
10

TRAINING MODULE 10

Retail



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Retail matters

Community wood recyclers are financed in two main ways: By income generated by charging to collect waste timber and through the sale to the general public of the reusable timber, self-made wood products and some bought-in items.

The way people shop is changing fast; the supersonic growth of online shopping has brought destruction to the High Street; many household name retailers have bitten the dust—including House of Fraser, BHS and Maplins—and survivors are cutting costs and consolidating. However, certain products are less easy to sell over the internet and to an extent, we still love to traipse around the shops and see and feel the goods we want to buy. Community wood recyclers are very fortunate to be selling such unique and interesting items that buyers have to visit and buy personally—meaning that our retail offering is probably as robust as it is possible to get.

The vast majority of retail sales are made face to face in our outlets. And retail sales should be the biggest earner; with many community wood recycling enterprises generating up to 75% of their total income through the sale of wood and wood products. Some enterprises have good quality premises in very favourable locations, others certainly do not; but regardless of where an enterprise is, making the most of retail is crucial!

There is a whole science (some might say ‘dark art’) around successful retailing—with countless books and college courses on it. Although we are just going to have a brief and superficial look at it, the knowledge, skills and techniques employed to maximise the retail opportunity at our enterprises will be little different to those used by any other successful retailer.

The learning outcomes of module 10

After successfully completing this module, you will be able to:

- Understand the importance of retail sales to community wood recyclers
- Understand the basics of good retailing
- Learn how to help maximize a customer’s retail experience

Section 1—The general issues around retail

The key issues around retailing can be divided into four main headings:

- Premises (including location and layout)
- Stock (the goods/services being sold)
- Customer service
- Marketing

These things together go to make up the overall ‘**retail experience**’—and a retailer should be focused on making sure any visit to their store is a good one.

The most important thing for any potential retailer is to fully understand *who* their customers/potential customers are, as all decisions around premises, stock and marketing will stem from this. For example, if you are selling dentists’ chairs, it is quite clear that your customers would only be dentists. So it would be pretty pointless and very expensive to open a huge shop in a shopping centre in the middle of town or advertise extensively in sports magazines. Knowing your market is the very first thing you should aim to do.

Premises

Location

When asked the three most important things about retail, Jack Cohen (who started Tesco) answered ‘location, location, location’. So why is it so important and what makes a great location for a shop?

The answer might be that if a shop wants to be successful, it should be **as near as possible** to its customers (convenience); it might be some miles away from a town centre, but it will be easy to get to and easy to park; it will be **accessible**.

Generally, it is good to be in an area of **high footfall** (busy) to raise the profile and gain as much passing trade as possible and being **near to other shops** is also important - as the area is likely to attract shoppers. Being near to stores selling **similar products** is even better—as people like to shop where they have a choice of suppliers. Good **public transport** might be less important these days than **good parking**, but it is still a consideration.

Due to lifestyle and other changes (including virtually universal car ownership, more traffic and higher parking charges in town centres) most people take their car to go shopping and want to get everything (or as much as possible) in one place. So since the 1990’s we have seen the growth of the out-of-town shopping centre and the ‘mega store’. They are usually sited on trading estates with easy road access. They often come with their own petrol stations and cafes.

Other high-profile but non-competing retailers may be present—so you’ll find a Tesco alongside a Curry’s, Homebase and DFS, but not next to a Sainsbury’s.



▲ This Brighton-based printing business is almost next door to its biggest customer base—the art college. A large proportion of its turnover comes from students wanting their work printed, copied or bound. A perfect location.

Over the years, town centres have radically changed. They are still important areas, but as mentioned, the internet revolution is making things very difficult for them. These days, it is likely that they sport a higher concentration than ever of charity shops, banks, building societies and cafes—and fewer and fewer chain stores.

Type of premises

When choosing a shop it is also important to think about what *kind* of premises would be suitable. Does it need to be huge and all on one floor (that's the failing model of the mega retailers, whose stores are up to 70,000 square feet)? Does it need to have big windows for displaying goods (compare a clothes shop or travel agent with a betting shop)? Does it need a lot of storage area or yard space (think of retailers like Argos or Screwfix) Does it need parking? Does it need to be upmarket or high-tech?

Layout

Whatever type of premises taken, it will have to be as customer-friendly as possible. It has to be nothing less than safe, clean and tidy and well lit. Customers won't come into (or back to) a premises that has obstructed walkways, lots of rubbish lying around or just looks hazardous, grubby or disorganized. To maximise sales, the layout of the stock is crucial too.

The key to layout is about **maximizing space** and achieving as much sales income per square foot as possible. A good retailer will analyse every bit of floor space to ensure it is best used.

There should always be logic to the way stock is presented; so items of a similar or complimentary type could be displayed together or near to each other. If a shop has more than one floor, careful thought must be given to what items are displayed at ground floor level (the most valuable space). In clothes shops it is usually men that have to go upstairs or to the basement, because it is thought that working women do much of their shopping in their lunch hour and so have less time to browse and to visit other floors. Also, women are more likely to make impulse purchases; so the nearer the door the products are, the more chance there is of making a sale. On the other hand, men and children tend to go shopping at weekends, when they have more time and can venture upstairs.

Quite recently the stationers WH Smith started putting newspapers at the rear of their shops, so that purchasers would pass displays of chocolate bars, pens and other items—and it led to an increase in sales. In supermarkets the bakery section is usually at the back, so the smell of freshly cooked bread wafts through the whole building. Staples like milk are often at the back of the shop and to get to it you have to travel up and down other aisles. However, pre-packed sandwiches and soft drinks are placed at the front of the store so that busy people can grab quickly during their lunch break...they understand our limits!

A shop should be 'interesting' so that it has a chance of attracting browsers who might make impulse buys or look for ideas for a future purchase. By regularly changing layout (even if you can't always change stock) people will be encouraged to return. The same stock in the same place won't get people coming back just to have a look. Just think of furniture stores; their goods are laid out as complete rooms, with matching carpets, wall hangings and even books



▲ Dockerills is a long-established and very successful ironmonger. Look at the way they position a wide range of goods outside the premises, creating an eye-catching display and leaving their customers in no doubt of what they do and what they sell.

Stock

Quality

Quality in this instance means that whatever is being sold should be up to the job.

All goods have to be what is legally called '**fit for purpose**'. For example a doormat that wears out after just a few days obviously wasn't made properly, so it is not fit for the purpose of wiping feet. Shops are obliged to take back any faulty product and either repair or replace the item—at their choice. Research shows that customers tend to blame retailers rather than manufacturers for faulty goods, so stock quality should always be high if you want customers to come back.

Price

Retailing theory says it is better to sell on **value** than on **price**. But with the rapid fall in the cost of many goods (especially clothing and electricals), the change in consumer behaviour (to buying on the internet) and the increasing domination of the huge supermarket chains, customer loyalty is much less than it used to be. Nowadays supermarkets go head to head on price (just look at how they quote each other in their TV ads'). However, if a shop sells solely on price, customers will desert it as soon as they can get the same goods cheaper elsewhere. We've seen this really clearly with the rise of discount retailers such as Lidl and Aldi.

Competition in the retail sector is intense and retailers have to ask themselves why should customers buy *my* goods rather than my competitors? The answer must be: that when price, quality, reliability, the returns policy and other factors including brand image and marketing are all taken into account *my* goods are a better buy all round.

In addition, an increasing number of people consider the ethical issues around purchasing and give weight to a product/supplier's environmental and social impact too. Over the last few years this has expressed itself in the rapid adoption of 'Fair Trade' policies. This is where community wood recyclers have a distinct advantage over other wood/wood product retailers!

Some shops have 'loss leaders' (goods for sale cheaper than cost price) to attract people in to their store to (hopefully) make other purchases too.

Impulse buyers

When pricing products it is useful to understand the difference between impulse buying (unplanned purchases) and planned buying. Impulse buys are usually stuff we don't particularly need; another shirt or pair of shoes. But because they are 'on sale' and appear a lot cheaper than we would expect them to be, we succumb and buy them. Retailers know this and to move their products on quickly, some will constantly have their goods covered in 'sale', '70% off' or 'this week only' stickers. In reality, the product might not be any cheaper than a similar non-sale product at another shop. Take a trip to your nearest Sports Direct and examine how they sell their goods.

Certain goods should not be considered as impulse buys; you would not buy a new back door just because it was 50% off. You would only buy one if you needed it, so the price makes little difference. Lowering the cost might win you more market share—as long as you can advertise the offer cost-effectively to potential back door buyers, but it will eat into your gross profits and you might have been better off selling fewer back doors for more money. So pricing has to be properly considered.

Higher-priced items

Don't be afraid to put a higher price on something that you believe has a higher value, and wait for the sale. High-end watch sellers or antique dealers (for example) don't expect to sell their stock quickly—they know it can take time for the right buyer to come along. Unless you are desperate for the cash, you will be losing money for nothing by selling too cheaply. Of course, you can have a discounting policy and can consider reasonable offers but try to understand which of your goods need not be discounted.

Range

If we think about the major supermarkets again, they stock up to 40,000 lines and offer virtually everything—including in-house pharmacies, opticians, travel agencies, butchers, fishmongers etc. Their business model is to progressively and aggressively capture market share by stocking all a shopper could need.

Due to the lifestyle changes we touched on above, they know the advantage of stocking huge ranges and their buying power makes it possible to undercut smaller, specialist suppliers. A good example of this is in the retailing of electricals; of which the supermarkets have been capturing an increasing market share.

But *all* shops need to carry a good range of items to ensure they have the best chance of making sales. So it would be sensible for a shop selling paint to sell paint brushes, white spirit and all the other items needed to carry out a decorating project. But what is just as important as having complementary goods, is having enough of your core stock. If you sell paint, it is pointless to stock only one colour or type of paint; you need to stock lots of colours, types and sizes to ensure the customer has a very high chance of finding what they are looking for—otherwise a return visit is unlikely.

Service

Quality of service is a factor that has a huge impact on the success or otherwise, of any retail operation. Right up to the 1970s most goods were sold in small specialist shops by retailers who were often enthusiasts for their products—or at least were properly trained with high levels of product knowledge. The selling process was about finding out what the customer really wanted, offering advice, gaining trust and leading the customer to the right choice of goods. That concept should still have resonance today (even if it's not currently evident in many retail stores).

Appropriate behavior

Good service should be the first priority in retailing. It means staff being warm and friendly, polite and helpful from the moment the customer walks in the door. It is about finding the balance between being 'pushy' and uninterested.



▲ The Brighton and Hove Wood Recycling Project has a large retail unit pretty near the heart of town. To maximize the retail opportunity, they stock it with a wide range of products. As well as recycled timber and wood products made in-house, they sell gift items made by local craftspeople and non-recycled but complementary products—all adding to an interesting shopping experience.

Good customer service is a skill to develop but good tips include:

- Having a clean and tidy appearance.
- Wearing liveried clothing or (at least) a badge.
- Welcoming customers upon entry and asking if you can be of assistance.
- Making eye contact.
- Smiling
- Answering even the most 'obvious' question sincerely (and yes, some people really don't know the difference between chipboard and plywood).
- Leading customers to what they are looking for (not just pointing somewhere in the distance).
- Offering suggestions and alternatives.
- Not chatting to colleagues when with a customer.
- Carrying purchases to the customer's vehicle.
- Thanking them and remarking that you hope to see them again.
- Acknowledge customers who are waiting, and apologize for any waiting time when you serve them.

Know your product

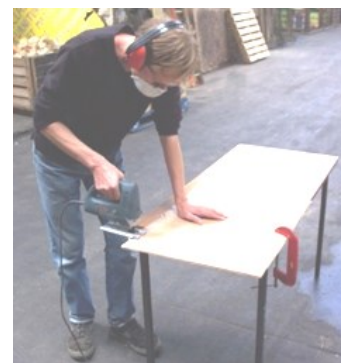
Often customers won't know exactly what they want and without guidance from staff won't be able to make a (correct) purchase. The more complex the product, the more the sales staff should know. Of course, don't waffle; if you don't know, ask a colleague or say you don't know but you will find out.

The better you understand what the customer wants and the more you know, the easier it will be for you to offer ideas, solutions and alternative products—and make that sale.

Adding value

This is a popular concept in business. It means improving your competitiveness and differentiating yourself from your competitors by offering something that they don't. It is also about generating additional income by increasing the 'average sale value' (the average amount of money spent by each customer per visit).

Depending on the type of shop, there are many ways to add value, including gift-wrapping, delivery service, design service, free refreshments etc. In the context of community wood recycling, being able to sell small quantities, cut orders to size and to sand and finish them is a real enhancement and differentiates us from our wood-selling competitors like B&Q or Homebase.



▲ Cutting customers' orders to size is one of the easiest ways to add value to our services.

Marketing

Without any form of marketing, shops would be reliant upon the curiosity of passers-by to visit and make purchases. Even long-established nationwide retailers need to continually market themselves; to both their existing customers and to potential new ones. They need to advertise new products, new ranges, new stores and new offers in increasingly creative ways. To do this the big retailers have multi-million pound advertising and marketing budgets.

But the basics of good marketing are the same for any retail outlet.

Signage

Good marketing starts with the shop signs; it is the first (and cheapest) opportunity a shop has to promote itself. Walk down any High Street and you will see that most shops invest in smart, colourful and eye-catching signs that display their brand and their products. The way the shop looks, will influence how your potential customers see and



▲ Informal lettering, such as on chalk boards or hand-cut letters can give a crafty feel to a shop

judge you.

Signage should leave potential customers in no doubt about what you do. People will form judgements based on the quality of your signs. It is often the first exposure for your enterprise, so signs should look professional with good design (and no spelling mistakes).

Some shops use 'A' boards and other outside devices to raise their profile too. If there are walls, they can be used effectively too. Go past a Kwik-Fit premises and their signs leave you in no doubt what they do.

Promotions

To get people through the doors, retailers use techniques like 'buy one, get one free' (bogof); buy one, get something else half price; 3 for 2 and loyalty cards such as Nectar, that offer money back on purchases. They also use other promotions—based around anniversaries like Christmas, Easter, Mother's Day; events such as the World Cup (think of take-aways and beer sales) and the seasons (spring and gardening products; summer and BBQ food).

Word-of-mouth



This is the cheapest and most effective form of marketing. Unlike adverts, it is something that cannot be bought. It is earned through a shop's reputation for good service and good products. Equally, if service is poor, then the word on the street will be negative and the business will be undermined. With social media, a shop's reputation can be made or sunk in an instant. That's why every customer is important; they are walking advertising. To maximize word of mouth promotion, treat every

▲ These firewood bags are clearly labeled. The bag will be in someone's home until empty and the information on the label will help keep the enterprise in their mind.

PR

Public Relations (PR) is how an organisation presents itself to and interacts with the community at large. For most companies it used to revolve around sending press releases off to the local media informing them of something interesting that it is involved with—which got treated as news and published. It was a fantastic form of free advertising and was especially useful to communicate the image or values of a business. But nowadays, social media is key. With the social media platforms now completely dominating the “airways”, it is crucial to have a presence on Facebook (which is now most popular amongst the younger generation), Instagram, Twitter, Pinterest and all the other online forums that have now almost killed printed media advertising and changed the face of PR.

Advertising

Adverts can be expensive but often the best way to reach potential customers quickly and cost-effectively. Remember that the cheaper your products, the more of them you must sell to make spending on advertising worthwhile.

There are always publications chasing every advertising penny, but the key to success is to ensure that you only advertise in places that will be read by sufficient numbers of people likely to buy your products. So there is little point for Top Shop to take full page adverts in the Dentists’ Journal but every point for a maker of dentists’ chairs to advertise there. The two things to consider before placing an ad are the:

- **Cost** per person reached
- **Quality** of the audience reached

For example, a TV ad for dentists’ chairs might be seen by millions, so might seem cheap per person, but will be of low quality because it is doubtful that proportionately many viewers will be potential purchasers.

Flyers are another way of advertising and are cheap to produce and can be handed out to passers-by around the area or pushed through local letterboxes. To help evaluate their effectiveness, it is helpful to offer a discount to people bringing the flyer in. Of course, to help work out which form of advertising and marketing works best, every customer should be asked ‘how did you find out about us’.

Again, for retail sales, head for the social media platforms first with your advertising spend.

Open days and events

These are a good way to raise a shop’s profile and attract new customers. Some fashion, furniture and department stores have evening events at which people can view new ranges, whilst sipping wine. Some of these are by postal invitation only (which makes invitees feel a bit special and more likely to purchase), some are advertised in the local paper. All of course, get out on social media.

Section 2—Trainee questions and exercise

There are some questions to answer and an exercise for you to complete on the following pages.

Remember: don’t hesitate to ask for help from your Trainer.

Module 10: Exercise 1

1. Name five things that make a good location for a (non-specialist) shop:	1
	2
	3
	4
	5
2. What things would you need to consider when thinking about the type of premises to choose?	
3. What is the key to shop layout?	
4. What are some of the considerations around shop layout?	
5. Legally, what 'quality' do goods sold have to be?	
6. As well as price, what other factors are taken into account by purchasers?	
7. Briefly explain 'impulse buying' and how shops encourage it:	
8. Given 'an ideal situation' (i.e.: better premises, higher profitability, more investment cash etc.) what additional range of products and services could a community wood recycling enterprise provide?	

9. Give some examples of tips for good customer service:	
10. Give examples of how wood recycling enterprises 'add value' to sales:	

Module 10: Exercise 2

Have a look around the enterprise and find out from your Trainer what has taken place in the categories below, then write a few sentences on them:

Signage:	
Promotions:	
Adverts:	

Office use only		Number of correct answers required to pass Module 10: 8		
Passed:		Retake:		Date:
Trainer's signature:				