

Retail Business Checklist

Steps to Starting a Retail Business

Step 1: Do Your Research

As you decide to go into the retail business, you will need to find out if there is a market for the product you want to sell. Before you launch your business you must find answers to the following questions:

- Will my product sell?
- Who is the target market?
- How do I reach my target market?
- What are the most desirable store locations?

Step 2: Create financial projections

- How much do you think you will sell?
- What will your margins be?
- What will be your slow season and how will that impact your cash flow?
- What will be your high season and how will this impact your hiring and staffing?

Step 3: Decide Where You Want to Sell

- The internet

See our E-Commerce Checklist for more information on how to successfully sell on the internet:

http://www.nyc.gov/html/sbs/nycbiz/html/business_planning/retailing.shtml

- Street Vending
- Flea Markets

See our Street Vending Fact sheet for more information on Street Vending and Flea markets:

http://www.nyc.gov/html/sbs/nycbiz/html/business_planning/street_vending.shtml

- Small Vendor Markets

See our Small Vendor Market for more information on selling at these markets around the city:

http://www.nyc.gov/html/sbs/nycbiz/html/business_planning/small_vendor.shtml

- Commercial location/store: If you decide to sell in a store, the location will be vital to your success. Below are some considerations for choosing a location:
 - Customer attraction power
 - Availability of access routes to the store
 - Zoning regulations
 - Demographics of the neighborhood
 - General appearance of the area
 - Cost of the site
 - Traffic flow
 - Complementary nature of the stores in the area
 - Vulnerability to competition

Step 4: Organize Your Store

Any savvy business person will organize their store to maximize sales. Below are some tips for doing just that:

- Show all merchandise to all customers – strategically locating signs, offering special values, or locating the most purchased items in the back, will entice your customers to visit all parts of the store.
- Prime locations should be allotted to the most profitable items – make impulse buys and products with a high mark up very visible.

-
- Locate related items next to each other in order to urge a customer to buy both. E.g. printers and computers, clothes and shoes etc
 - The most important lines should get the best locations in the stores. These are lines of products with proven profitability and a known and reputable brand that attracts clients.
 - Discourage shoplifting by keeping expensive items visible but under lock and key.

Step 5: Track your inventory

Purchase a point of sale system. It can help with your booking and vendor management. Use the data from the system to analyze:

- What is your best seller?
- What is your worst seller?
- How many turns are you making?
- What product has the best margins?

Step 6: Determine the right prices for your products

Offering very low prices in order to attract a higher volume of customers and undercut competitors should not be the only thing you consider in creating pricing strategy Factors you should consider include:

- Competing on price alone makes for narrow profit margin and increases vulnerability to any business cost hikes. (e.g. 5% rent increase)
- Clients who come because of the price are loyal to the price and not the product.
- Create a niche market. If you are alone in providing what you sell, you can control pricing.
- Focus on value. This is a combination of price and quality.
- Be efficient. Look for ways to save money that don't involve gouging prices or reducing wages.
- Target the customers that will pay for your product- Some clients aren't willing to pay more even if the product is better quality.

Step 7: Hire the right employees

Your sales team is a reflection of your store. It is important to choose a staff that will be suited to selling the type of products you have in the store and who will add positively to the image of your store and brand. In order to determine how many employees you need, consider the following:

- Look at the size of your location
- Analyze the type of product – if the price and complexity of the product is high, then more personal selling will be required and by extension more staff will be necessary.
- Determine how many days and hours you will be open
- Determine the times of day when sales are concentrated or slow and staff accordingly
- Note: Home based businesses may encounter zoning problems with each employee they add so it is necessary to review regulations

Step 9: Spread the Word

Every business needs to market their products. You can spread the word in a variety of ways:

- Develop a PR strategy – decide where and when to advertise
 - What newspapers and magazine might your customers read?
 - Would clients be receptive to solicitation by mail?
 - How can flyers or business cards placed in complimentary businesses add to your customer base?
 - What trade events can you use to publicize your products?
- Use promotions – special discounts or other promotions can lure customers to your business
- Internet Marketing
 - Submit to search engines

-
- Pay for search-engine placement
 - Use e-mail (don't SPAM!)

Information for parts of this document were taken from: "How to Start a Retail Business" Entrepreneur.com, and "How to Guides – Retail" Inc.com July 22, 2008.