**9 Secrets for Retail Success**

Hello Ritchie, welcome and thank you so much for joining us today.

Hello Alexis and thank you very much and thank you to all of you who have chosen to spend a little bit of your time with me today. Over the next 40 minutes or so, I am going to give you an overview of nine proven strategies that you can actually put into use in your storage right now. -- Stores right now. Before I do that just to add to what Alexa said, I spent 10 years in the retail business as a buyer and merchandise manager for a family owned department store before going and moving over to a national consulting firm that goes by the name our MS a retail solutions were I have worked with independent retailers for now 37 years , I hate to admit. In addition to that I do write articles for various retail industry magazines and as she said I spent about seven years working with SCORE and I specialize in working with retailers due to my heavy work schedule.

That is a little bit about me. Our first slide all of these stores know one thing, and have something in comp but they know how to make a small fortune in the retail business and the answer to that is they start with a large one because all of these stores are bankrupt. Through May of this year, there have been 2800 closures, not including bankruptcies.

Some analyst say we will have 5000 and up to 8000 store closures by the end of this year.

Remember once that, I will talk to you about this later, there have been 80,000 retail jobs lost so far this year alone. We welcome back to that. >> Everybody has heard of the gap, 20 years ago the gap actually defined casual dressing. And today they are closing hundreds of stores because they have had style Mrs. at both Gap and Banana Republic. Banana Republic is actually closing all of their united kingdom stores. Even the old maybe chain is having problems.

-- Old maybe chain .

I'm sure you've heard of Ralph Laurent designer here, they have a problem too. They are closing 100 of their 400 of their 490 company-owned stores and just takes them too long to get a private -- product to market and they have too many products and 15 months to get new merchandise into the stores.

In an effort to change

-- get a reversal and change the culture, they hired Stefan Larson from H&M as CEO and six months later he was fired so so much for changing the culture.

Urban outfitters bought a Peter chain -- pizza chain because of the difficult environment of selling close. -- Closed. Who can forget the elephant in the room? Amazon, bombarded about news about Amazon every single day and a half 7% of the market share today, and by 2020 they are projected to have 19% of the market share. Amazon built their reputation and hit $100 billion in sales by offering deals they were the first thing customer saw, was a bargain and a reduction to the list price and that was 21 years ago and that strategy was to lose money on every sale they made and make it up in volume. They are building for the future. The future has arrived because now just as recent as a couple of weeks ago we had Amazon prime and Amazon prime wardrobe what you can actually try on before you buy and if you keep five items are more you get to take 20% off.

This is good for me, how all these stores are experiencing problems today. They are we can financially and they are risk adverse with inventory. They are over starting chains were going to continue to shed locations -- and this will provide an opportunity for some of you because rents will go down due to the supply and demand. >> If you take a look at your leases, this is an important point, if you have a contingency clause in your lease, you may be able to renegotiate if you have had vacancies from these major retailers.

Take it look after thanks, take a look at your PNL when you have a moment, if you are over 8%, that is a sign of a problem. If it is too much over that the only people making any money are the vendor and the landlord. But if you are paying too much in rent, that is less money going into your pocket.

People love the experience of shopping in a store. And same with the chain, really turn them off. Hate to mention names but have you been in a Macy's lately like a little on the boring side.

Before you think that this is doom and gloom, really not, I will give you 4 reasons why it retail is alive and well. You will not believe this if you listen to the news very often, but because the national news has retail all going under but most retailers are really successfully adapting. >> Retailers are increasing sales and embracing storefronts and e-commerce. Sales and retail in 2016 were actually up 3.6%. That is above it GDP growth. National retail Federation suggested this is going to be even stronger for this year. Okay, you will hear that everything is moving online . While not everything is moving online because 90% of the transactions we have are still done on the store -- in the store and e-commerce is part of retail. Eight out of 10 of the largest e-commerce site are owned by what people traditionally think of as brick-and-mortar retailers.

Remember the number I gave you at the beginning of the time where we talked about 80,000 jobs being lost? This is how news spins things. Retail remains America's number one private sector employee. -- Employer.

Right now we have 13 million American workers supporting -- supported by retail jobs and 42 million overall. While it is true that we have lost 80,000 jobs in 2017, those losses are really modest and represent less than half of one percent of the total.

We are going to add so far -- so far this year, 2017, we have added 730,000 jobs. Had I not told you that, you would think the world was coming to an end that we have lost 80,000 jobs and what that time to get into retail. It is really not. The Bureau of Labor, statistics, they only count in-store jobs. They do not count

corporate headquarters, warehouses, call centers, and things that are very important part of a retail business.

Stores are opening and small businesses are thriving.

T.J. Maxx, Zafar, all means you have heard of. They are expanding their footprint and remember, 98% of retailers, 90% have fewer than 100 employees.

We have added 87 87,000,000 ft.² of retail space since 2016, and that is a lot and we do have twice as many retail space as they do in Great Britain right now. Increase by 40%.

These newer spaces, they will not always be shopping malls. They are new ways where I can see this happening. Again, it is not the retail apocalypse that you have heard about. But there is a false narrative out there.

Okay, now that we have dealt with some of the statistics, what can we do to be successful now? First secret, what I call a kiss method, have you heard of that before? The kiss method is keep it simple, stupid. >> If this is your store and this is your merchandising approach, and your sales are suffering, changer merchandising approach. Retailers are learning that more merchandise does not when over more customers. We already have too many choices out there any way. It does more harm than good and who wants to fight through this mess to find one nice item?

Larry Schwartz wrote about a few years ago Paradox of choice, he maintains that get into many choices, you simply are not able to choose and to her been experience that prove this.

For example, will commence on jams, this is an interesting one because it was produced by Sheena languor, and Columbia University and what they found is that in a California gourmet market prefers her languor and his assistant set up a booth of samples of Wilkin & Sons jams, so every few hours they switched from offering 24 jams down to a group of six. And on average, customers tasted 2 jams regardless of the assortment size.

What is interesting is that 60% were drawn to the larger group, but only 40% to the smaller group.

30% of the sample the smaller group assortment bought , will only 3% confronted with the 24 jams bought. So the presence of choice, while appealing, is a theory that could actually be overwhelming.

More choice is not always better. >> Keep your presentation simple. Your message, your Windows, everything. You do not have to put everything you own in the store. Every time I travel, I go to stores and a look at store windows and other know why this is mostly smaller towns, but you will see the stores and some of you can relate to this because you have seen it too. They put everything they have in the store window. A sampling of each. And it becomes a hodgepodge and it is hard to see anything. >> Okay, expand your categories. This is an interesting option, because if you can put locally made items in your store, that adds a personal field to the community that you live in. I actually work with a store in Montana, where they have items in the give store actually made a Montana and they so great.

Here is what I really liked, these are the seven sisters. They are from Alaska and the actually donate a can of wild salmon for food bank for every so many they sell them pretty interesting, [Indiscernible] really is salmon, my story, nice tie-in.

Herberger is a chain up in the Minnesota area that I am very familiar with. They started a way to add kind of a storebrand building things in their store and they did not think -- they did not know how many cells they would get. Big get millions of cells, apparel, glassware, blankets, jewelry, scarves, candles, but products, everything they can put. But they put this in last holiday season and they thought they would do someplace under $1 million. Sales were $10 million. And all of their stores combined.

Secret number three, build customer loyalty. This is really a hot topic right now. You need to start doing this if you're not already, by capturing data anyway you can about your customers. At the very least, you need main, and email number. Because email blasting is way more effective than newspaper, T.D., everything else. We all get it, very important way, at low cost to communicate with your customers. >> Okay, 44% of households in the United States belong to Amazon Prime. That is a hard thing for me to get my brain around but it is true. Amazon Prime members spend more than double what the average Amazon user spends and non- user. A lot of you on this call perhaps our Amazon Prime users. We of the stores are just trying to copy what they have done but it is really -- has really changed the way we shop and another idea of a loyalty program is what the Restoration Hardware does and for 100 bucks a year, you get the our age great card so you get 25% off and all the departments, and 10% savings on sale merchandise and everything else that they do and that is a good way to do it. And here is another one done by Neiman Marcus. In Circle club, that is 40% -- 150,000 people that shop at Neiman Marcus, they generate what percent of Neiman Marcus annual sales. Okay?

150,000 shoppers generate 40% of their sales. Like Amazon Prime, Barnes & Noble, Cosco, to be effective, a loyalty program has to have perceived value. And they have customers that want to know they are not getting the same dealer same thing or offers that everybody else has so make certain if you have a loyalty program, make certain you know what that loyalty program is costing you.

One of my own personal claims, large retailer, just canceled his because he found that it was costing him $1 million. To run that. That is through the discounts. So there is a cost involved in this, to study the pros and cons.

I have written an article on this and I am happy to send it to you if anyone is interested, let me know.

Or let Alexa, letter know and I will get it to her.

Secret number four, provide legendary customer service, and shoppers are tired of being considered just baseless numbers in a crowd. They're willing to pay a little bit more for a better experience. A recent survey showed over two thirds of Americans spend 40% more with the company -- 14% more with the company they believe delivers excellent service. Saks Fifth Avenue, there the most aggressive doing this, they have service called sex they -- sex phase me, it is a dedicated number that resolves all of your fashion emergencies within 24 hours and in 50 markets throughout the United States, they will send a war broke -- wardrobe been to you and if you buy from them they will give you a ride home and a chauffeur driven limousine or a BMW. And they have concierge services at Saks Fifth Avenue where you can buy concert tickets were booked travel, it is value added and they want their stores -- customers to feel special and value.

This is actually a colleague of mine, does a lot of flying for a company any flies Delta a lot, every chance he can. He has more reward points than I can ever think of having. If he has to change flights, they pick them up in a Porsche and take them -- him over to the explain and he gets a kick out of that. I am low on the totem pole so I just walked.

Guarantees, these returns are really uppermost in consumer minds. In fact humans will spend twice as much energy to avoid a loss as they wilt when a game. We fear losing and reward companies who minimize that feeling for us.

You don't have to look any further than samples, I'm sure we are all familiar with them, you can see how loyal customers can be if the brand can penses them that they cannot make a mistake, thanks to a liberal return policy and believe it or not, and I will say this slowly believe it or not customers who were turned up to 50% of their orders online are also the most profitable and why is that because they buy the most. >> What do you think of when you see this? Okay, stores with this attitude are going to have a hard time making it in the retail business. This is old school and this is yesterday. This is the reason that small stores stay small stores.

It is small thinking. I talked to so many stores and they say if I take an exchange or give them their money back, I am losing money. Bill if you don't you will lose customers that will not be along -- around for long. Not in today's environment.

The latest figure on returns hit $284 billion and it is going up and that is up 6.2%.

Remember online purchases, talking about Amazon, people and places like that and Zappos we just looked at,

the returns on Zappos is over 33%, one third of the purchases.

30 days to 90 days seems like a very common return policy now. So white make it easier for your customers to take it back? A study in the retail of Journal found that if stores return policy -- actually does make a difference. In a surprising way.

No longer a store allows customers to return something, the less likely they are to actually return it. Something far off kind of becomes more abstract. Something closer becomes more concrete and changes her actions. Is called the endowment effect , the Longview on something, the more it starts to feel like it is really yours. Is human nature being what it is, people don't like to return things anyway and almost like the admitted failure. >> Nordstrom, a lot of our communities have Nordstrom stores and they've always been known, like Cosco, they will take anything that for any reason at any time. Now it is their philosophy, softening a little bit, they are putting what they call a reciprocal contract in place. We will deal with you fairly, and we hope you deal with us fairly. I have a client in the upper Midwest, multiunit shoe store that actually took back a pair of shoes that the owner had never carried, knows his inventory very well, never carried and never would carry, but the woman was adamant that she bought it there.

Why would you do that I said? He says if I don't take that back, I am not going to ever see her again, and I'm never going to see her friends again, she might go on social media and badmouth the store. I will give her back 100 bucks and keep a customer and built some goodwill, so he is willing to lose the battle to when the greater good. Or greater war if you well.

-- If you well.

Secret number five, empower your sales staff. Studies have shown that even after researching online, comparing prices, reading the reviews, something I do constantly, trying to find a new car so I am reading lots of reviews, audit percent of customers remain open to the power of persuasion once they interest or. In my case a dealership.

A well-trained empowered sales staff will determine your level of sales. -- Without your stored -- without which your store can just not perform.

The Apple Store teaches their people to solve problems, not so good.

Handheld devices, gets them out from the kind -- behind the counter so they are trained, they cannot talk about their new products but they have the highest sales per square foot of any business in retail history.

Anybody been in a container store? You're never going to know how disorganized really are until you go into one. The question on the table though is would you rather have three mediocre salespeople are one phenomenal one? What is better well everybody picked one so instead of taking two, $20,000 please, offer $40,000 to one excellent one and that is what they do. And they will still save money. That is the logic behind The Container Store. The Container Store last year, average salary, somebody in The Container Store was $44,000 a year. The actually go through 187 hours of training and learning how to sell, interface enemies their customers. Their motto is not just the customer is number one as we heard it always is, but it is the employee is number one and if our employees can be that good, what are they going to do with their customers?

They found the secret of great retail. If you don't believe it, Jusco try to higher The Container Store employee away, you cannot do it, impossible.

And they don't have sales. Early have deals, pretty much full price all the time.

Ritz-Carlton is raising the bar and what they do to empower the places every employee there at the beginning of each year gets $5000. From the made on up to a top guess. -- Top guess. The question is what happened and make sure it doesn't happen again. If there's problem, they do want to make to say a talk to somebody else. They give some money to handle the problem right now and make guest happy and that is employing customers. -- Employees, I should say.

Motivate and lead your staff. If you pay peanuts, you get monkeys. Okay, used titles. Sales associate desert -- is better than Clark. Clerk rhymes with shirt. Does not work anymore. The retail team is a team sport. Reword the team. I encourage my clients to have team meetings, store meanings, back to have a client in Denver Colorado that has a daily meeting with their employees and the employees love it because they learned so much about the products, what is going on in the store, even if they are not scheduled, they want to get the notes from the meeting. It is half an hour before the store opens, every single day, I've worked with the store for 20 years and they had not missed a day yet.

Visual merchandising, secret number six. Goods well displayed, have sold. As you enter the store, the front area in the interest store, is called the decompression zone. What that is is it is a little semicircle were customers walk in and kind of get the vibe of what is going on in the store. Interestingly enough, in the store you will have two choices because you cannot go straight, clearly, because manikins are the way. Will have to go right or left.

90% of the customers will go which way? Correct, right. >>

That is like when you going to a movie theater and you go left or right, the shortest line is always on the left and I always take the longest line because there are more seats on the right and you don't have to go through so many people -- there's so many people, just the tip there.

I don't particularly like this line because I cannot see past the manikins. I like stores that I can see past and that blocks the back of the store to me. And remember that I moved up so you don't want the big tall displays right in the front of the store and your I moved up in those items can be on the black -- back flat walls with a side . And a cozily go into the stores and I lower racks of merchandise for people and I have permission to do that with because most people if you are -- I am six 2 and most people have the racks of apparel too high in their stores. The average shopper will be 5-4, 5-5 and we lowered them so you can see over them.

Make sure you have enough with in the watt -- in the aisles. -- With in the odds. No one wants a situation, I'll should be 36 -46 inches, to avoid the but Rush for sure.

-- But brush for sure.

What the customers want? We are really logical animals. Some of us will drive 10 miles out of our way to say five cents on a gallon of gas.

Some of us what the the same 10 miles will save $20 on a $60 printer is a good deal. But will pass on $20 off on an $800 iPad that is 10 miles away.

Same 20 bucks. We are emotional first, especially when dealing with the here and now. Sometimes the experience is controlled by a motion. And not Blodgett.

-- And not Blodgett. Have you ever been an IKEA store? It is clean and simple and they have a clear message. One of my favorite ads on TV right now, dilutes training company. They have fabulous ads. Duluth.

Going through these quickly, ballroom genes, crouch without the couch, very catchy. Takeoff on the

Eagles drummer, Don Henley, the plan works, take it easy from the song. Don a Henley. This is an idea that I really like and have stores doing this now, you can go into wine stores do this and music stores used to do this and bookstores do this, where they will have an employee and they have a pic of the week.

The bookstore, why do I like that book and a wine store, why is that bottle or my pick of the week? This is really a good way to isolate something and you are not talking about price, but you are just having the item identified as associated with an employee of the store.

It works really well.

I would change these weekly.

Here is a pet peeve of mine, fitting rooms, what a soul sucking experience this can be.

This is all based on centuries old mirrors, centuries old technology, the lighting is usually very unflattering. You have cramped quarters, usually not much larger than a portable toilet. In an airplane.

It is poor ventilation. Think about it, it is the only were publicly for you can take off are you close and put on somebody else's close.

Secret number seven, manage your inventory. Very important. This is the heart of any retail store and if you have -- and you have to know that a constant low of new -- flow of new merchandise is the lifeline of them retail or success. Nobody comes in and says connecting McKinney last year? Nobody does that. You have a repeat customers coming in your store every week and sometimes once or twice a month at least. And they want to see what is going on in the store and what is new and what came in.

So a constant flow of merchandise, all on a regular basis, it is very powerful. This is why you rotate your stocks, even if you have not gotten a lot of things in, rotate your inventory and change it up a little bit more.

Age your inventory. If you want to turn your stock three times, you can have nothing over four months old. If you want to turn your stock four times are greater, if you are in a women's clothing operation, you don't want anything 90 days or less, that is where the bulk of your full price sales will come from.

Let us talk about open to buy, some of you may have heard of it or some of you may do this or use the service to do one but what is it? Let us take a look, it is really the money you have to spend for inventory. That is what the budget is for merchandising. If you spent everything, more than you can or should on inventory, there is no money left in the vault.

It is a financial budget for retail merchandise. It provides guidance as to how much to buy. It is certainly creating benchmarks for evaluating the process and it is a financial tool that uses dollars to tell you how much to buy at the class level, at the store level, or the company level.

Here are some basics for retail 101, a little test to see if you can get the answers and we have to go weekly due to the time but these are pretty easy. You really should know these.

It are sales plan is $400,000, and are maintained markup is 45%, what is the open to buy at cost? There is a hand, this is not initial markup. It is maintained markup, initial markup is the price you put on it when it comes in to the store, and he maintained is what you have left after the markdowns have been costed out.

Give up?

The answer is $220,000. So the $400,000 time the cost complement of the initial markup which was 45%. It equals $220,000. And that is what we have to spend on inventory to achieve the $400,000 sales plan. >>

This is what a selling cycle looks like for any class of merchandise in any store. The planning and open to buy put the next season is done appear an advanced and we will plan our delivery dates on all of your purchase orders. You will write start ship date and completion dates. Otherwise you have no leverage . Without doing that, you're basically saying, start ship whenever you want to, complete it whenever. That is very dangerous.

This is the preseason, this is the sales trend here. This is the inventory level so we are building, building, building. Notice the sales are peaking right here and the peak inventory here, that starts to come down just write a little bit before the peak selling season, actually.

And so the inventory at the end of the season, where we have left, that is the post season and of course if we have excess of inventory at the end of the season, as we are winding, that is where we have excess of markdowns.

Okay, end of these markdowns erode the gross margin dollars that we have earned. This is a great little chart, very true.

Secret number eight, control your markdowns. Top retailers know that they have to keep merchandise moving to bring customers back in. They also know that were lying on these deep discounts to move inventory hurts profits and trains customers. The lowest price does not always when the sale. Save, the word save, makes customers see how much they saved versus how much they spend. A lot of stores print this on the receipt, so the way we frame the sale can be very, very important part. -- Of having -- of the markdown.

So when you go into a store, when you go into a store, you are going to see save 25%. This is really, really troubling to me. You cannot avoid it. A lot of stores do it and a lot of my clients do it too. But you never see 20% off on Diet Coke. You don't see 15% off Colegate. Have you ever wondered why?

No good reason why the packaged goods industry does not use a percentage off. It is number one, the whole retail world is percentage crazy. But the first reason is that most customers are met challenge, they cannot figure it out. There always asking is a 25% of this price of that presently cannot come up with the right number. The second real issue to me, is that customers have developed an immunity or an addiction to percentages. It starts at 15, maybe 20, starts to take 20% off the whole store, that we call the lazy man's markdown.

All they will do is come in and buy the good stuff and you are never going to get rid of the merchandise that you wanted to get rid of in the first place. So do not do that. I would rather see you take a targeted market towns, are aggressively, on the things you need to move out.

It takes a higher and higher percentage to get the customer to react.

20% off really works anymore. It is worthless and apply to a product that is rarely discounted. Like cosmetic or wine or something like that. Here is what I really like, I really like coupons like this. $25 coupon has more motivation than a 25% off coupon. It is easier to grasp . 25 bucks, I know what that means in don't have to do any math, okay?

Make it simple for me. That is the new hook. Especially if you are selling higher priced items.

Keep this in mind. You can put up a sign that says $10 off be ready markdown price. Do not go 20 off like the department stores do. Take another 20 off the are ready markdown price of 20 off. It gets ridiculous after a while.

What are the root causes of markdowns? For buying obviously. Assortments that are too large, totally, location for sure. Largest culprit, number one, over buying. >> Over buying is the largest culprit. If you buy more than you can sell profitably in a reasonable amount of time, you will have markdowns. And that reasonable amount of time depends on the merchandise type. Unless you are in the jewelry business with gold or fine wines, or antiques, you are probably -- you will probably be taking some markdowns but remember that merchandise appreciate over time and has a defined shelf life.

If a category turns four times, we don't want to buy anything more than we can sell in three months, all right?

Markdown decisions take place at that time. Markdown, truths about markdowns we should all know. Explain why you are taking a Mac -- a markdown. If we don't do this, markdowns become a mini auction. FAC 20% off storewide I tell you what that means, 's listings and the owner needs to raise cash right now because they have to pay bills or make payroll and that is what needs to me.

I go in the store I can tell you exactly what they're doing it so tell them that it is damaged or defective or the end of the season or overstock, it is a special by but if them a reason.

Markdown truth number two, over buying as we said, number one cause of markdowns. Have a budget, stick with your open to buy budget for sure.

First markdown is the cheapest , we have all heard this, that is true, if it works. So not just saying 10% off but

if it is time to write, in season, we do not wait until just the tail end, when everybody else is that there markdowns, I mean we used to take her markdowns in June and July. That does not work anymore.

You have to take our gowns when you recognize the problem. My favorite, the price you paid for the item has nothing to do with the markdown price.

Lots of retailers hesitate marking down below cost and I could never figure that out. The customer does not care -- if they could get it for free, they would like it. So remember, you are already losing on this stuff anyway because if you have 50% initial markup, a 20% markdown takes your margin to a 40% and that is the average operating expense generally speaking in a retail store. So you are breaking even. If this pertains to your thinking about cannot market below cost, change your thinking.

Learn from every markdown. If we do not learn from that, this is like tuition, and if we don't know the reasons why we ended up having to take the markdowns, we just need to learn from that so that we do not repeat the same problem.

Emphasize the amount of the savings rather than the item itself.

Nurture your good customers who do not shop on price alone. This is really important. Think about it, what can we do? Can we have gift with purchases and the cosmetic industry does this all the time. Send them appreciation letters that only go out to your best customers.

And finally, our last secret is don't be afraid to say no. You will higher different people now if you have been in business for will then you did when you first started. You need to pick the right skills and the attitude for the stage your company is in and this means sometimes you have to say no, to some people that might otherwise pick up all the boxes. When you're shopping and allying, if it does not appeal to you or your customers, do not waste your time or there's. Say no, it is your money. Remember, it is your money and one of the main reasons retailers get overstock is they buy from too many vendors and I see it all the time. Do not just by something be cause the rep came by your store or to drop to store -- or took you out to lunch.

And do not be afraid to let others tell you no, and you don't want to be the smartest person in the room so surround yourself with people that make up for deficiencies that you might have. We all have them. There should be -- we should have people in your company that will stand up to you and say no, you are really making the wrong decision here. These people should be in your company. Or an outside firm like SCORE for example they will counsel you and said just that maybe you on the wrong track. Surround yourself with people and then when they say yes, they know you really mean it.

A quick review, the 9 Secrets for Retail Success are simple is best, expander categories, build a loyal customer, have legendary customer service, empower your sales staff, make sure your merchandise presentation is dialed in, manager inventories, control your markdowns, and do not be afraid to say no.

So I guess we have time for some questions.

Absolutely. Thank you so much Ritchie, and we will now start the Q&A portion of our call. I will be reading the chat questions that are participants have been sending in. Please continue submitting your questions by using the chat function and in this time remaining, we will address just as many as we can.

If we do not have time to get your question today, I encourage you to connect with a SCORE mentor after today's webinar. Mentors are available online or any chapter near you to help you apply the strategies that have been presented today.

With that let us go ahead and jump into these questions. Ritchie, first question comes in from grade -- Greg and he asked the fact that most product can be brought as an import and on the Internet, or is it different from retail? >> Is it different from retail? I'm not sure I understand the question.

Okay, Greg if you can just send us a quick elaboration, on that question, and we can circle back around for you.

Okay, and the next question comes in from Nicole. She asked do you recommend buying a customer list ? If so how would you begin researching who she would contact to purchase these list -- list of target customers?

Quick question, thank you very much and I have recommended people do that from time to time. Do some research through your local chamber commerce on the ZIP Code to want. Depending on the type of store you are in and the community you are in, they should have access to these lists. There are services that you sell the lists. Compare couple of them and I'm sure the price is very but what you are trying to do is build customer lists within a certain ZIP Code and in a certain income level that surrounds your store.

Yes, you can work.

-- That can work.

Great, another question from the beer, how can local store compete against large stores? >> There are several ways. Typically

price is not one of them but you are going to have to do that. Typically a small store -- the experience that you offer in your store is vital. You have to be on a one-to-one basis with their customers. Because the larger stores just physically cannot do that. That is something that you should do, nurture those customers as we said, back in the presentation, and communicating with them on a regular basis, phone calls, different perks, that large stores cannot do. Personal cards and they about something, thank you cards go a long way. If you do not have something that they come in four, send them a note apologizing and send them five books -- five bucks they have to use within a certain period of time as a credit in your store. It goes a long way to solidifying customer relationship.

Okay, next question, from Christian, how do you said just beginning a retail business before the brick-and-mortar stage? >> The first thing I would do on that, Christian,'s contact your local SCORE chapter , because they offer a course that you can take, which I have taught on a number of occasions, called simple steps to starting your business. It sounds like you are at the very beginning stages of this, that would be a great place to start. Just to know that you have thought of all the different aspects of starting a business.

Okay, looks like have a follow-up from Greg. He was asking, you talk about the retail in stores but what about products that are sold on the Internet?

And the question again about products that are sold on the Internet? Repeat the question.

Yes, we've been talking about products sold in retail stores. Are there any differences or similarities to products that are sold on the Internet regarding these concepts that we cover today?

Will sometimes the same exact item is sold on the Internet. If that is the case you will have people -- if I understand the question correctly, you will have people that come in your store with their smart phones and taking pictures of the item and looking it up right now online are trying something on and doing it right in front of you. I have seen it happen myself. Customers are very brazen nowadays. So if you're not willing to compete with the Internet, though shoppers, for the exact same item, you will risk losing that fail. Another thing I do if I want to maintain my full price integrity, but I want to complete and keep the customer, I might say, you know my boss won't let me take a markdown on this, but say it is five dollars cheaper, but I can give you a five dollar credit , store credit, in addition to the item. For bringing that to our attention.

Or maybe goose it by 10%, take a little bit more to make it more attractive to buy at your store. What we want to do is not say or give the reason or give the customers a reason to go by someplace else. That is what we want to avoid.

Next question, from Tim. What kind of retail businesses have great markets within the next 10 years?

Great markets within the 10 years? If I was a fortuneteller, I would be able to answer that question. I cannot answer that question. I cannot answer that question. I would look at the trends that we see now. I am seeing shoe stores do well. I have seen outdoor stores do well and women's stores to well and home accessories and could stores seem to be doing well and that is what I see them a little sphere of consulting that I do. But outside of that, I could not answer that question. I wish I was smart enough to, but I can't.

Okay, next question from Evelyn, do you have any software that you would recommend a business can use to keep up with the inventory? >> Yes, I do. For a smaller store, there is a group that I am familiar with, and I know the owners. It is called the retailer owner Institute. And I think for a really inexpensive way, you can learn about open to buy plans. They have different metrics on their website. That might be helpful. Our MSA.com may have some things on their website too. And I know some of my articles are posted on there and they might have something that you can glean from that website as well that might be helpful to you.

But check out the retail owner Institute, I think they would be a good reference resource.

Okay, Ritchie, next question from Louisiana . She asks what would be your advice to train the staff when they believe the product they have to sell is too expensive?

Great question, Louisiana. In fact I had that happen to me in a department store once. Very good friend of mine who owned a junkyard . You could buy and sell our store several times over if you wanted to but he would work -- wear blue jeans, overalls, to work and he came into by high-end furniture some years ago. Basically got ignored in the furniture department. I'm embarrassed to admit.

Well, he came to me and he said, I just want you to know, no big deal, but I was prepared to spend several thousand dollars and I cannot get anybody to help me. Don't prejudge the customer. Back to the employee situation, we want to -- people are making value judgments based on their own financial situations , and it is very dangerous to prejudge the customer.

I would have that discussion with your employee about that. This is -- their job is to sell your merchandise and if they are making value judgments that do not line up with your store, that could be a problem going forward.

Next question, from Terry, I hope I'm pronouncing their name correctly, Terry asked how does the small business generate that when the primary outlet is a farmers market, for example they are selling handmade lotion and body scrubs? >> They are selling it at a farmers market and also selling it at a store nearby?

It looks like [Indiscernible - multiple speakers] it looks like the primary outlet is the farmers market. >> Well, again if we can I get customers to come in to our location, maybe we could join the farmers market for a period of time, look at that. Maybe we could seen with the farmers market is selling that we are not selling. There is a reason they are going there and is probably the novelty of the outdoor farmers market. That I would be constantly with your email blast putting the new products in front of my existing customers all the time.

We have a question from Esther , she would like to know how do you price your quoting items and how do you write and execute a return policy and he gives an example like the length of time.

Well, number one, I will deal with that first, the return policy, the more liberal , the better. I have an article that I've written on that very topic. Certainly there are some guidelines, probably too expensive to go into at this time. -- Too expensive to going to at this time so I will just defer to the article but is in the book.

Pricing is really simple, I will give you a formula, desired net profit, plus markdown percentage, plus operating expenses, as a percentage, plus markdown's, markdown goal +100% , plus markdown goal so say the desired net profit is 5%. Say the operating expense are 40% and save the markdown goal is 12%.

We will add those up and you will get 57% and you will divide that number by 100, representing all of the sales, and the markdown goal. So we will take 57 divided by and the markdown goal. So we will take 57÷110 and your Ms. -- and your at -- your 110 and your initial market will be [Indiscernible - low volume] 57÷110 and that markup will be 51.2% around it to the 52%. If we go any lower than 52%, given this example, your operating -- net profit is going to suffer.

That is the formula. It is not just double the cost plus at a dollar or two for the freight. There is a formula to this.

Another example of that, when I go to market, I do not just base it on the cost, I base it on what I can tell it or knowing my customers. So that I don't might cost me $20 and if I cannot get at least $45 for it than I will pass. If I can get $64 that I will market the assuming it is not map protected and all over the Internet at a lower price.

I hope that answers your question. Good question.

Okay, Ritchie, we have time for one last question. This one comes in from Valentina and she asked can you expand on new spaces other than malt that you mentioned earlier?

Yes, I can. Malls, the old shopping malls, if you look around the community that you are in, they are becoming kind of a dinosaur. I think some of these are going to be converted into other types of space. But the additional -- what we are starting to see now, is separate destination malls, lifestyle malls, and things of that nature.

So look at where the new growth is going, that is the wave of the future.

You are going to see as you see these bigger stores pull out, there is less and less reason to come into the mall. Used to be a regional mall would be anchored by a Sears, maybe Nordstrom or pennies, well, Sears and pennies are way to the bottom so

[Indiscernible] that went and other stores are going out as well which is creating vacancies and with more vacancies fewer shoppers come in so look for other alternatives there.

Okay, Ritchie, those are all the questions we have time for today. Ladies and gentlemen, on behalf of SCORE, I would like to thank you all very much for attending today's live webinar session. When you log off, a brief survey will launch and we appreciate you taking just a couple of quick minutes to complete the survey and tell us your thoughts and suggestions.

In closing I would like to give a very big thank you to Ritchie Sayner for presenting today.

Everyone, have a wonderful day and we look forward to seeing you next time. Take care. >> [ Event Concluded ]