a downtown hotel café. Instead of spending my time waiting, I decided to go for a manicure. I checked with the hotel reception on whether there were any nail care salons nearby. Unfortunately, they were unaware of any such salons. I decided to walk to the shopping mall

next to the hotel. I found a nail salon from the mall directory and spent an hour in this small salon. I was offered some magazines to read but since I have read most of them, I decided to spend the time thinking of ways that the salon's owners (or any small retailer) could increase business.

First, let me share with you what this shop has done right.

- Their business name clearly states what they offer. When I looked in the mall directory, I saw a name 'Nail Spa' and I immediately knew what type of business they are in.
- They were 'visible'. The shop is strategically located with a bright and clear signage. There is a service menu available on a stand located at the door entrance.
- They have enough staff and thus, were able to attend to my needs. The nail salon that I visit regularly is strictly by appointment only. This shop has three staff working, so they could manage to attend to my request.
- They not only offer a variety of magazines to read but those magazines were of the latest issues.
- They enticed me to buy more by attractively pricing a package of two services. I went in for a manicure which costs \$25. A pedicure service costs \$35. However, a manicure and pedicure together cost only \$50. So, I decided to take both.

From my observation, I felt that there are a number of other simple things they could have done to increase their sales.

## Make the Store Inviting

In most businesses, you want your customers to enjoy coming to you. The shop name 'Nail Spa' reminded me of a typical Spa concept with a therapeutic ambience and smell. However, while it was clean, the smell of acrylic nails was very strong. In addition, the owners had made no attempt to decorate or play light music. Providing a visually interesting or inviting environment will entice customers to return for your services. In other words, create a distinctive shop image. Your customers create a perception of your shop not only from the shop name, location, product and price, but also the shop atmospherics, displays, business cards, brochures and customer service.

## Develop a Mailing List

As they did not ask me if I wanted to be included on their mailing list, I can only assume that this shop does not keep a customer database. A customer database can help companies keep in touch with the customers and inform them of any special events or promotions. With the information in the database, they could even inform customers if the shop is to be relocated.

In addition, the owners can attempt to remind the customers to come for a nail treatment a month later. For example, the reminder could be sent via a mobile phone message. Generally, customers should go for a nail treatment once a month.

## Develop Customer Loyalty

Seek suggestions from your best customers on ways you can boost business. Besides having regular sales promotions for the general public, the retailer can also consider offering birthday treats or monthly promotions to regular customers. For example, during the birthday month of your regular customers, offer a 50% discount on all services on one visit within the month.



## Generate Publicity

When I asked the hotel reception about a nail salon, they did not know of any. If the owner of the nail shop had, for example, dropped off some business cards or brochures at the hotel, the hotel staff would have known the shop's name. Generally, hotels are a good source of referrals for spas, hair salons, facial services, nail care services and other personal care services. So, the retail owner must continually find ways to generate publicity for the shop instead of just relying on walk-in customers.

The above steps would have cost very little, yet they might result in significant increase in sales. So, look around and think about a few ways that might add to your bottom line. Successful retailers know they must consistently focus on developing winning value propositions based on the core principles of value, innovation and convenience.



RETAIL OPERATIONS

# RETAIL OPERATIONS



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