



PALADIN
DATA CORPORATION

We Make Stores Run Better.

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Paladin Think **POSitive** Newsletter

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THE PARADIGM SHIFT IN RETAILING: PART 2

by Charles Owen

Last quarter we talked about the new paradigm in retail, where consumers have more choices and more information than ever before. Smart phones and other technology advancements have led to higher expectations in terms of pricing, availability and buying options. We discussed ways for retailers to take action, including advanced customer services like tracking customer purchases to offer “no-receipt” returns, targeted discount campaigns and more responsive and proactive staff. Other retention methods include up-selling as well as offering add-on services and e-commerce options.

The world of retail has changed, and store owners simply can't compete without committing to embrace new technology and focus on outstanding customer service. This quarter we'll focus on these two key areas of customer retention. After all, only your customers can increase your sales, and if you don't take care of your customers, someone else will.

Focus on selling

While this may seem obvious, the reality is that many store owners and managers are so caught up in the day-

to-day operations that they're unable to focus on building the business. Tasks like ordering, purchasing, and stock checking can be automated to free up time to connect with customers and explore more effective marketing techniques.

Remember, the only way to grow a retail business is through product sales. This is accomplished by attracting more customers to your store, and selling more products, more often.

Maximize customer loyalty

According to a 2009 *BtoB Magazine* article, “Acquiring a new customer costs about **five** to **seven** times as much as maintaining a profitable relationship with an existing customer.” Loyal customers who have a good experience in your store (good service, good selection, and good prices) will ultimately recommend you to others, pay higher prices, and drive further to shop with you.

So how do you encourage customer loyalty? Shotgun marketing approaches are hit-and-miss (at best), and tend to be costly. One of most effective methods for

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increasing ROI is a frequent shopper program. Customers feel a sense of belonging and are motivated to return more often and spend more. These programs provide customers with a personalized, more convenient shopping experience while providing the retailer with data on shopping habits that can be used to target marketing dollars and meet customer needs more effectively. These types of marketing campaigns tend to cost significantly less money and yield far better results.

Reduce and expand

“You can’t sell from an empty wagon.” We’ve all heard it, and it’s certainly true for retail. While product breadth and depth is crucial, it’s also important to free up shelf real estate. Eliminate products with little or no turnover and make room for the high-movers.

Consider re-evaluating your inventory-stocking practices. Sometimes paying a higher per-item price for slower movers makes you money in the long run by freeing up dollars for faster or more profitable movers. For an in-depth case study detailing this concept, click here: <http://bit.ly/1iuPoGo>.

Define a growth path

Map out a plan for growing the business. This doesn’t have to be complicated or time consuming, although the more detailed your plan is, the better your chances for success. Simply writing down two or three big goals (and the purpose behind them) for the coming year is a great start and keeps you focused on the big picture. Then, take each goal and break it down into concrete, attainable, measurable milestones. Share your vision and goals to get buy-in and enlist the help of your staff to reach your goal. Track your progress and celebrate your successes!

Charles Owen is a Business Alliance Executive with Paladin Data Corp. Drawing from his 30 years of experience in retail sales. He recently shared this presentation on the paradigm shift in retailing and how store owners can take advantage of it to improve their retail operations, profits, and customer loyalty. A link to his full presentation is available on our website at http://info.paladinpos.com/Orgill_SeminarFeb2014.pdf.

▶ **TURN SHOPPING HABITS INTO PROFITS**



Have you ever studied how customers shop in your store? Observing your customers’ shopping habits may reveal some areas where you can maximize your profits with a few simple changes to your store’s operations.

Shoppers who anticipate long wait times buy less

Researchers at Duke University recently studied how waiting in line affected buying behavior by comparing line length with loyalty card data that tracks purchases over several months. They found that the perception of long wait times could be a deterrent even if wait times were not actually long. So a pooled longer line (say 9 people) being served by 3 employees was perceived as being a longer wait than having three single lines of three people, each served by a single employee. However, pooled lines may be more efficient, since multiple lines could result in an empty line if customers do not switch lines.

The study also found that customers who care more about low prices are less concerned about waiting in line, while those who are not as price-conscious care more about long wait times.

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How can you use this to your advantage? When offering a promotion that appeals to price-sensitive customers, you could place these items where lines tend to be longer. More expensive items could be placed near a checkout area that typically has multiple, shorter lines.

Of course, having a user-friendly, intuitive point-of-sale system also speeds up checkout times and improves customer relations. And a simple acknowledgement from an employee when the customer steps in line works wonders for keeping shoppers in line long enough to make a purchase.

Give customers a place to put impulse buys

Shoppers are often carrying phones, drinks, purses, coats, children, and more when they enter a store. Thinking she just wants one thing, a customer may not grab a cart at the front of the store. As she walks through the aisles looking for that single purchase, she sees several other items she needs, but doesn't have a place to put them! That temptation to make an impulse buy is suppressed and you've lost a sale.

A simple solution is to place baskets at the ends of aisles and other various locations in your store. You can also train your employees to offer carts or baskets to customers who are juggling a number of items, or have them offer to take the items to the checkout line for them while they continue to shop.

Social analyst Paco Underhill, author of *Why We Buy: The Science of Shopping*, was asked to help a struggling business. When he suggested that employees hand out baskets to any customer carrying three or more items, sales rose instantly. Underhill explains, "because people tend to be gracious when someone tries to help, shoppers almost unanimously accepted the baskets."

Keep an eye on how customers enter your store, and how they shop. Try to spot the little inconveniences and problems, and offer solutions. Customers will sense that they matter and will reward you with increased loyalty and business.

► **CLIENT SPOTLIGHT: MONTANA ACE**

Stew and Meg Weis, owners of Montana Ace in Missoula, recently celebrated 20 years of running a successful business. Stew's family has owned hardware stores for three generations; Meg is a second generation Ace Hardware store owner. After the two met at an Ace dealers' convention, they bought a hardware store and grew to be prominent members of the community.

Montana Ace's family-run business has succeeded and expanded in the midst of big-box stores. They provide a comfortable, service-oriented and friendly environment that invites customers to become part of the family. They use humorous and creative advertising to engage customers. They offer a unique, welcoming shopping experience by offering popcorn and allowing dogs to accompany shoppers.

Currently, all six of their stores use Paladin's multi-store point-of-sale system, allowing them to transfer stock between stores, among many other benefits. The system also allows them to make the most of Ace Rewards, high-speed ordering, promotional coupons, emailed statements and invoices, an integrated gift card system, and many other features. Stew explains, "Thanks to Paladin POS, our turns increased and are now higher than industry average."

Congratulations to you, Stew and Meg! We are thrilled for you and wish you many more years of success.





▶ TRADE SHOW NEWS

We were thrilled to see many of you at the United Hardware Buying Market in Minneapolis on June 13-15. We shared a number of new and upcoming features, including Delivery Snapshot™, special orders to purchase orders, and video surveillance integration. Thank you for taking the time to stop by the booth!

The recent Wheatbelt and Wallace shows were also a success. We appreciated the time you took out of your crazy show schedule to visit with us. We love helping you reach your goals and seeing your continued success.

See the list of Upcoming Events at right for our trade show schedule. We'd love the opportunity to visit with you in person — email us at sales@paladinpos.com for more information or to arrange a meeting.

▶ CONNECT WITH PALADIN

Have you checked out Paladin's blog yet? It's regularly updated with new and upcoming Paladin POS features, valuable tips to improve efficiency and save money, and helpful strategies to increase profits. You can subscribe to the blog to receive updates in your email inbox — just head over to blog.paladinpos.com to take a look.

If you use facebook, Twitter, Google+ or LinkedIn, we'd love to have you join us! You can also check out our YouTube channel with videos from customers and Paladin staff. Go to paladinpos.com and click the links in the lower right corner, or click the links below to connect.



Microsoft Partner
Gold Independent Software Vendor (ISV)

NRHA
Vendorpartner
North American Retail Hardware Association

▶ UPCOMING EVENTS

Cardinal Health RBC Show (Booth #1401)*
July 23-25 | Washington, DC

Orgill Fall Market (Booth #3606)*
August 14-16 | Chicago, Illinois

Handy Hardware Market (Booth #4057)*
August 21-23 | San Antonio, Texas

Ace Hardware Convention & Exhibits**
September 17-19 | Orlando, Florida

Blish-Mize Fall Buying Market
September 19-20 | Overland Park, Kansas

True Value Fall Reunion
October 10-12 | Denver, Colorado

Do It Best Fall Market
October 18-20 | Indianapolis, Indiana

Speed Script User Conference*
November 7-8 | Kansas City, Missouri

** Paladin will be attending.*

*** Paladin will have an offsite user meeting near the Ace convention at the Hyatt Place Orlando/Convention Center hotel.*

To arrange a visit while we're in town, please email us at sales@paladinpos.com.



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