



Bluestone's Retail Strategies

by
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It's Beginning To Look A Lot Like Christmas...

Okay, what's Bluestone talking about? He's definitely a few bricks short of a load: It's barely even summer and there's a magazine article heralding the arrival of a holiday that doesn't occur for another six months or so.

Crazy? Hardly. For most of us, the holiday season can represent more than 50% of our annual profits. And although the festivities are in December, the selling season that leads up to it begins just after Labor Day. By my math, that leaves us with just three months to figure out what we want to do to maximize business.

The holiday selling season is my favorite time of year. There are a lot of reasons I say that, but here's my favorite one... customers are in the mood to buy.

What does that mean? All year long, we advertise hoping that if someone needs framing, they will choose us. However, we also realize that the potential pool of people that need framing on any given day is rather small. Therefore, the money we spend to advertise sometimes doesn't produce the desired return because customer buying patterns are often rather tranquil.

In September, that all changes. Once the neighborhood pools close and the kids go back to school, people begin to turn towards framing. This occurs partially to beautify homes and partially for gift giving. As the season progresses, people become more impulsive and less deliberate until a point just prior to Christmas when logic gives way to frenzy and people anxiously consume in a manner that defies even their own logic. I like when that happens because it means that we all get to sell stuff. Lots of stuff.

So why does all this matter now when even I admit that the action doesn't begin until Septem-

ber? The answer is simple. To succeed, we must spend time trying to figure out ways to maximize opportunity. Maximizing opportunity requires conception, planning, and implementation of ideas. That takes time.

I predict that 2002 will be a strong season for all of us. The talking heads claim that the economy will be very much recovered by that time. Considering the flat or declining sales that many in our industry have seen in the past year, there should be pent up demand by customers to satisfy.

So what can we do to get ready? For the purposes of this article, I will recommend action in three areas: merchandising and pricing; productivity; and advertising.

Merchandising

1) Review current product offerings.

There are many thousands of moulding samples available on the market. Chances are that you show somewhere between 1000 to 1500. Are they the right ones? Are you wasting space showing moulding that you haven't sold in years? Are there new mouldings available that you haven't put on display?

2) How do your displays look?

Do you have samples showing the use of fillets? Do your samples feature upscale mouldings and wider mats?

Do you have a display that demonstrates the benefit of UV filtering glass?

Do you have samples that illustrate the framing of collectible items, needleart, diplomas, and photographs?

We all know that better framing earns a

higher profit. What too many of us ignore is that well-conceived displays and gallery merchandising aid better sales. You've got three months.

3) *Is your pricing right?*

Do you know your cost of goods as a percentage of sales? Some framers do. Too many don't. If you are someone that only reviews an annual statement, or worse yet, only sees the state of their business on their tax return, then we have a little work to do.

Equally important to selling is earning money on what we sell. If you are not aware of your year-to-date cost of materials sold, then it is time to figure it out.

If you don't have an accounting system in place, here is the quickest, albeit roughest way, to do that:

- a) Add together all of your materials and framing supply purchases.
- b) Divide this into your gross sales for the same period.
- c) Assuming that your inventory value has not increased (meaning that you have not bought much that you did not sell), the resulting number will be your cost of materials as a percentage of sales.

Ideally, this result should be less than 28%. If it is higher, then there is a good chance that you should be raising prices. Now is a great time to do that because as business volume increases, the damage caused by underpricing increases.

Productivity

Thinking about changing the way you do things or buying some new equipment? How about installing a computer system? Now is the perfect time. Why? Because you will have time to install your new tools during a comparatively slow time. You can have the bugs worked out by the time things get busy.

Having been the fool that once installed a computer system in September, I can authoritatively say that June or July is a better time. Many of the hairs on my now bald head were lost by introducing technology or new practices at the wrong time of year.

Now is the time to get out there and make positive changes that you will benefit from in years to come. Here is my "can't do without" list for you to consider:

- 1) Computerized point-of-sale system to assure proper pricing, efficient customer service, collection of customer data, and meaningful analysis of sales.
- 2) Computerized accounting system (i.e. Quickbooks) to facilitate good record keeping, financial analysis, and efficient management of payables and receivables.
- 3) Computerized mat cutter to enhance productivity and quality.

The technology exists now to allow nearly every framer to take giant leaps forward in quality, productivity and financial understanding. Do it now and you'll start getting payback in months.

Advertising

Now is the perfect time to contemplate what you will do to ignite your business in September. At the very least, here are a few things you should be considering:

- 1) Mailing to existing customers.
- 2) Mailing to potential customers near your business.
- 3) Newspaper advertising.

Let's see a show of hands... who is planning a mailing to their customers in September? If your hand is not up, read on. The health of every framing business starts first by communicating with people who have shopped with you before. It is comfortable for all of us to believe that someone who has framed with us in the past will choose to frame with us again in the future. However, that's not always true. Customers require maintenance and constant contact. If you don't ask for their repeat business, your competitor might.

I would recommend that you contact every one of your customers twice during the coming season—once in September, then again in November. This way, you are assuring top-of-mind awareness for your product and business.

Why is this important to think about now? Because a good direct mail campaign doesn't put itself together in a week. It takes months. If your mailings in the past have been photocopied cards, now is the time to consider a great looking, oversize, full color card. If you don't have the skills to do the graphics yourself, you will have ample time to find a reasonably priced graphic artist to help you.

You will also need time to bid printing. The first call you make is rarely the best combination of price and service. If you don't have someone you work with, take a week or two to find a great printing source.

You might also ask your printer if they function as, or work with, a mailing company. In other words, what would they charge to inkjet your customer addresses onto the postcards, sort them, and mail them? You might find that the better postal rate they achieve through sorting pays for their fees related to addressing and sorting. This makes your life easier and saves time.

While you're at it, take some time to learn about mailing to potential customers. You can buy mailing lists of people who live within a mile or two of your store and you can select them using variables such as whether they

own or rent a home and how much money they make. Finally, consider advertising in local newspapers. Modestly sized ads that are consistently run during the time leading into the busy season might deliver rewards. So, that's the plan...

- Make your gallery look great by introducing new merchandise.
- Support your selling efforts with updated/improved samples.
- Use the quiet time before the storm to introduce new technology that can make you more efficient and in better control of your business.
- Commit to an advertising schedule that will help retain your existing customers while reaching potential new customers.

Start now. There's not as much time as you think before the big season begins. ■