
Make Smarter Business Decisions:

**Up your sales in a
down economy.**



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Make Smarter Business Decisions Right Now

A recession is not a catastrophe, but it is a time when retailers need to ensure that they have done everything they can to weather the storm. The International Council of Shopping Centers projects 2008 store closings could reach 5,770 stores in 2008, the largest number of closings since 2004. Sharper Image, a recent casualty, is a notable one.

Right now is a great opportunity for you to re-evaluate how you run your store. The fact is consumers spend differently in a recession. So retailers have to be clever, they need to optimize their cash flow and find ways to keep their customers coming back and spending more.

Topic 1: Managing Your Cash Flow

Tip 1: **Replace Your Cash Register With A Point of Sale System**

One relatively inexpensive way to enhance efficiency is to computerize sales and inventory operations.

What do you get for your investment? Without a doubt, the biggest advantage is the ability to get an immediate, up-to-the-minute, accurate assessment of your inventory, daily, weekly and month sales and detailed customer information. Closing any gaps in this information will help you manage your cash flow and help you drive repeat customers who spend more.

Tip #2: **Use Leasing or Payment Plans to Purchase Your Point of Sale System**

Most sellers of Point of Sale systems offer lease financing; you avoid an up-front payment and have predictable expenses month to month - no surprises - making it easier for you to manage your

cash flow. Furthermore, incidental costs, such as sales taxes, can be bundled into the lease rather than paid upfront.

Tip #3: **Spend More Efficiently On Inventory**

Stock too much inventory and your money is tied up. With so much money invested in your inventory, it's essential that you stay on top of it. That means that your inventory figures need to be constantly updated. Relying on a cash register or paper-based transactions does not automatically update your inventory. Retailing requires that inventory tracking occurs in realtime - as you ring up sales, inventory data should be recorded and stored. Then you'll always have access to accurate, real-time information about what's selling, what's not, what you have on hand and what you need to reorder. This new level of insight can lead to smarter decisions that help eliminate unnecessary inventory expenses allowing you to better manage your cash flow.



Tip # 4

Don't Waste Money By Ignoring Shrinkage and Failing To Secure Against Theft.

Shrinkage is all merchandise that is taken out of stock without being paid for. Studies consistently show more people will steal if they think they can get away with it. You might not even realize that theft, whether by employee or customer, is actually going on in your store. The more items you have in your store, the more difficult it is to track all of your stock on hand. Being able to track all of your inventory, in real time, with a Point of Sale system, will help your store reduce shrinkage and not waste your valuable cash flow.

Tip #5

Bookkeeping Errors

A second cause of inventory shrinkage is not talked about as much, but it is an important component: unrecorded

dollar fluctuations and other bookkeeping errors. We are talking about unrecorded markdowns, transfers, giveaways, damaged goods, misreading or misrecording sales and/ or receipt invoices and similar bookkeeping sloppiness. Although these may not represent an actual loss of goods, both can be very costly components in the discrepancy between book inventory and physical inventory. Unrecorded dollar fluctuations and bookkeeping errors distort your financial statement and negatively affect planning decisions.

A Point of Sale system gives you the ability to audit and review transactions, which helps you to catch any security issues affecting your profits. Additionally, it helps you to track what you have ordered and received from your vendors. Because you can readily compare the two, you can catch vendor errors and other issues that impact your costs and net profits.

Attracting Customers to Return and Enticing Them to Spend

When the economy grows sluggish and revenues begin to taper off, a retailer's first inclination may be to cut prices. Such a move can do more harm than good. Even if sales do rise enough to offset the slimmer profit margins, a shop that drops its prices risks cheapening its image in the long term. A better solution is to focus on rewarding the most loyal customers, "the ones that will support you through the tough times."



Tip #6:
**Drive Extra Purchases
With Promotions**

Promotions and coupon offers encourage your customers to take advantage of special purchasing opportunities by spending more. Those higher spending levels boost your revenue while the advantageous pricing is boosting customer satisfaction. For example, you can drive extra purchases with promotions that offer a per-unit discount on quantity purchases, e.g., “Buy 5 of an Item for \$15 Instead of \$17.” Another example. A small crafts shop owner creates tasteful \$5 off coupons for a new line of hand-made silk bags. Placed near the bags, customers find an instant incentive to purchase the bags.

A Point of Sale system tracks your customers as well as your inventory and sales, you can make good decisions about which items to special-offer at which price points. You can even reward good customers individually, because you know who they are. Promotions and coupons produce sales and extra purchases, and again, QuickBooks Point of Sale helps you maximize those sales.

Tip #7:
Loyalty Programs

The airlines know how effective frequent-flier programs are at instilling customer loyalty. Why not launch your own frequent-buyer program? For example, many small retailers issue loyalty cards offering a free item after ten visits. Such loyalty programs help boost customer satisfaction, increase repeat business and customer retention, and generate valuable customer shopping data for later analysis.

What works best? Loyalty plans that focus on immediate customer value or provide free goods or services, according to Rhonda Abrams in “Creating Customer Loyalty.” She recommends plans that offer:

- Free goods or discounts for buying in advance — a free gift if you purchase a \$30 gift certificate
- Free products after you purchase a number of products — the free sandwich example
- Random discounts sent to your best customers — everyone loves a surprise

It all sounds great as a way to nurture repeat business, but how can you administer such a program efficiently? Do you have enough information to start a loyalty program? A Point of Sale System makes tracking and analyzing customer information effortless. You always know what each individual customer is buying and when. Rewarding that customer’s loyalty, whatever type of program you implement, becomes a simple matter.

Tip #8:
**Know Your Customers’
Needs and Meet Them**

One of the worst mistakes retailers make stems from basing decisions on guessing what customers want rather than on solid evidence. Do you truly know women want the white blouse over the red one, or do you just think they do? How do you know customers prefer one soda compared to another without asking them? All such examples fall under the category of “I know best for my business.”



Such certainty usually proves mistaken. Without fact-based information, you cannot maximize the amount your customers purchase.

How then do successful retailers know their customers' needs? The most important way is to track what customers buy, when they buy it, how much of it they buy and what they pay for it. QuickBooks Point of Sale software automatically records this data and puts it at your fingertips.

Another good way to learn about your customers' needs is to ask them. Whether it's asking customers a few questions at checkout or asking loyal customers to meet for a focus group, by learning their needs you gain deeper insight into what makes them buy.

Tip #9:
Expand the Variety of Top-Selling Items

When you focus on expanding top-selling product lines while shrinking or even dropping poor sellers, you are delivering what the majority of your customers want. It also enables you to boost shelf space for these hot sellers and increase the opportunities for customers to spend on the products they want to buy. Of course, cutting back on some items and increasing shelf space for others can be risky without

accurate, up-to-date information on what is selling and what is not.

Consider this wine store scenario as an example. Lacking sufficient sales information, the manager ordered wine varieties by feel. Sometimes he'd order more Cabernet, sometimes more Merlot. In summer, he'd favor whites over reds. But making the change to Point of Sale software gave him actual sales data. He realized that customers rarely purchased White Zinfandel, but went crazy for Sauvignon Blanc. His response? He dropped White Zinfandel altogether and gave the shelf space to Sauvignon Blanc. Customers now have more choices of the product they want, helping to drive sales. The point is, with the right product data, you can satisfy your customers with top sellers and maximize your profits.

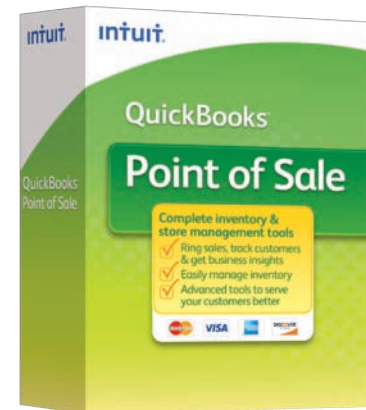
An important corollary of "What's selling?" might be summed up as "Who's selling?" Are all of your sales associates' performing up to par? QuickBooks Point of Sale provides valuable breakdowns of sales by employee, which can tell you who may need more sales training. Here's another way to look at it: to successfully optimize customer sales, whether through coupons, loyalty programs, smart inventory management, etc., you must also optimize the sales capability of every employee. Point of Sale software helps you do that.



Tip #10: Place Impulse-Buy Items Near Checkout for Customer Convenience

There are three reasons your customers pick up impulse-buy items as they stand in line at the register: they either want these items or they need them, or both. From large supermarkets to small convenience stores to gift shops and hardware stores, placing impulse-buy items near the register is a surefire way to boost overall sales. It may be just

low-cost, “fun” items, or personal essentials, or items that your customers simply need from time to time, but they will sell near the register. As with any other inventory items, QuickBooks Point of Sale can easily generate sales reports that enable you to determine which items your customers want most at the register, or when it’s time to rotate in new items. The impulse items will sell, but Point of Sale helps you to maximize this important selling opportunity.



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Building a successful retail business is a labor of love that is loaded with challenges. It’s a learning experience that begins the day you open your doors. And that’s why we created QuickBooks Point of Sale: to smooth the road ahead and help you reach your dreams sooner rather than later. Controlling inventory spend and managing shrinkage are critical to improving cash flow. The ability to encourage repeat business and higher spending by your customers plays an essential role in your retail success story. As we have seen, there are numerous ways to manage inventory and keep customers coming back and to stimulate spending – and QuickBooks Point of Sale can make them all happen in your business.