

DARRAH & CO.

A woman with dark hair, wearing a purple long-sleeved dress, stands behind a seated woman with short white hair wearing a black and white patterned top. They are in a gift shop filled with various items on shelves. The seated woman is wearing a pearl necklace and a watch. The background is filled with shelves of gift items, including cards, small figurines, and decorative objects.

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Adapting to Change

5 ways to deal with setbacks in your store

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The Drive to Survive — and Thrive

In difficult times, it can be daunting to adapt to change. Master this skill, though, and you can set yourself up for success, no matter how tough the challenge.

The current economic landscape certainly isn't the best retailers have ever seen. Across the country, everyone's feeling the effects of budget tightening. Many are being hit with challenges that seem downright insurmountable: a landlord who won't renew the lease, a top line disappearing, a big-box store selling similar products moving in right across the street.

It's times like these, though, when the best ideas rise to the top. Adapting to change is part of being a good businessperson no matter your industry, and if you can do that well — whether you're having the worst year on record or the best yet — you can keep your store afloat. Here, retail experts weigh in on what you can do to weather the storm.

1. Know your store inside and out.

"What we're seeing is that retailers really have to be part entrepreneur, part accountant, part salesperson, part PR/marketing whiz, and part social psy-

chologist — that's a daunting prospect for a small-business owner," says Patrick Dalessandro, director of client strategy for JGA, a retail design and brand strategy consultancy. "Being able to identify within your business what you as an

owner are good at and what you're not good at and finding the right people to supplement that is extremely important."

If you're a natural with numbers but not so good with displays, make sure you have someone on staff who is, or hire a consultant. Conversely, if you're a visual merchandising powerhouse but hate tracking the stats on sales per square foot, you may need to complement your skills with someone else's. "If you're able to mix the back-office operational discipline with front-end creativity, you're going to win, especially if you have a very good understanding of who your customer is," Dalessandro says.

That customer understanding is critical, no matter how long you've been running your store. If you've lost sight of your target audience, realize it's changed over time, or never had a clear definition to begin with, now might be a good time to cement your identity. "Many times we find a retailer's looking for customers without knowing what it is they're providing," Dalessandro says. "Define who you are — what's your mission, what are you providing your customers?"

2. Don't do things the way you've always done them just out of habit.

Like many retailers, Lee Prosenjak relied on the phone book as the main source

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Tough times hit all businesses in the retail industry — from showrooms to stores — but those who are able to dig deep and find new ways to operate are in a good position to weather the downturns.

of advertising for his dance shop, until he started to notice a few years ago that people were no longer coming in from that referral. He pulled that advertisement and another one, saving nearly \$1,000 a month. Instead of losing customers and, thus, revenue, Denver-based Cherry Creek Dance has gone through a huge growth spurt.

Prosenjak credits creating an advertising strategy with part of that success. "We used to take almost any advertising opportunities that came in the door," he says. "Now that we're sticking to an advertising plan more, it's easier to turn people down in that respect." The shop now relies heavily on the Internet and social media to get the word out — something that costs a fraction of what the former advertising did, and brings in more people.

"Some stores get in the habit of running institutionalized advertising that they've just done for years," says Doug Fleener, retail consultant and president of Dynamic Experiences Group LLC. "For most places today, the Yellow Pages is not a good investment unless you're a pizza place or a restaurant, but retailers are so used to doing these things."

In addition to advertising, there may be other aspects of your store on autopilot — look around and see where a change might be needed.

3. Find ways to reduce expenses.

There are two basic ways to boost your bottom line: sell more or spend less. If

you're not getting as much traction as you'd like on the "sell more" part, start looking into how you can spend less.

"If you have a long-term lease coming up in the next year or two, we've found you can go to your landlords and negotiate for 10 years now," Dalessandro says. Rent is obviously a big expense, but sometimes it can pay to look at the smaller things, too — credit card processing, freight, computer programs and cleaning services, for example.

However, if you have bare shelves and not enough salespeople to help everyone in the store, you've cut too deeply, and in the wrong places. Dalessandro says there are three main areas you don't want to skimp in: customer service, product quality and inventory/merchandising.

"You want to do things that might make your life a little more difficult but should not make your customers' lives more difficult," Fleener adds. Maybe you like having help opening up in the mornings, but it's something you can easily cover, or maybe you like hiring someone to clean the carpets once a quarter, but it's something you could do yourself. These are the types of things that won't impact the customer experience but could save you some money.

4. Maintain the relationships you've built.

No matter how stressed you might be, keeping up the relationships you've worked so hard to develop is key. "I make sure I pay all my suppliers on time — it

goes a long way in their mind," Prosenjak says. "I've had an issue with a particular manufacturer going through a resizing situation, and because I'm a good customer, they're willing to take things back that they might not normally. There's a lot of upside that can come from that; it's just a helpful trick that I've been doing for years. I have that confidence in my vendors that if I need something, I can go to them and ask for that." A little karma is always a good thing — the "golden rule" has been a philosophy since ancient times for a reason.

This also applies to keeping up those relationships you've developed with the people who frequent your store. Host an appreciation event for your most loyal shoppers, or make personalized phone calls when something comes in that might interest your longtime customers. Getting new business to your store is important, but cultivating those pre-existing relationships can pay off more quickly.

5. Don't forget what makes you special.

Do you have the best service in town? The prettiest displays? A pot of tea always waiting for shoppers? Whatever it is that makes you stand out, hang onto that and emphasize it. "You want to do everything in your power to keep your store familiar, or if you do change it, then change it for a specific purpose and not out of a reaction to the economic downturn," Dalessandro says.

Every business goes through ups and downs — but if you can stay focused on what your store provides, change what's not working, find ways to cut back, and nurture your relationships, you've got a good chance of outlasting any bad situation. **DC**

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