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## ATTENTION SHOPPERS!

Successful retailing during a downturn means taking stock of your store's appeal to the senses, providing smarter service and never, ever letting your promotional wheels grind to a halt.

Shoppers decide in just a few seconds whether or not to enter your store. In an instant, they put your shop front, displays and signage through personal filters before deciding whether to move inside or move on. When sales are low, retailers should make their own quick evaluations to help convert browsing to buying.

### Sensory perception

Personal shopping is a sensory experience that the online alternative can never match, so make the most of the chance to captivate shoppers with sights, sounds, tastes, smells and textures. When you engage the senses, you entice longer visits that increase the likelihood of sales.

The basic visual appeals are attractiveness, neatness, cleanliness and maintenance. Then strive to reflect the mood and store identity you want to convey, using color, lighting, furnishings and creative displays.

Bakeries best demonstrate the effectiveness of the sense of smell on sales. But many other products can take advantage of scent too. Alternatively, where a product's smell needs masking, consider ways to do so to encourage longer stays in your shop.

*Free tastings will help win customers over, but it doesn't mean you need to constantly give away stock. Just by offering regular samples of new food products or giving them out near mealtimes, you'll create a memorable shopping experience and encourage repeat customers.*

Consider the appeal of sound as an attraction or addition to your store's ambience. Loud, booming music might attract young fashion buyers, but ambient sound for other stores should reflect your product range (e.g. classical for high quality merchandise) or the time of day, whether hustling and busy or reflective. Use music to cover the background noise of transactions, shop assistants' conversations, traffic or other distractions.

### GET THE EDGE

*TREND SPOTTER: Shoppers have changed their habits. Budget and cost conscious, they no longer meander through stores; instead they shop fast and stick to a list. But time poor and cash poor customers are more inclined to buy in the one store, the store they are in and that they trust. It's feeding growth in retail via "category creep", from confectionery in pharmacies to movies in phone shops.*



*Personal shoppers are always more likely to buy if they can touch the merchandise. Readily available samples prevent the need to call on assistance, so make sure all possible items are available to hold and inspect. Many products, such as silks, sell themselves on how they feel.*

#### Service tricks

The secret to excellent service is to establish a shopper's position in the buying cycle and lead them to the next step – preferably to a sale in your store.

Remember, not all visitors are ready to buy, but may simply be researching. If so, their decision to return is hugely dependent on the in-store service experience, which largely depends on information collected. Being seen as a good source of product information and ideas is an incentive to visit again. Simple signage in-store can back up staff's helpfulness by encouraging curiosity, featuring new products or providing interesting details or return policies.

#### Stay in touch

An economic downturn is no time to reduce marketing and promotions. Shoppers hear about the financial crisis too, so if you stop communicating, you could be mistaken for an economic casualty.

If you must cut back general marketing efforts, sharpen targeted offers to

those with the best chance of sales conversions. They don't need to be discounts. Create loyalty programs like point systems or rewards to transform one-off buyers into repeat business or better still, to turn them into advocates. Keeping existing customers is a lot easier and cheaper than attracting new ones. This tactic will keep you focused on promotions with the best chance of working when you need them most.

Email contact (with permission of course) is the simplest and cheapest way to maintain regular customer relations with announcements, offers and news and to generate website traffic.

*So if your sales have dipped, don't despair. Use the extra time you may have as a result of quieter trading to sharpen your focus. Test your store for sensory attractions; boost your sales assistants' confidence with extra customer service training and plan clever offers to set your store apart from the competition.*

## NINE EASY WAYS TO GROW YOUR MARKETING LIST

*Catch every new contact for follow up communications and watch customer loyalty – and your profits – grow.*

A good quality customer and prospect database for email or direct mail can mean the difference between business survival and failure, especially during times of slow growth. The same list, combined with smart communications, will make the good times even better. It costs more money to find new customers than it does to nurture repeat customers through regular contact, so you need to make accurate list-building a daily habit.

Here's a checklist of ways you can effortlessly source new names:

#### Direct web traffic

Put a prominent message on your website inviting browsers and customers alike to sign up for regular contact. Your pitch needs to be more than an exercise in collecting names and addresses. Make it clear you'll be rewarding customers with discounts, sending regular free tips or professional advice too, by mail or email. You must also clearly stress up front, the ease of 'opting out'. People are more likely to give you their details if they are sure they can leave your list as easily as they joined it.

#### Customer lists

If you already have clients' addresses for purchasing, invoicing or other purposes, invite this already 'warm' list to receive marketing news too. It may also be appropriate to ask them during regular contact, to recommend or refer like-minded colleagues, particularly if you can offer an incentive for them to add to your list.

#### Online orders

Prompt every online buyer to opt in to hear from you again after they have 'checked out' their purchase. If they took the time to buy straight from your website, they're the perfect audience for future sales and customer feedback too.

#### e-Only discounts

Through email marketing, you can encourage and reward referrals by those who share information about your discount offers and loyalty programs with others. Make it clear to prospects that there's a special group of customers – on email or a mailing list – who hear about deals that others don't. Include details about the benefits of signing up on all marketing materials.



### Company literature

In the same way that you always print your web address on brochures, ads and flyers, make sure that if you have an e-newsletter or mailing list, it's mentioned on all your literature too. It's another way of securing ongoing relationships long after the brochure has been filed, lost or thrown away.

### Business cards

Don't waste the space on the back of your business card. This is the ideal place to mention why it's worth joining your database and list the benefits of signing up. If face-to-face with customers, make sure you mention the benefits of being on your mailing list that will resonate with the person you're talking to.

### Trade show competitions

Personal networking is still the best way to leave an impression on new contacts and follow-up marketing keeps you on their mind long afterwards. Encourage people to leave contact information or a business card using a special show contest. At trade shows particularly, the competition is intense, so you need to capture names and follow-up to stay ahead of competing exhibitors.

### Presentations

No matter the size of the crowd you present to, it's worth mentioning any online or other subscriptions at seminars, business lunches and workshops. An interested audience will certainly visit your website afterwards or provide contact details for future communications. Like trade show contacts, your investment will have more value the more names you collect at events.

### Social media mix

As new social media outlets like Twitter, Facebook, LinkedIn and others take a greater hold on the business community, be aware of ways to use these networks to build a traditional marketing database. Though these networks have specific community-building benefits away from your website, you can still use them to generate mailing lists – and sales. If your business is active on social media networks, use them strategically to pre-announce email bulletins, special offers or new product releases to drive buyers to your web page or mailing list.

## ALTERNATIVE FINANCE PRODUCTS – CAN THEY HELP YOU?

With the amount of available credit shrinking in recent times and financial institutions raising lending standards, more businesses are turning to alternative forms of finance to cover cash flow shortages and grow their businesses. Asset-based lending, factoring, invoice discounting, and merchant cash advances are a few alternative forms of finance that are becoming more popular. Although these forms of funding can help companies make it through tough times, business owners and managers need to be aware of their shortcomings.

### Asset-Based Finance

Companies that are unable to secure traditional bank funding can turn to asset-based finance to cover their needs. With asset based finance, a company uses its assets as collateral to secure structured working capital or term loans. If the business is unable to repay the loan, the lender takes the asset that secured the loan. Asset-based loans can be secured by a range of assets including machinery, equipment, accounts receivable, inventory or real estate. In its most basic form, asset-based financing involves tangible assets. A business can pledge one or more its assets as collateral to secure a loan. Once the loan is repaid, the asset the lender no longer has a claim on the asset.

### Factoring

With factoring, a business sells its accounts receivable at a discount to a third party, called a factor. The business receives its funds immediately. The factor takes ownership of the receivables and assumes the right to collect on them and takes on the risks of non-payment. Factoring is not a loan, so the factor isn't concerned with the firm's creditworthiness but looks at the quality of its accounts receivable. The main drawback for the business is that it doesn't receive the full value of its receivables. This amount forfeited can be high in percentage terms when compared to traditional forms of finance.

### Invoice Discounting

Firms wanting to improve working capital and cash flow positions can use invoice discounting, also called debtor finance, to borrow a percentage of the value of their receivables. Under these

arrangements, the business gets access to a revolving line of credit (sometimes up to 90% of the value of outstanding invoices) which it can draw upon. For the service, the lender charges fees and interest on the amount borrowed.

Like an overdraft, the business only pays interest on the funds borrowed. In most cases, confidentiality is maintained so that customers and suppliers don't know the business is borrowing against its receivables.

The main drawbacks of invoice discounting are its high cost compared to other finance options and the loss of the company's flexibility to make other finance arrangements once receivables have been dedicated as collateral. Businesses can start to rely on the improved cash flow invoice discounting brings and may find it difficult to leave the arrangement.

### Merchant Cash Advances

A growing number of businesses needing a quick solution to cash flow challenges are turning to merchant cash advances (MCAs), a new and controversial form of finance. Merchant cash advance providers offer businesses a lump sum payment in exchange for a share of future credit card sales. This form of finance has become popular among retail, restaurant and service companies that have strong credit card sales but have poor credit ratings and little or no collateral.

Under an MCA arrangement, the provider collects a set percentage of the company's daily credit card sales until they recover the amount they advanced plus a premium. The advantage for the business is quick access to funds without the need for a strong credit rating or collateral.

The main drawback of MCAs is their high premiums, which can be over 30% of the money advanced. This has led some to refer to MCAs as 'payday loans for businesses'. Unlike traditional lenders, MCA providers don't fall under finance regulations because they are buying receivables, and not making loans.

Tight credit markets and stricter lending criteria have made it necessary for companies to look at alternative forms of finance. Although these can offer benefits, they need to be scrutinized for their potential shortcomings.

## WEB PICK OF THE MONTH

Considering a business blog? In-depth advice here <http://www.blogtips.org/selecting-a-blog-platform-a-critical-choice/>

## UNDERLYING CAUSES OF PRODUCTIVITY PROBLEMS

Productivity problems often creep into the business over a period of time and often businesses don't realize just how extensive they have become. Here are six common causes for productivity problems.

### Variable quality

Inconsistent or unpredictable quality can be linked to either a lack of training, or ineffective training. Other times it is due to variations in components or materials. Profits are always impacted by reworks or rejects. When the cost of labor is added to the cost of materials any product which has to be rejected or reworked represents a loss to the business. The financial losses are not just the losses in materials, but also the lost opportunity cost. Another less measurable outcome is low morale and frustration amongst the team. Both of these de-motivators reduce people productivity.

### Poor work flow

If you find the business is experiencing bottlenecks on one hand and periods of lull on the other then that is likely to contribute to low productivity because

there is not a consistent flow of work. The best people to identify poor work flow situations and recommend solutions are the people doing the job.

### Machine and equipment downtime

Profits cannot be maximized when there is preventable machine and equipment downtime. Underlying causes could involve operator training, maintenance, poor leadership, or outworn and aged machinery and equipment that need replacement. Constant breakdowns produce a powerful negative effect on the workforce. The constant stop/start alone reduces productivity because of interruptions to workflow, not to mention contributing to low morale and frustration.

### 'Work-To-Rule' attitudes

With effective leadership people are motivated to give that little bit extra to the job and the business. Poor leadership can have the opposite effect. So if your team seems to be disinclined to go the extra mile, look at the strategies you have in place to lead and motivate them. Situations such as constant breakdowns

and poor workflow will also have a negative effect on motivation to perform.

### Lack of clear performance expectations

It is a surprising but widespread situation that the majority of people in the workplace often have no idea, or an incorrect idea of what is expected of them. It is vital that people understand how their job contributes to the goals of the business. They should also understand clearly what you want them to do to contribute to those business goals, and how you will measure whether they are doing their job effectively.

### Lack of feedback

People can't work in a vacuum; we all need to know how we are getting along. The absence of feedback in the workplace also makes the work seem pointless. Most people prefer to feel that what they do has value and contributes to the greater good. Credible feedback and encouragement both from our co-workers and our bosses keeps us engaged in our work. Cultivate a culture of regular and constructive recognition and feedback for effort.

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