

Opening and Operating a Dollar, Discount, or Closeout Store That Excels in Today's Tough Economic Times

By Bob Hamilton

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Published by Business Authority Limited

4036 NW Half Mile Lane

Forest Grove, Oregon 97116

(503) 349-7700

Printed in the United States of America.

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INTRODUCTION

We have been barraged with negative information about the economy and what it means for businesses of all types. While there is now an attempt to encourage us about how things are looking better, a deeper search still results in some pretty startling news about the economic challenges ahead.

It is good to be informed and there is a need to maintain balance. Do not become negative in your business approaches. Do not allow all of the information to sway you from doing the right things in the right way to continue your success; even in tough economic times. Use business information as a means of identifying opportunities and changes you need to make in the way you do business.

In this chapter, I will cover 15 Ways to Stack the Deck in Your Favor if you plan to open or already operate a dollar, discount, or closeout store.

Section 2

15 Ways to Stack the Deck in Your Favor

It is extremely important to take all the right steps to reduce your risk when starting any new business. Opening a dollar store is no different. You need to focus your time and energy on taking the intelligent steps to reduce or to even eliminate risk.

Today's challenging economic times require even more. However the good news is when you take all the right steps you stack the deck in your favor...

#1) Now is the time to stay close to your customers.

If there was ever a time for a dollar discount business to stay close and to listen carefully to what customers say, it is now. Make the satisfaction of your customers the number one focus, not only for yourself but for everyone in your employ. Know the exact wants and needs of your shoppers. Fully meet every one of those wants and needs. This is not the time to feel you have been doing this for awhile and therefore you know what is best. This is the time to ask customers for feedback,

then to accept the feedback they provide as a gift, and put it to use in your business.

Tip #2) Now is the time to cut costs at every opportunity.

Down economic times are the perfect times to hone your cost-cutting skills. But intelligence must prevail. There are some expenses you should never cut as they more than pay for themselves. For these you spend a dollar and the return is many dollars. Whenever the return on investment exceeds the cost, analyze carefully before cutting.

That said; focus first on cutting out all waste. Eliminate all unneeded spending. Negotiate for lower prices on everything. When that is not possible, look for improved service or some other extra instead. Having sound cost management skills will serve you and your dollar store business well no matter what the economic times.

Tip #3) Marketing and promotion are critical.

Don't arbitrarily cut programs which are cost-effective and reward you with continued business growth. Once again, sound management skills must prevail. Examine every marketing effort and make sure it is cost-effective. Then look for other, more cost-effective options to add or substitute for those which do not provide the right level of return on investment. This is a time when wisely invested money can really grow your business.

Tip #4) Carry products your customers want and need.

This is not the time to have a store that is stuffed full of the wrong dollar store merchandise. Do not stock items no-one wants or needs. Now is the right time to focus on providing exactly the products your shoppers seek. Eliminate slow selling items and strategically add items which are in high demand. While making changes to your store inventory may take a little time and effort, you will soon recognize carrying the hot sellers in your dollar store was a good decision. You will know it was a good decision as your dollar store sales and profits start to grow.

Tip #5) Proper store housekeeping is vital to success.

Now is not the time to compromise on your dollar store cleanliness and housekeeping. The windows and floors of your store must be clean at all times. Merchandise must be properly displayed exactly where it belongs in your store. Trash and items left not purchased must also be promptly returned to their proper location. Make your store an example for all who own a dollar store.

Tip #6) Do not forget the W-O-W factor in your store.

Build sales and profits by focusing on maintaining the W-O-W factor in your store. Fortunately this can be accomplished fairly easily. Start by adding a handful of products shoppers just cannot believe would be sold in a dollar store. Next purchase and display large quantities of products shoppers always want. The trick is to do this whenever you have the opportunity to buy at deeply discount prices – and then make more profit. Remember to use attention-grabbing signs in your store too. A properly created sign on a bulk display or end caps can get the items sold quickly for you.

Tip #7) Use your windows to generate traffic and sales.

Your store windows, especially those at the front, are the perfect stage to display hot new arrivals, one-time deals and other eye-catching products. Any time you find a great price on a proven, solid-selling item, stock up. Use them in bulk displays or better yet place them against the windows of your store to attract attention. Be sure to add signs to your windows to highlight what you sell, special events, holidays and other topics of interest to your shoppers. Taking these simple steps helps you build sales and profits all at the same time.

TIP #8) Get aggressive with your marketing.

Do not sit, wait and hope shoppers will discover your store. Advertising dollars spent now can make a huge difference in total sales for your store. Best of all this does not take a huge amount of cash. Look for less expensive strategies like having an employee carry a sign at a busy intersection near your store. Be sure

there is an arrow on the sign pointing toward your store. Experiment with different ideas. The marketing options are limited only by your creativity.

TIP #9) Celebrate the seasons.

Sure it is easy to become negative when all you hear is negative information coming at you from everywhere. Turn off the television and the radio. Stop reading the newspaper and start making your own news. Opening and operating a dollar store business should be fun. There are many holidays throughout the year. Pick a holiday or another reason to celebrate every month of the year. Get focused on the fun, excitement, and profits that can come from a well-managed event. You will be more excited and positive, and so will your employees and customers.

TIP #10) Become a bargain hunter.

Shop the weekly, monthly and closeout sales your regular merchandise suppliers hold. Look for the best merchandise bargains you can find. Become a comparison shopper. All of these efforts combine to ensure you are paying the lowest possible wholesale prices. Be sure to add more companies to your list of potential suppliers. Ask all suppliers to forward sales, closeouts, and other price reduction information whenever items go on sale.

TIP #11) Stop buying in case lot sizes.

When money is short look for buying opportunities which include breaking cases down into partial case lots. After all, it might take months to sell a case of 144 each of an item, but you can turn your money over in a short number of weeks when you purchase the same item in quantities of only 12 or 24. Your shoppers are happy because the item is still available. You are happy because the sales still occur without having hundreds of dollars tied up in slow-moving merchandise.

TIP #12) Start focusing on dealing with suppliers that provide freight caps on purchases.

As you start buying smaller quantities more frequently, these companies can often save you freight money. Ask every supplier about freight caps or freight reduction. Find out exactly what you need to do to have freight paid or capped on all of the items you order from them. This one tip alone can save you many dollars each month. And all it takes is asking a few questions of every supplier you buy from.

TIP #13) Use closeout and liquidation companies.

Closeout and liquidation companies need to be added to your list of prospective suppliers. Start carefully. Examine opportunities to purchase new items for just pennies on the dollar. These deals do periodically come up. However they usually sell out fast. You will save lots of money, your profit margin will grow, and your shoppers will be thrilled as more and more merchandise comes into your store. Do not forget to examine other buying opportunities as well. There are often unbelievable prices on products you simply never see in dollar stores. Just remember to be on the lookout on a routine basis and do not delay when you find the right deals.

TIP #14) If you have cash flow problems, the time is right to start working with other store owners to cut costs.

Look for other store owners who are willing to split loads of wholesale dollar store items with you. Approach these same owners about trading merchandise. See if they might be willing to share freight costs and bring in full truck loads with the lower freight charges being shared among several local stores. Forming these buying partnerships will take some time and patience. Most owners will be hesitant at the start. However, with consistent follow-up trust will begin to emerge. Soon some will begin to open up to the idea of working together to save everyone money.

TIP #15) Make your dollar store stand above the competition.

Acknowledge every person who enters your store. It takes only a minute for you or one of your employees to say 'hello' or 'welcome to <store name>'. You will find that little bit of effort communicates to the person you and your staff appreciate

them coming into your store. It also sets the stage for a more pleasant visit in the eyes of every shopper.

Always thank every shopper who leaves your store whether they have made a purchase or not. While many shoppers may not even make a purchase during their first visit, do everything possible to leave them with a positive feeling about your store. You will be rewarded in the future as shoppers return and make purchases. It is those purchases which will add up to more sales and profits for your business.

It is important to always offer your help to shoppers as they move through your store. Do not wait until shoppers have a problem or a question to provide the offer of help. Let them know you are available and happy to help in any way possible throughout their visit. This gesture only takes a few seconds. However you will be amazed how many shoppers turn around and instantly ask a question when given the opportunity. Often those questions will lead to sales.

Actually take the time to walk with your shoppers when showing them where to find an item they have asked about. By escorting them to items, you are guaranteeing they will find them. You can also offer additional information about the products of interest. The minutes involved in this personalized service will add even more sales and profits.

Ask for and welcome ideas and suggestions from shoppers as they go through the checkout process. Those who make purchases are your proven customers. Solicit their ideas. Train every cashier in this process. Make sure the ideas, requests and feedback are written down and given to you. Review them to look for opportunities to improve your store. Take action and put the best ideas into operation.

Place a suggestion box in your store. Clearly mark it and always have paper and pens waiting for shoppers to give feedback. This information is invaluable to building customer loyalty, sales, and profits.

CONCLUSION

Tough economic times dictate possible changes within your dollar store business. Now is a time to adapt to the current situation. It is a time to make smart changes to align you to your customers and the marketplace you serve.

Achieving success in today's retail business environment takes more than a little luck. It requires a store owner who understands the expectations of value-minded shoppers and then does everything possible to meet and even exceed those expectations. If you are to achieve dollar store success, you too must do everything to create the perfect shopping experience for those who enter your dollar store.

This month's free downloadable chapter, ***15 Ways to Stack the Deck in your Favor***, is provided to newsletter subscribers as a thank-you from Bob Hamilton – www.OpeningaDollarStore.com. It is the second excerpt of 4 from Bob's soon to be released new eBook, *Opening and Operating a Dollar, Discount, or Closeout Store That Excels in Today's Tough Economic Times*.

Next month's free downloadable information is:

- ***Dollar, Discount, Closeout Store – Which is Right for You?***

Future chapters include:

- ***Making the Switch from 99¢ and \$1 Format.***

Other topics may be added to this list.

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