

SEVEN STEPS TO INCREASE CUSTOMER TRAFFIC TO YOUR STORE



Traffic = Sales = Profits

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Step 1: Finding Customers

Many retailers try to find customers from far too wide an area. Unless you stock hard to get items that people will travel for you need to accept the fact that 80% of your customers will come from a radius of between two and five kilometres of your store.

Let us assume there are 5000 homes that are in "your territory". Let's hope that you have a pretty good idea of how many customers you have (if you haven't then you will need to get this information) so assume you have 1000 customers. This means that you have a potential new (local) market of 4000 customers.

Have a quality gift voucher printed and mailed to all 5000 homes. The value of the voucher is a balance between eroding your margins and providing an incentive for someone to redeem it. A rule of thumb if your average sale is \$100 then a \$20 voucher is a nice balance.

It is absolutely critical that you obtain information from every customer who redeems a voucher including name, address, telephone number, email address (if they are happy to be emailed with special future offers) and birthday (as distinct from birth date).

This information must be captured on your database.

Step 2: Capturing Customers

From redeemed vouchers you will gain an understanding of your territory and be able to establish your prime market drawing area. Hopefully you will achieve a 5% or more response from your mail out.

From your response analysis you will be able to eliminate parts of your territory with the lowest returns.

The benefit here is of course, that with a reduced mail out your expense is reduced and you will gain a higher % return.

You should be looking at a mail out at least once every three to four months. Future mail outs can be staggered so perhaps you could send 750 a month for four months if your captive market is 3000.

Step 3: Keep Customers

It is an amazing fact that many retailers spend five times as much money on trying to get new customers as they do on trying to retain existing ones.

It is a well established statistic that a store will lose around 40% of its customer base each year. 20% will move from the area and that is something you have little control over, however the other 20% have moved for a variety of reasons, probably the competition!

Larger chain retailers and department stores have in store loyalty programs that continually strive to retain customers. Amazingly many smaller retailers do not embark on loyalty programs!

No matter how small a business it is absolutely imperative that a customer database is built and information is diligently recorded. A very simple way to gain customer details is to have weekly (or regular) lucky customers.

Customers go into a draw to win a gift (it could be product from the store).



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Usually people are happy to give their details to win something of value.

A very simple way to reward current customers is to offer a gift voucher with purchases over a certain amount. If someone spends say \$100 they are given a voucher of say \$15 however the offer for the voucher is only for two weeks. This increases your traffic and provides goodwill to your customers.

Remember I mentioned about capturing birthdays? A card with a small gift sent to a customer's home has amazing power as people simply do not expect this from a store.

Step 4: Pricing Strategy

Only a brave or foolish retailer would not be aware of the power of pricing in the current tight climate.

Unfortunately many smaller retailers try to take on the department stores at their own game by matching the increasing offers of 20% or even 30% of all stock.

While this may provide short term customer traffic increases and sales volume it is often a road to disaster.

The big department stores through their buying volume are buying at a greatly reduced rate and can much better accommodate a % reduction.

A secondary problem is that across the board discounts sees customers still picking up the best sellers and most popular sizes (if you are in footwear or apparel) and often with long lead times the smaller retailers simply cannot get replenishment stock of best sellers.

Running with loss leaders especially on merchandise that is quickly replaced can be a much better strategy for small retailers. The tip here of course is that the product must be a wanted item not a poor seller that has been gathering dust. Be sure to have plenty of stock of the lead item as customers can be peeved at finding no stock left.

Finally, be careful in your pricing and work to a strategy and not pick an amount off the top of your head!



Step 5: Develop non competitive alliances

Look for stores that stock products that compliment yours.

A classic example is ladies fashion and ladies accessories. If you work together then both stores agree to provide their customers with a gift voucher for the other business. This is a win, win, win!

The customer is happy with the voucher, the store giving away the voucher has made a customer happy and of course the other store will be able to increase customer traffic.

This is an inexpensive strategy that works well if both stores can see the potential and agree to work the plan.

Step 6: Keep your store fresh and exciting

Your store windows are critical to sales success. They are the least expensive and the most effective ways of bringing customers into your store.

It is mind boggling to see windows that don't change for weeks. You should change one aspect of your window every single day.

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Take time out and critically examine your windows, ask your staff their opinion. If your conclusion is 'boring' then act today. You need to ensure passing traffic is drawn to your store.



Inside your store make sure your best sellers are well highlighted don't be trapped into thinking your key display areas should be full of dead stock marked down because it isn't selling. It isn't selling for a reason nobody wants it!

Make sure your windows have your latest promotions clearly displayed don't miss the opportunity of capturing passing traffic. Some people will only go inside a store if they see something they want in the window.

Step 7: Create a culture of exceptional customer service

The biggest advantage a small retail business can have is customer service—not the average variety but 'blow your socks off' service. This is the one critical area where the big chains and department stores just cannot compete with you. (Visit a department store and check it out yourself!)

The one aspect of customer service that can really help your store stand out is an outstanding level of product knowledge for all staff to have.

In quiet times go through new products with the staff and ask them to list down as many benefits as they can for each product. Run competitions and quizzes to get staff involved. Never assume they know it all!

You need to acknowledge that customer service is everyone's responsibility. There cannot be a single weak link in the chain.

Finally have the courage to ask a colleague whom you can trust to be honest with you to do a mystery shop on your store at a time when you are not there. Then listen to the results and take action!

Rob Golding has over 30 years of retail experience and can assist your retail business with:

- **Marketing & Promotion Strategies**
- **Sales Coaching**
- **Customer Service Strategies & Staff Coaching**
- **Inventory Management**
- **Strategic Planning**
- **Cost Reduction Programs**
- **Merchandising**

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