



Bluestone's Retail Strategies

by
Marc
Bluestone

When The Going Gets Tough: Part II

Author's Note: Since writing "When The Going Gets Tough" last spring (PFM, May 2001), I have been pleased to receive hundreds of e-mails commenting on the article and asking for further thoughts. In light of recent global events and its effect on our economy, it seems especially timely to present "Part II."

Leadng your business through a difficult economy is a challenging task. Contrary to the predictions of "experts" offered during March and April, our economy does not look like it will be "robust by the fourth quarter."

Fortunately, there are things you can do today to help build sales and grow profits regardless of the ongoing economic doldrums. Most of these actions amount to little more than common sense and good business practice. In fact, in many cases, what a difficult economy demands most of a business is a thoughtful and aggressive return to basics of salesmanship, marketing, and finance.

First things first. Let's adopt an attitude by highlighting some truths...

Truth #1: If you get all freaked out by slow business, your business will only get slower.

Truth #2: You can stop innovating and improving your business, but your competitor won't.

Truth #3: If you think you can get through this difficult time by lowering your prices, you will succeed only in selling the same number of frames for less money and profit.

Truth #4: No matter how rough things get, there is still framing to be done. However, your profit comes from your last 10% of sales. Therefore, you must preserve your top line if you are to retain a healthy bottom line.

Survivor's Rule #1: Now is the time to sell beautiful framing. Tough times mean that fewer people are likely to walk through your door to buy custom framing. However, as for the customer that does enter your store, they are still ready to buy something beautiful.

Think about it. People know that custom framing is not inexpensive. They know that their decision to visit you will cost them some money. They came anyway. My advice to you: don't disappoint them.

The same rules of good design apply today as they do during boom times. In general: Beautiful, large, expensive mouldings still make the best frame choice. They are good for the customer because they make the piece unique and attractive. They are good for your business because they generate higher sales, gross profit dollars, and customer satisfaction.

Despite the economy, multiple mats (preferably linen or suede) and fillets still look great around the art. Their benefits are much the same as larger, more upscale moulding.

Finally, even though the Dow is down, preservation materials and conservation glass still provide the best protection for your customers'

art. People today are no more likely to want their art to fade or become acid-burned than they were two years ago.

Some Caveats: Designing beautiful, upscale framing does not mean that you should cast aside respect for your customers money. To be successful at selling upscale design you must:

- Make sure the first design you show reflects the interests communicated by your customer. Although the first design might not meet their needs, it must be a fundamentally good design in order to establish credibility. Nothing knocks the wind out of a designers credibility like a first design that is both ugly and expensive.

- Make sure that the design, although upscale, is not gratuitously expensive. In other words, hit doubles and triples. If you swing for the fences you might just scare people.

In short, stick to the basics of good design and salesmanship. If you fail to design the very best frame you can, each and every time, because of some deeply rooted belief that people can't afford or don't want beautiful design anymore, then you have a personal issue you need to sort out. That issue relates to the fact that you feel so poor that you are designing like you are spending your own money rather than your customers. Don't do it!

Customers walk into your store because you are a quality custom framer. Be one!

Survivor's Rule #2: "Too expensive" doesn't always

mean what you think it does. If you took my advice in Rule #1, you may come across a fair number of customers that won't buy because, they say, "it's too expensive." Your immediate assumption might be that the customer either doesn't have the money to spend or they simply don't want to spend enough money to purchase better framing.

While you may be right in some cases, my experience is that there are other reasons why customers say something is too expensive. The main reason, regardless of the economy, is that the frame you showed them didn't seem worth the money.

Think about it: a sale occurs when the customer would rather possess the frame you show them than possess the cash in their pocket. If they don't love the frame, then it becomes "too expensive." In other words, a design, salesmanship, or service issue can often be covered up by a "price" issue.

There are also varying definitions of what "too expensive" means. In my experience, many framers

assume that "too expensive" means that their prices are too high. In fact, how many of your customers have any idea how much something should cost? There is relatively little direct price shopping in our business.

More likely, their impression of "too expensive" relates more to their appreciation of the design, their understanding of what value you might be providing in terms of preservation materials or quality craftsmanship, or the fact that the price is quite simply more than they want to spend that day regardless of the design.

Survivor's Rule #3: Sometimes they just want a frame.

You've designed a beautiful frame and the customer didn't throw their money at you. Then, you carefully considered the possibility that you failed to establish value through a great design and salesmanship. Still there is no money flying your way. What to do?

Punt. There is a time when you must sell a frame, any frame. During good times, and especially in tough times, it becomes important to sell something to everyone who walks through your door. There is a time when you must lose any hint of pretension and just sell something.

Graciously show the customer a good, appropriate design that offers reasonable aesthetic value at a great price. Don't give any hint that they are cheaping out. Give up on your pursuit of a gold medal. Be happy to just finish the race. Turn on your charm and make them feel great about choosing you.

Survivor's Rule #4: If you don't make contact with your current customers, the guy down the street will.

If you possess the slightest hint of sense, you have been compiling a list of your customers (not just your best customers, but all of your customers). Now is the time to say hello.

During good times or bad, I would recommend that you make contact with each of your customers at least three times each year. Your contact does not have to be fancy. Don't shoot for the stars by committing to a fancy newsletter because that would be expensive, time consuming, and unlikely to get done.

Instead, consider creating an attractive, professional card on your computer and having it printed at Kinko's. Then, you can purchase bulk-rate stamps and mail them out in no time.

The big question: should the card just say hello or should it have an offer of some kind? My advice, make an offer. In general, if you want response to a mailing, you have to buy that response in some way. However, an offer

need not be a coupon. You can offer a dollar savings to current customers, you can upgrade to conservation glass without charge, you can offer a gift with purchase (perhaps a small ready-made produced from scrap moulding?).

In any case... Mail! Mail now! Mail often!

Survivor's Rule #5: If you don't reach out to find new customers, you won't have any. Part of protecting and growing your top line is to grow your customer base. If you stop telling your story to the public, they will stop discovering your store.

In my opinion, one of the leading mistakes made by business owners is to stop their advertising routine in a mission to save costs. While I would certainly advocate a careful evaluation of your spending, your strategies, and your message, I would equally advocate a commitment to continuing (or beginning) a consistent and appropriate advertising effort.

Survivor's Rule #6: Watch Your Margins. Many of our industry vendors have raised prices in the last few months. And with good reason. Their cost of raw materials has gone up as have their costs for insurance, fuel, rent, and numerous other expenses. Their employees, like yours, want raises and the cost of providing employee benefits only goes up.

The question is, have you adjusted your prices? If you have, you are well positioned to keep up with your costs and to bring in extra profit dollars. If you haven't, you are laying the groundwork to be squeezed by decreasing sales, decreasing profit dollars, and increasing costs.

In addition to reflecting vendor increases, have you considered further raising your prices? A good way to determine the necessity of this action would be to calculate your cost-of-materials. For those of you using an accounting software package, this should be fairly easy. For others, you might need to compare several months of material expenses to your sales.

What do materials cost you as a percentage of sales? If your number is much more than 28%, then you probably have to consider a price increase beyond keeping up with vendors. Remember, regardless of what pricing strategy, chart, or formula you subscribe to, the only thing that really matters is the result. In this case, the result is expressed as "cost-of-materials as a percentage of sales."

If it is higher than 28%, your financial health may depend on lowering that percentage by raising prices.

Many of you are now saying, "I can't raise prices," or, "My prices are too high already." To you, I ask this: Is there a customer who spent \$150.00 in the last month that wouldn't have spent \$154.50 for the same frame? That is a 3% increase. Chances are, the people who buy from you will pay 3% or 4% more without even noticing. For the people who say it's too expensive, they will continue to say that whether you raise prices or not.

Survivor's Rule #7: If something doesn't make sense, it probably doesn't. Look around your shop and consider the quantity and quality of people you employ. Consider what you pay them and whether they have enough work to keep them busy. Similarly, look at other expenses and contemplate the things you spend money on.

Does it all make sense? If something doesn't make sense to you, then you should probably make a change. While this may seem too obvious to be worth writing about, I challenge each of you to say that every single expense in your organization is thoroughly defensible. Chances are, there is something that you have been rationalizing for years. Now is the time to do something about it.

Things to do *today*:

- 1) Mail cards to your customer list.
- 2) Raise your prices.
- 3) Examine your design and selling practices.
- 4) Commit to incremental improvements. ■