

INDEPENDENT RETAILER'S GUIDE TO STARTING A RETAIL BUSINESS IN SA

RESEARCHING
ESSENTIAL FIRST-STEPS TO UNDERTAKE
BEFORE OPENING A RETAIL OUTLET

BUSINESS PLANNING

REGISTERING YOUR BUSINESS

FINDING THE RIGHT
LOCATION

SETTING UP YOUR SHOP



CONTENTS

1. RESEARCHING
2. BUSINESS PLANNING
3. REGISTERING YOUR BUSINESS
4. FINDING THE RIGHT LOCATION
5. SETTING UP YOUR SHOP
6. PROCESSING PAYMENTS
7. HIRING STAFF
8. ATTRACTING CUSTOMERS
9. SETTING UP GIFT & LOYALTY PROGRAMMES

INTRODUCTION

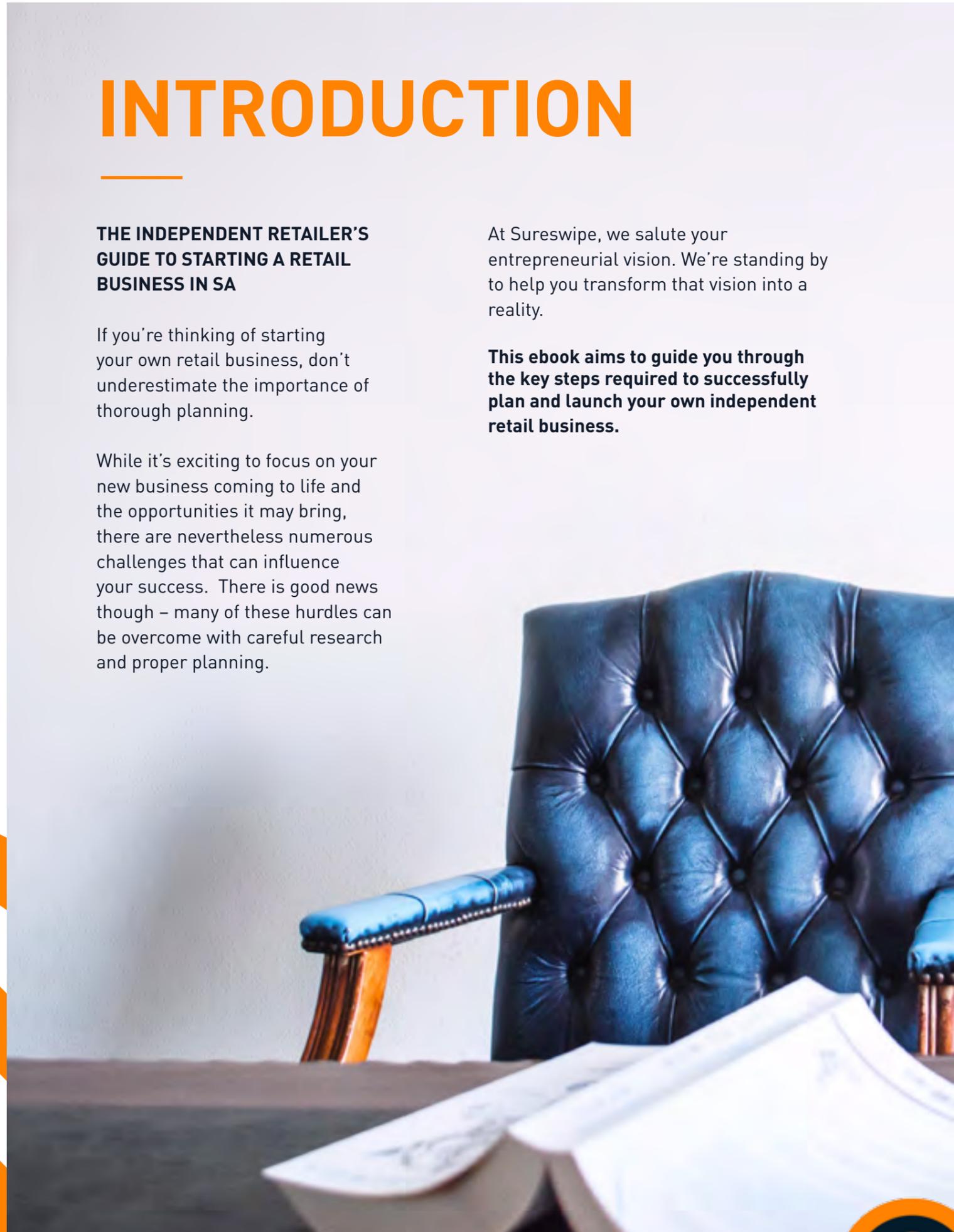
THE INDEPENDENT RETAILER'S GUIDE TO STARTING A RETAIL BUSINESS IN SA

If you're thinking of starting your own retail business, don't underestimate the importance of thorough planning.

While it's exciting to focus on your new business coming to life and the opportunities it may bring, there are nevertheless numerous challenges that can influence your success. There is good news though – many of these hurdles can be overcome with careful research and proper planning.

At Sureswipe, we salute your entrepreneurial vision. We're standing by to help you transform that vision into a reality.

This ebook aims to guide you through the key steps required to successfully plan and launch your own independent retail business.



RESEARCHING

ESSENTIAL FIRST-STEPS TO UNDERTAKE BEFORE OPENING A RETAIL OUTLET

A. DISCOVER WHY YOU WANT TO BECOME A RETAILER

- Running your own retail business can be rewarding but it does come with its fair share of challenges. This is why business experts recommend that aspiring first-time retailers honestly evaluate their circumstances to determine whether they're up for the challenge of running their own retail shop.
- You need to be comfortable with the fact that you'll be investing a significant amount of money (potentially your life savings or retirement funds) into your business, and you might not see an immediate return.
- Some shops can take up to a couple of years before they show a profit, so you might need to reduce your cost of living while you build your business.
- Most importantly, running a retail business requires longer hours, especially in the beginning. There's no 9 to 5, check-in, check-out when you open a shop. Retailers are often at work well before the first customer walks in and continue to work long after the last customer leaves.



To make a truly informed decision as to whether you're ready to become a retailer, here are five questions to contemplate:

1. Why do you want to start a retail business?
2. Are you willing to temporarily reduce your cost of living while building your business? Is your family willing to do the same?
3. Are you willing to work 12-hour days, including weekends and public holidays and through festive seasons for the sake of your business?

Sure, it's not a fun experience to think about these factors, but they are realities that must be faced.



B. INVESTIGATE WHAT YOU WILL SELL IN YOUR SHOP

- Retail experts agree that choosing what you're going to sell is one of the most important factors to determine early on.
- While you may not have intricate knowledge of every detail of retailing at the outset, it's recommended that you have a genuine interest in it.
- Knowing your products well, will help you make the right business decisions down the line and if you are already familiar with particular merchandise, you'll find it easier to pick the right suppliers, decide on pricing, and market to customers.



Here are a few pointers to consider to help you determine which avenue to specialise in:

- 1. Assess your hobbies:** Start with something that resonates with you like a hobby or past-time. What are your interests? Can you make money from them? For instance, if you like gardening in your free time, perhaps you can look into selling plants or garden supplies. Or do you have an interest in electronics? Then you might be more comfortable at the helm of a gadget shop.
- 2. Draw from your work interests/ specialties:** Have you been employed in a position where you developed and performed a specialist task? Did you work as a hairstylist? Perhaps a salon that specialises in haircare goods might be perfect for you.
- 3. Go out there and identify gaps:** You might find that by investigating the challenges consumers are having in their lives, you'll come up with a retail solution for them. Talk to people about what products they like and the products they think can make their lives better. You could visit trade fairs and market places to determine if there is a gap that you can fill or if there's something you can do better than another business is currently doing.



C. DECIDE ON THE TYPE OF SHOP YOU WANT TO OPEN



Ok, so you might already know what type of shop you want to open. But there are several types of shops to consider, each with particular pros and cons:

SPECIALTY SHOPS

These retailers focus on selling merchandise in a particular category. Smaller speciality retailers could specialise in anything from imported cookware and kitchen gadgets to speciality gift shops, artisanal products to antiques and collectables.

PROS: Specialty shops have considerably more depth in the class of product they specialise in, and this enables them to attract fanatics who can't find what they're looking for at general shops. They are also in a better position to provide a higher quality of service and offer expert advice to shoppers. For these reasons, specialty shop customers are more willing to pay premium prices.

CONS: The success of a specialty shop depends on its ability to draw in enough customers willing and able to buy your product. Luxury goods are also subject to market shocks as spend on discretionary purchases may wane. Specialist interests can also lead shoppers to research and buy products directly through the internet.

GENERAL SHOPS

These shops are typically located in larger suburb shopping centres or malls, selling a variety of merchandise in different categories to cater to the general needs of an area's consumer base.

PROS: General shops can attract all kinds of customers thanks to the variety of their merchandise. And since they carry various products, these shops don't have to rely on a single industry to thrive.

CONS: This type of outlet can face serious competition from department shops, convenience shops, and big established retailers moving into areas. This might also require more floor- and shelf space as well as a bigger investment in stock across the wider range of goods.

BOUTIQUES

Boutiques are considered smaller, more specialised versions of specialty shops and the items they stock are often exclusive and carry a higher price tag. These outlets focus on one niche or aspect of a larger industry. While boutiques are usually small and independent, the term can also be used to refer to chains that specialise in specific markets. For instance, La Senza is a popular shop that concentrates on lingerie, which is part of the larger apparel industry.

PROS: Boutiques appeal to affluent shoppers accustomed to spending more on custom, or luxury items.

CONS: There are many upscale boutiques that are competing for the same small segment of the market. In addition, rental prices for floor space in upscale locations will carry a high price per square metre.

POP-UP SHOP

Growing in popularity, pop-up shops are temporary outlets that operate in various locations, such as vacant retail spaces, malls, and even airports. Pop-up shops come in many forms, including booths, kiosks, shop spaces, trucks, re-purposed shipping containers and more.

PROS: Pop-ups are great for testing concepts, markets, or products without having to commit to long rental leases. They're faster to set up (it takes some merchants less than a week) and in the case of mobile units, such as kiosks, trucks or containers, if the location is not ideal, owners can move to a new venue.

CONS: A pop-up shop doesn't have a permanent address and it's not on Google Maps, so it can be difficult to build regular clientele. Additionally, pop-up shops that come in the form of trucks or booths have limited space, so customers can find them cramped or difficult to shop in.



D. DETERMINE WHO WILL SUPPLY YOU

Once you've decided on the type of outlet you're going to open, your focus should shift toward the stock and supply side of the business.

Where and how you obtain your stock is a key variable that influences whether you are going to be successful or not. It's advised that you get in touch with potential suppliers as soon as possible.

Thanks to the Internet, you can get in touch with product suppliers from all over the world, but there's nothing wrong with attending regional trade shows too – as you might be able to identify a product that's much easier to source locally than abroad.

It's also a good idea to get sample quotes to glean an idea of how much the product will cost you. After you've completed this step, you can determine your mark-up by taking a look at how much other shops are selling it or a similar product for. Before you pay a supplier for goods, do a background check to ensure you are dealing with a reputable company with a solid track record. Ask for references and call customers they supply stock to, as a part of your research.

Don't forget that you can't solely rely on one supplier for products. If that supplier runs into challenges of their own, you might not be able to receive stock on time. This is a key concern for businesses that generate most of their revenue over seasonal sales periods.

E. RESEARCH YOUR TARGET MARKET

There are several questions that you should ask yourself when you are conducting target market research.

The most important questions are:

- Who will buy your product?
- How big is your market?
- How fast is this market growing or shrinking?
- What percentage of that market could you gain?

To get to know who your target customers are and to really understand them, at a deeper level, you'll need to conduct first-hand research by talking to people in your target market:

Answer these questions:

- Where do your potential customers shop now?
- What are their product preferences?
- How can you entice and attract them?





F. RESEARCH YOUR COMPETITION

It's important to assess the playing field to get a feel for the kind of competition you're going to face.

- Do you know how many competitors are in your area, for instance?
- Would being close to established competitors benefit or be to the detriment of your business?

Make a list of competitors in the area that you are considering and pay them a visit to see how they run things:

- Take note of the products they sell and their price points
- The way their staff interact with customers
- The look and feel of their shops
- How they market and advertise to customers.

Make a list of the strengths and weaknesses of your competitors based on the information above, then strategise around how you can be better or differentiate. Ideally, your shop would need to offer something unique (products, services, customer engagement tactics) that your potential competitors don't offer.



BUSINESS PLANNING

HOW YOU PLAN TO GO TO MARKET

Once you've conducted your research, it's time to work on your business plan. Your business plan is an essential document that provides insights on your business mission, your objectives from a customer and revenue perspective, and your budgeting and cash flow projections.

You can complete your business plan in the following five steps:

1

COMPLETE YOUR COMPANY DESCRIPTION AND MARKET ANALYSIS

This part of the business plan clearly identifies the following:

- The type of retail shop you will open
- The location of your shop
- The items you intend to stock
- Your target customers you will sell to, and their unique characteristics
- Your competition
- How you plan to serve your customers' needs and differentiate your shop to ensure a competitive advantage.

2

DOCUMENT YOUR ORGANISATIONAL STRUCTURE

In this portion of the business plan, you'll provide details about ownership of the shop and information about your management team, including their qualifications and how these qualifications complement your skills.

- Create an organisational chart
- Include brief descriptions of who will be responsible for particular key functions including:
 - Setting up the Shop to Launch
 - Day-to-day Running of the Shop
 - Merchandise and Stock Control
 - Financial Management
 - General Management
 - Marketing

Ownership information should include the names of founding members and the percentages of the business they own. Don't forget to outline the legal structure of your business – is it a PTY LTD for instance?

3

FORMULATE YOUR MARKETING STRATEGY

This part of your business plan deals with explaining:

- How you are going to promote your shop for your launch?
- Your marketing strategy to attract customers after you have opened your doors and the channels and media you will use
- Will you run a loyalty programme to build a marketing database and encourage repeat customers?
- Will you launch a gift card programme to attract new customers to your shop?
- Details of your marketing budget.

4

PLAN FOR HOW YOU WILL FUND YOUR VENTURE

If you are seeking outside funding to launch your retail outlet, you'll need to provide specifics about:

- The capital amount you are requesting
- How the capital will be used
- How and when the loan will be repaid if it is a loan you seek
- Or what percentage of shareholding and dividends your investors will receive if it is an equity partner you seek
- Your contributions, both financial and non-financial.

NOTE: If you are hoping to raise loan capital or an equity investment, it will be necessary to include a section in the business plan where you introduce yourself, and any other partners in the business. Include an abridged CV that outlines your skillset, experience and expertise in retail.

Also, be aware that different financial institutions typically have their own business plan templates, and require their applicants to submit business plans that comply with their templates.

One of the key components of all business plans is the financial section. You'll need detailed budgets and financial projections for how you expect your shop to perform over the first, second and third years.

BUDGETING

No two shops will cost the same to start or run and this is why you'll need an intricate understanding of the particular line items that make up your budget. Darren Dahl, senior contributing editor to Inc.com shares some of the line items most retailers have to consider in their budgets:

A) Rental and operating costs

- Deposit for the rental of your shop
- Its first month's rent in advance
- Any utility deposits for water and electricity.

B) Shop upgrade costs

- Construction costs to customise your space
- New shop fixtures, including poles, racks and shelves
- Any professional services (handymen) and renovation supply costs.

C) Stock costs

- Cost of buying stock products
- Cost of storing items purchased
- Cost of transporting your inventory.

D) Miscellaneous Operating Expenses

- Will you need hangers for clothing?
- What about business insurance?
- Have you budgeted for accounting setup and fees?
- What about cleaning supplies?

E) Information Technology costs

- Computers, printers, phone bills
- Call-out IT consultant for tech support
- High-speed Internet access subscription
- Web domain registration and hosting fees if you want a web presence
- Google services, perhaps to cover the shop's e-mails
- Card payment devices
- Specialised POS devices and software

F) Marketing costs

- Logo design
- Business card design and printing
- Signage for the shop
- Interior signage and decorative items
- Marketing material design and printing
- Digital marketing (Social media, Google AdWords, etc.)

G) Public Relations

- Are you going to have a launch event? The cost of catering
- Appointment of a Public Relations consultant to invite and engage with relevant journalists to ensure press and social media coverage of the launch event

Anything that you will have to pay for to run your shop must be considered in your budget to ensure that you aren't overspending.

PRICING

Explain your pricing structure, including the cost to buy stock and the prices you will charge for each item and what your profit will be.

- It's also recommended to highlight any discount pricing strategies you might want to offer to customers.
- Businesses experts say you can include price bundling (offering a discounted price for multiple items purchased together), complementary pricing (charging low prices on one common item, such as coffee, and higher prices for others) and customer loyalty discounts.

FORECASTING

1. Draw up income statements, balance sheets and cash flow statements to forecast your first, second and third year.
2. New entrepreneurs can be overly-optimistic about the prospects of their venture, experts caution that when it comes to forecasting, halve your expected revenue and double your costs.
3. If you are seeking a loan, lenders will want to see realistic financial planning scenarios. They will also want to see stress-tested scenarios to ensure that you will be able to service loan repayments in tougher market conditions.



REGISTERING YOUR BUSINESS

KEY CONSIDERATIONS AROUND THE REGISTRATION OF YOUR BUSINESS

A. REGISTERING A BUSINESS STRUCTURE

According to SMESouthAfrica's associate editor, Cadine Pillay, company registration processes can be a daunting task for entrepreneurs.

"However, there are advantages to registering your business. These advantages include business name protection and tax deductions. Once you register your company, it will then be registered automatically as a taxpayer," she says.

Pillay offers a few key considerations around the registration of your new retail business:

1. You must contact the Companies and Intellectual Property Commission (CIPC) to register your business. CIPC replaced The Companies and Intellectual Property Registration Office (CIPRO) in May 2011.
2. Together with the New Companies Act, the act changes the way business owners must register their companies.
3. The Act stipulates that no new close corporations (CC) can be registered, but those registered prior to 1 May 2011 could continue to operate as CCs.
4. As a new retail business, you will need to register as a private company – known as a Pty (Ltd.)

B. REGISTERING A NEW BUSINESS FOR TAX

New businesses are required to register with SARS to obtain an income tax reference number. Small businesses with a turnover of up to R1 million per annum are now required to pay certain taxes (turnover tax, VAT and employees' tax) twice a year instead of annually, making the process more efficient for qualifying small business owners.

A few key considerations regarding registration for tax include:

Registration must be done within 60 days after starting operations by completing an IT77 form at your local SARS office or through the SARS website.

- If you generate less than R1 million a year, you can register for turnover tax. It is a simplified tax system, according to SARS, aimed at making it easier for businesses to comply with their tax obligations.
- Turnover tax is worked out by applying a tax rate to the taxable turnover of a micro business.
- Depending on other factors such as turnover, payroll amounts, whether you are

involved in imports and exports; you could also be liable to register for other taxes, duties, levies and contributions such as VAT, PAYE (Pay-as-you-earn) UIF contributions (unemployment insurance contributions).

C. OPENING A BUSINESS BANKING ACCOUNT

At this juncture in your life, as you take an entrepreneurial leap, it's advised that you separate business and personal life – from a banking perspective.

- Registration of a business with the CIPC and SARS requires you to formalise your business with a business banking account.
- If you are using your personal account to do business, your business won't build its own credit record.
- Without a credit track record, it becomes difficult for businesses to secure overdrafts or borrow money for inventory or marketing purposes if a business account isn't used for trading.
- By separating your business and personal accounts, you'll achieve improved visibility in terms of where you're spending money and it will be easier to reconcile financials for tax returns.

FIND THE RIGHT LOCATION

ESSENTIAL INSIGHTS ON LOCATION AND RENTAL AGREEMENTS

Business experts agree that the best location for a brick-and-mortar retail outlet combines visibility, affordability, and rental terms you can live with. Colloquially put, you need to be where the action is – so deciding where to place your shop is as important as the type of shop you decide to open.



A. THE PHASES OF LOCATION SELECTION

In the book, *Start Your Own Retail Business & More*, author Ciree Linsenman says there are three phases of choosing a location for retail businesses:

1. Selection of a city / suburb
2. Choice of an area or type of location within a city / suburb
3. Identification of a specific site.

When choosing a city, Linsenman suggests you investigate these factors:

- Size of the city or suburb's trading area
- Population and population trends
- Total purchasing power and who has it
- Total retail trade potential for different lines of trade
- Number and size of competition
- Quality and aggressiveness of competition.

Once you have a general idea of which city or suburb you would like to call home, choose an area or type of location within that area by evaluating:

- Customer attraction power
- The nature of competition
- Availability of access routes to the shops
- General appearance of the area
- Sales and traffic growth prospects of the trade area
- Demographics of neighbourhoods.

Then, consider these factors when narrowing down your shop's site:

- Visibility of shopfront and signage
- Traffic flow
- Complementary nature of neighbouring shops
- Adequacy of parking
- Vulnerability to competition
- Cost of the site.



B. WHEN IT COMES TO SETTLING ON A RENTAL AGREEMENT

Factors to consider when signing a rental agreement once you've honed in on a location include:

- The monthly rental due
- Any deposit required
- Operational and utility costs
- Will the landlord provide a tenant's allowance for shop-fitting on initiation and renewal of the lease?
- Annual escalation rates
- Duration of rental agreements and renewal periods
- Does the landlord make provision for permitting or restricting competitors in close proximity to your retail outlet?
- Does the landlord provide security and cleaning services for common areas?

“Who pays what should be detailed in your rental agreement. Escalation rates, for example by how much your rental, operational and utility costs will increase each year for the duration of the agreement, and what it will cost to tailor the premises to your needs, must be put in writing,” Linsenman suspects.

The author also recommends finding out if there is a rent-free period in the rental agreement. “This would usually be a few months at the start of the contract,” she adds.

C. CONSIDER THE SERVICES OF A COMMERCIAL PROPERTY BROKER

If you're having difficulty in assessing locations on your own, it's advisable that you seek the services of a commercial property broker.

Commercial property brokers might have access to unique locations that you haven't even considered. They may also be able to advise you on the pros-and-cons of a site you've already set your mind on.

It's important, however to keep the following points top of mind when engaging with property brokers:

- Because property brokers are hired by landlords or property owners, their first and immediate interest is to satisfy the needs of their paying client.
- This doesn't mean the broker won't consider your best interests, but you will have to do a little extra homework on sites where brokers might be trying to oversell the trading potential.
- Using a broker might be a good way of ensuring you sign a fair rental agreement, as brokers abide by rules and regulations when it comes to disclosing potential site risks.



SETTING UP YOUR SHOP

PLAN YOUR SHOP DESIGN AND SET-UP

Once you've secured your new shop's location, it's time to give some thought to what the shop floor will look like and how its layout may affect spending.

A. DRAW THE SHOP FLOOR LAYOUT YOU WANT

Consider how you will arrange the merchandise in your shop. Here are three popular retail floor plans:

THE GRID FLOOR PLAN

Grid floor plans are commonly used in large grocery shops like Pick n Pay and general shops like Game or Makro. This layout is considered ideal for retailers who carry large inventories of shelf-stocked goods such as books and magazines, toys, specialty foods, hardware, cards and small gifts, kitchenware or homeware.

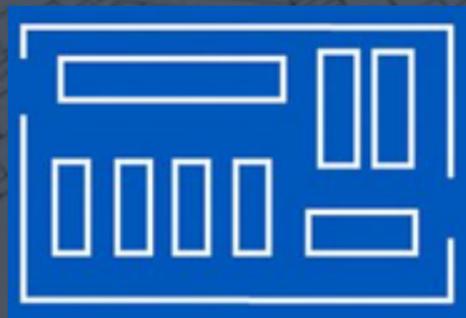


image credit: fitsmallbusiness.com

THE LOOP FLOOR PLAN

Loop floor plans maximise wall display space and expose customers to all products along a set pathway. It's also known as the racetrack layout. Leading clothing, accessories, toy, homeware, kitchenware, personal care, and specialty retail shops favour this layout.

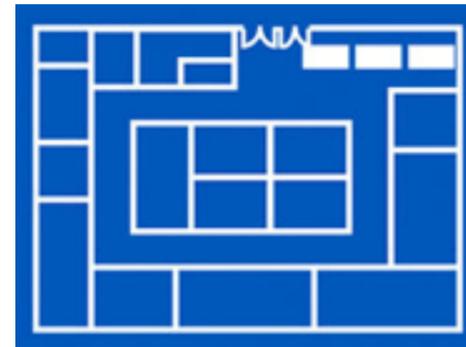


image credit: fitsmallbusiness.com

THE FREE FLOW FLOOR PLAN

It's believed that Free Flow floor plans allow for the most creativity in a shop. It's used in upscale, specialty, and boutique settings where shoppers have time to meander and explore. Upscale clothing, accessory, personal care, specialty brand, and mixed-use businesses like bakeries and delis that also sell packaged goods leverage this plan.

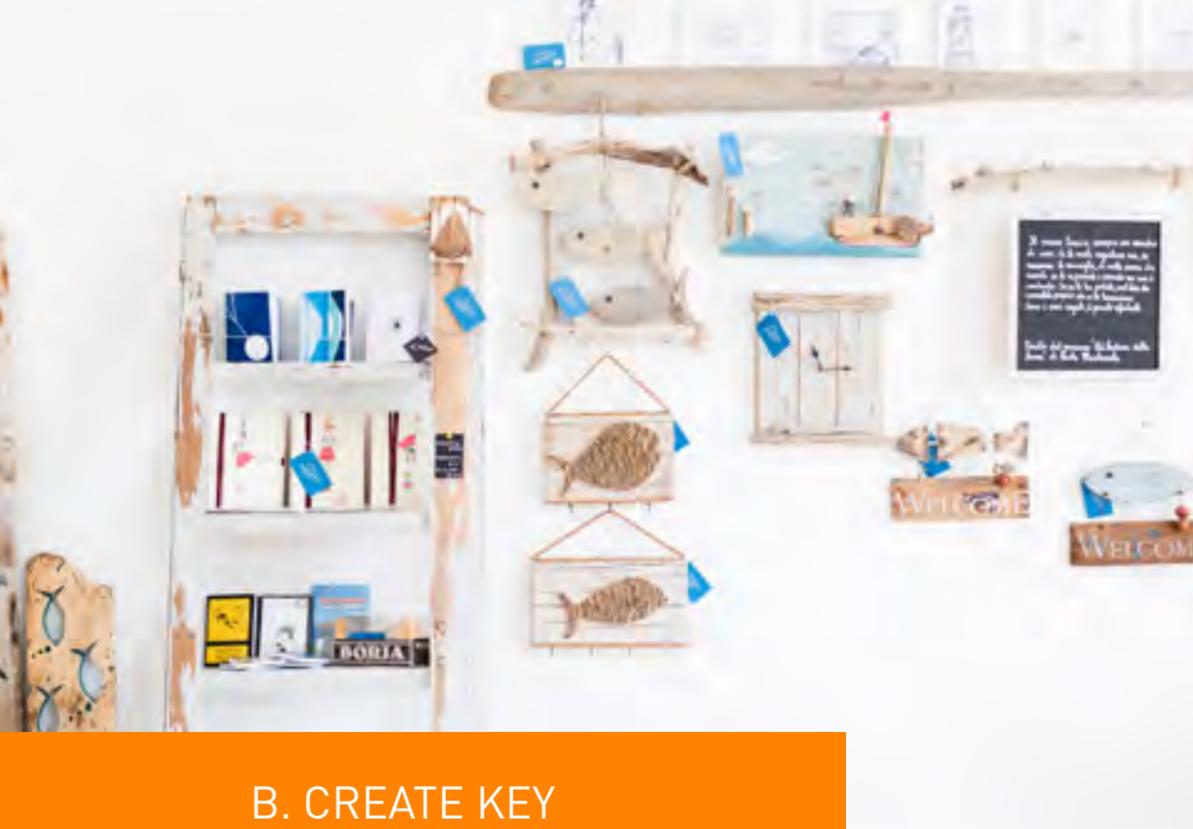


image credit: fitsmallbusiness.com

Depending on the layout you choose, you'll need to arrange pathways, aisles, and display fixtures with traffic flow in mind.

To do this, it is suggested that you consider three key customer behaviours:

1. Customers need transition space as they enter a shop. This is what experts call the **decompression zone**.
2. Customers browse and shop the way they drive. In South Africa, that means customers usually **turn to the left** when they enter a shop.
3. Customers need **personal space** when shopping. They don't like to be crowded or jostled in aisles.



B. CREATE KEY MERCHANDISING ZONES

- **Where to place best-sellers:** when it comes to where you position your best-sellers to increase spending, the window is still the best place. The back of the shop is also considered a good area to place best-selling items as it encourages shoppers to walk through your aisles. This can lead to added purchases, in addition to them going after the best-seller item.
- **How to generate impulse buys:** Another good spot to generate sales in the form of impulse purchases is at the tills or in the queue catchment area. You'll have to monitor this zone frequently to ensure the products you place here are actually adding to sales. Products like small toys, candy bars, lip gloss, and breath mints are great products to feature near your tills.

“When customers approach the register to pay and leave, you don't want them to stop shopping. Placing low-cost impulse buy items near registers, encourages shoppers to add an item or two as they check out,”

says FitSmallBusiness.com's retail expert, Krista Fabregas.

C. CONSIDER SHOP SECURITY

It would be ideal if you could outfit your entire shop with CCTV cameras, but the reality is that a comprehensive camera installation will cost a significant amount of money.

- **When to consider installing a fake camera:** You could use fake security cameras when the possibility of a shop break-in is very low. If you're in a safe area, with minimal cases of thefts, a fake camera might easily fool petty, inexperienced criminals.
- **When to consider installing real cameras:** If your shop is located in an area that's prone to crime, you'll need a high-quality, fully functioning camera that can effectively deter break-ins or theft (and record them if it happens). A real camera will give you the security and peace of mind you need, particularly if you sell electronics, furniture, jewellery or other expensive goods.



PROCESSING PAYMENTS

HOW TO HANDLE PAYMENTS IN YOUR SHOP

A. CARD PAYMENT DEVICES FOR RETAILERS

Shoppers are increasingly opting to pay for purchases with their cards over cash. This means it's essential that you offer them easy, efficient ways to transact.

As a leading merchant solutions provider, **Sureswipe provides you with secure payment devices for a variety of in-shop applications.**

Here are four ways you can cost-effectively accept cashless payments in your shop through Sureswipe:

1. FIXED PAYMENT MACHINE

Ideal for your till point; a fixed payment device from Sureswipe can process shoppers' payments safely and securely thanks to its high-speed capability. If you want to keep queues moving and maintain financial control, a fixed payment device is a necessity for all shops.

2. PORTABLE PAYMENT MACHINE

Do something different. Offer your shoppers an opportunity to pay for retail items anywhere on your shop floor. You can deploy a portable payment device from Sureswipe, which is as fast and as secure as a fixed payment device and can help you deliver a different kind of shopping experience – one that eliminates the need to queue to make payment.

3. MOBILE PAYMENT MACHINE

As smartphones and tablets have grown more powerful, mobile payment devices have gained traction in the retail landscape. A mobile payment device, such as MOVE from Sureswipe seamlessly connects to your smart device and enables customers to make payments with cards. Mobile payment devices are considered a cost-effective way to transact digitally, while still providing you with the highest level of security

4. INTEGRATED PAYMENTS

In addition to Sureswipe's range of fixed, portable and mobile card payment solutions, you can now sign up for Integrated Payments.

Integrated Payments is ideal for high-volume retail businesses, where transaction speed is important. With Sureswipe's Integrated Payment solutions, your outlets can accept card payments faster with contactless (tap-to-pay), more accurate reconciliation and safely through your existing point-of-sale as you grow your turnover.

Sureswipe's Integrated Payments machine is compatible with:

- Micros 3700
- GAAP
- Pilot Software
- Arch Retail
- InfoDynamics
- Legend POS
- Vision POS
- iLaundry
- React POS

Considerations for Selecting the Right Payment Solutions Provider

When making your choice of payment device supplier, consider the following:



- **SAFETY & SECURITY:** Sureswipe's range of card payment machines offer end-to-end encryption and meet PCI-DSS standards in terms of security, enabling you to accept card transactions safely and securely. Your staff will receive fraud-detection training and you can access our call centre for support.
- **SERVICE:** With Sureswipe, you also receive 24/7 support and a dedicated account manager who will assist with any queries. Sureswipe's in-field technicians can be by your side within 24 hours if you're based in larger business hubs.
- **RELIABILITY:** Sureswipe partners with leading companies to ensure that your card payment machines are always ready to swipe.

Get reliable, cost-effective card payment machines from Sureswipe today. Contact us on **0860 200 111** or **click here** and we'll call you back in the next hour.



B. IS A POINT-OF-SALE DEVICE WORTH THE INVESTMENT?

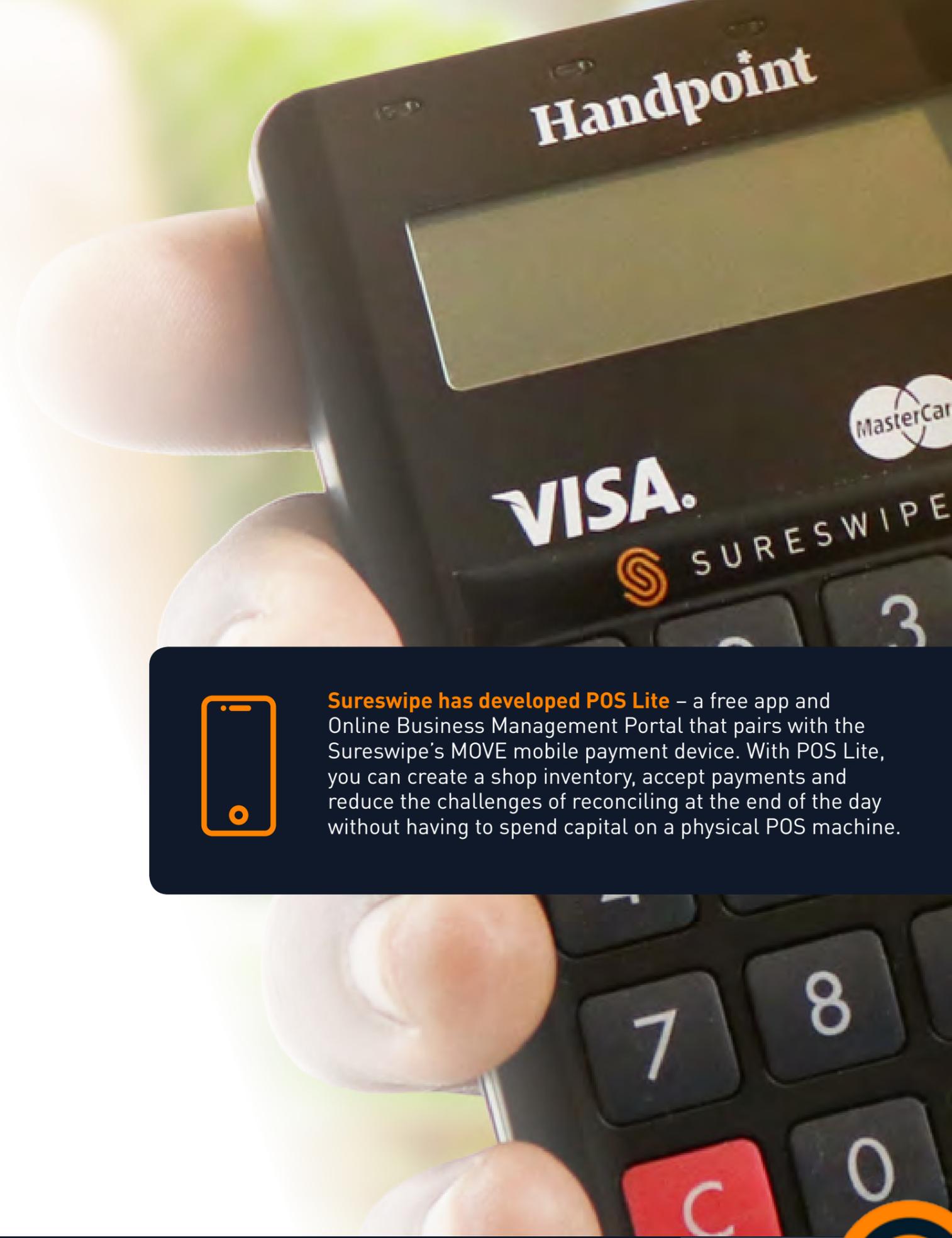
According to Kali Hawlk, senior business insights contributor to Forbes, FastCompany and Mashable, while it's important to focus on attracting new customers to purchase products (and keep existing customers loyal and coming back again and again), retailers can't neglect the systems and processes that physically allow for sales to happen.

Enter the Point-of-Sale (POS) machine

"This is where the right retail POS, or point-of-sale systems, comes into play. The best POS systems allow you to not only conduct sales transactions, but also handle a number of other activities around that sale from stock management to returns and exchanges, to tracking customer behaviour," says Hawlk.

A POS system can help you in the following ways:

- **Inventory Management:** When you sell products, you need to watch inventory closely to keep shelves stocked. Point-of-sale systems help you manage this by keeping numbers and data up to date with every single transaction.
- **Customer Management:** In addition to managing your product, you may want to keep an eye on customer activity. Leading retail POS systems can help you manage customer information. Depending on the data they collect, they can also give you insights on specific customer behaviours that can assist you in determining the most effective discounts to offer or sales to host.
- **Returns and Exchanges:** Anyone who sells a product needs to deal with product returns and exchanges. The right POS makes this simple and easy to handle.



Sureswipe has developed POS Lite – a free app and Online Business Management Portal that pairs with the Sureswipe's MOVE mobile payment device. With POS Lite, you can create a shop inventory, accept payments and reduce the challenges of reconciling at the end of the day without having to spend capital on a physical POS machine.



HIRING STAFF

SELECTING THE RIGHT PEOPLE FOR YOUR BUSINESS

Retail experts and business owners agree that the calibre of people you hire to operate your shop can lead to its success or failure.

Service-oriented individuals who enjoy helping others are ideal to man the till and work the shop floor as they will ensure customers have a good experience.

In an interview with Entrepreneur magazine, Alex Fourie, founder of weFix, outlined a key driver behind how they've achieved aggressive year-on-year growth of his nationwide chain of smartphone repair retail outlets. This, according to Fourie, has been driven by the company's relentless focus on pleasing their customer above all else.

A. FOCUS ON HIRING THE RIGHT MANAGERS

"I learnt early that the best industry to hire my shop managers from was the hospitality industry. We have trained technicians to repair devices, but it takes a specific skillset to keep customers happy," Fourie adds.

Hospitality managers work well under pressure, are excellent when it comes to customer services, dealing with difficult and demanding customers, and also manage staff well.

B. HIRING EMPLOYEES

Recruiting the right people for your shop requires a detailed hiring process:

- **Identify the type of person you want:** Do you have a requirement for a shop manager or assistant?
- **Write a detailed Job Description:** If you are looking for a manager, create a bulleted-point list of all the tasks that's expected of the manager on a daily basis. Also write down the traits that are important to you. It's important to probe the candidate with questions related to the type of products you sell too. If you're selling consumer technology, you need to assess the person's aptitude on the subject.

- **Conduct thorough interviews:** In the interview process, you need to ask questions that allow you to understand the potential employee's capabilities and weaknesses. So, challenge the candidate with scenarios such as how they would deal with missing money. Or what happens if stock goes missing? Ask them about challenging situations from the past and how they were overcome.
- **Do reference checks:** Ensure that you call previous employers directly for reference checks to understand the candidates' level of performance, commitment and experience

C. DEALING WITH FULL-TIME & PART-TIME STAFF

When you're taking on workers, it's key to assess whether you'll need them on a full-time or part-time basis and whether you will be incentivising them with sales commissions, as salaries will directly influence your profitability.

If you plan on running your shop yourself, then a part-time manager might be ideal for you. Or you may opt to hire a full-time manager and part-time shop assistants.

There are pros-and-cons to each scenario:

- **Full-time staff:** You will commit to either paying a flat salary regardless of how well the shop performs, or a lower basic salary with commissions based on sales targets met.
- **Part-time casuals:** You'll pay less on the salary front, however casual workers may not be as committed or engaged as full-time staff.

If you are hiring students as part-time workers, ask to see their report cards. Consistently high results are an indicator of diligence.

Another strategy you can consider to get the right employees on board is to hire temp-workers through a staffing agency. You can use temps until you find someone who is enthusiastic and committed who you are prepared to extend a full-time offer to.

D. TRAINING STAFF EFFECTIVELY

As weFix founder Alex Fourie, explains, training must be hands-on from an owner's perspective. Owners must also carry themselves in a manner they wish their staff to emulate.

- **Model behaviour:** Business writer and academic, David Ingram says the most basic application of behaviour-modelling in the workplace is to sit down with workers and actually demonstrate to them through role play the proper ways to perform work tasks. Instead of simply telling employees how to do the things they need to do, or giving them an instructional guide, take the time, particularly in the early days of hiring them, to perform the work yourself in front of them or practice different scenarios with them in private through role play. Modelling behaviour in this way allows employees to ask questions and gain insights from those with first-hand experience.

- **Thorough training:** On this point, Fourie adds that he spends three-to-four months with each new manager before they're sent to run a store, and he travels to all weFix stores across the country weekly – ensuring quality control is maintained.

"I train all our managers myself, really focusing on engendering our service culture in all our new staff. It's important to me that everyone not only understands our philosophy, but buys into it as well," he says.

1. The first step to ensure employees succeed in their role is to train them properly, particularly managers.
2. Always clarify what you need your staff to do. You do this by creating an operations guide.
3. Be clear about schedules and timings. Draw up a calendar with timelines for employees to adhere to.
4. Aim to empower your managers to make decisions. They will feel empowered if you've trained them well and helped them become familiar with how you expect them to do things.

ATTRACTING CUSTOMERS

HOW TO ENSURE NEW PEOPLE COME TO YOUR SHOP

When a new shop opens there's a sense of excitement and buzz that drives shoppers to it. Sales and special opening offers help to attract people to spend money.

But how do you ensure customers keep coming back for more in an age where competition for the retail spend is escalating?

A. LEVERAGE FACEBOOK TO ATTRACT NEW CUSTOMERS

Retailers can use social media as a marketing tool to attract new customers and increase revenue. Here are two examples of local businesses excelling at this:

1. Lots & Crates

- Lots & Crates is a unique one-stop home décor and furniture supplier with a constantly changing catalogue that's sourced from various local manufacturers and importers by way of job-lots, factory over-runs, range-ends and surplus goods arising from amended orders.

- The company's aim is to offer the quickest access to a wide range of quality product at the best prices possible. Its international partners are continually sourcing products from suppliers to the larger American, British, Australian and other international retail chains, where order-quantities, colours and styles are changed.
- Due to the nature of their stock and suppliers, they often receive different batches of items – not all of which are available at all of their outlets.
- Instead of spending time and money updating their website as stock changes or new seasonal items are added to inventory, the company posts updates on its Facebook page along with stock photos, prices, quantities, location and availability.
- Posting directly on Facebook (as opposed to their website) has the added benefit in that followers interact directly with the company and share their favourite posts – assisting the company with its marketing efforts to reach new customers.

2. Simply Divine Vegetarian

- When it comes to food choices, consumers have plenty options. This makes it challenging for restaurants and speciality food retailers to firstly know what to sell, and secondly how to attract customers.
- Simply Divine Vegetarian, as its name suggests, caters to the requirements of a vegetarian clientele. Instead of a fixed menu, the proprietor prepares a number of fresh meals each day. The fast service restaurant and specialty food retailer uses its Facebook to promote its meals of the day.
- Followers are able to view meals of the day and the ingredients that have been used. Customers ask questions, interact and post reviews.
- The owner is able to glean popular dishes from the interest they receive through comments on Facebook.
- Being able to market the business and its ever-changing menu through Facebook allows the owners of Simply Divine Vegetarian to save on website costs, build their customer base and engage with customers on a personal level.



B. FOCUS ON WORD-OF-MOUTH MARKETING

Word-of-mouth marketing is still one of the best ways to attract customers. You'll be able to generate good word-of-mouth buzz by offering genuine, pleasing customer experiences.

- weFix founder, Alex Fourie attests to the impact of word-of-mouth marketing. "We average about 10 000 customers monthly, 75% of which are from word-of-mouth," he says.
- Fourie's company hires A-grade employees to ensure a premium customer experience. This requires people who are self-motivated and always five steps ahead.

It's also important to note the words of one of Yuppiefchef's founders, Paul Galatis:

"Today, word-of-mouth is more important than ever because people communicate on social media. Their word-of-mouth testimonial can live on the Internet forever, so you must focus your customer service to generate positive word-of-mouth buzz."



C. CREATE AN EMAIL & SMS STRATEGY FOR EXISTING CUSTOMERS

- It is advisable to build an email and SMS marketing plan that takes into account seasonal factors that impact shopping patterns of existing customers.
- Your plan should include a calendar that indicates which marketing activities and tactics you will focus on in each month.

One of the easiest ways to build a database to market to, is to launch a loyalty programme

– **see chapter 9 for details.**

D. FORM A HOST-BENEFICIARY RELATIONSHIP OFFER

Best-selling author and founder of the international business coach franchise, ActionCOACH, Brad Sugars says one of the fastest ways to get your retail cash register ringing is an often-overlooked tactic that involves forming 'host-beneficiary' relationships with other established businesses that cater to a target audience similar to yours.

"This allows you to promote your business to their database with a special offer presented as a gift from the established business," he explains.

How it works:

Sugars offers an example of a scenario where a new high-end female clothing boutique successfully used this technique.

1. "The shop arranged to give a free, high-quality silk kimono to every female customer of a local BMW dealership, who had bought a vehicle. All the customer had to do was bring in a letter sent by the dealership offering the gown as a gift for their past patronage. The kimono had to be picked up at the boutique," he says.
2. This tactic led to more than 600 women responding. They picked up \$100 kimonos that cost the shop just \$16 apiece, but best of all these 600 women spent an average of \$400 on other merchandise during their initial visit.
3. "Do the maths, and you'll see that the shop spent \$9 600 to generate some \$240 000 in sales. Incidentally they began building their own customer base at the same time," he adds.



SETTING UP LOYALTY & GIFT PROGRAMMES

ATTRACT NEW CUSTOMERS AND INCREASE REVENUE

Global business consultancy, PwC's research shows that a growing number of local shoppers are spending their cash with retailers that offer some sort of rewards or membership benefit.

LOYALTY PROGRAMMES ARE A POWERFUL TOOL TO GROW YOUR BUSINESS

According to the PwC research: "88% of the 1 000 South Africans in our State of Retail 2017 survey said they are members of a loyalty or rewards programme. 40% of these respondents added that they shop at their favourite retailer because of a loyalty offering." Similarly, global research giant, Nielsen, has noted that 72% of global consumer respondents to their loyalty programme survey agreed that, all other factors being equal, they'd buy from a retailer with a loyalty programme over those without one.

The Nielsen survey results also indicated that:

- At **84%**, South Africa **boasted the highest percentage of respondents** who are currently members of a retail loyalty programme.
- This is **significantly higher than the global average of 66%** for respondents who take part in loyalty programmes.

A. LOYALTY PROGRAMMES INCREASE RETAILERS' REVENUE

Sureswipe's research into the tangible revenue gains you can achieve with a loyalty programme:

- Hardware shop owners are experiencing, on average, a **59% increase in basket spend** by running a loyalty programme powered by Sureswipe.

- Restaurant and quick service outlets can **increase the amount of cash your patrons spend by 41%** if you implement a loyalty programme.
- Pet shop owners can **grow revenue by 18%** by simply launching a loyalty programme of your own.

B. RESEARCH ON THE IMPACT OF GIFT CARDS ON REVENUE

Gift cards are a powerful tool for attracting shoppers to shops they may not usually visit.

- Based on Sureswipe's research, gift card holders spend on average 20% more than the loaded card value.
- Statistics also show that 80% of gift cards issued result in shop visits by new customers. Where new shoppers might hesitate before coming to your shop to spend money on a cash purchase, they often won't think twice when using a gift card.
- Consumers using gift cards are 2.5 times more likely to pay full price for products. Retail experts say that consumers with gift cards are less likely to hunt for bargains or wait until items go on sale, to spend.
- Sureswipe's research on gift card usage shows that 18% of retail spend during the festive period comes in the form of gift card swipes.

CONTACT US TODAY

Sureswipe can assist you in easily setting up a unique loyalty or gift card programme.

We'll supply you with full training and support, the digital platform you need to capture customer details (building a database you can market to), and your unique branded cards and promotional material.

If you are opening a shop, call us on **0860 200 111** or **click here and we'll call you back in the next hour** to discuss the range of solutions we can assist you with.

RESOURCES:

- <http://www.evancarmichael.com/about/>
- <https://www.youtube.com/watch?v=gksd7wwA8pk>
- <https://www.thebalance.com/retail-4073978>
- <https://www.thebalance.com/plan-for-your-retail-year-4063123>
- <https://www.inc.com/guides/2010/09/how-to-write-a-business-plan-for-a-retail-business.html>
- <https://www.businessnewsdaily.com/8378-10-things-to-do-before-opening-a-retail-store.html>
- <http://smallbusiness.chron.com/strategic-planning-important-business-2671.html>
- <https://www.wikihow.com/Open-a-Small-Retail-Business>
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- <https://www.shopify.com/retail/choosing-the-right-point-of-sale-system-a-retailers-pos-checklist>
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- <http://www.entrepreneurmag.co.za/advice/growing-a-business/performance-and-growth/the-secret-to-three-years-of-successive-180-growth/>
- <http://smallbusiness.chron.com/behavior-modeling-workplace-10980.html>
- <http://www.entrepreneurmag.co.za/advice/success-stories/lessons-learnt/how-alex-fourie-mastered-word-of-mouth-marketing/>
- <https://www.entrepreneur.com/article/185880>
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- <https://bizconnect.standardbank.co.za/sector-news/retail-wholesale/2-genuine-insights-from-one-of-sa%E2%80%99s-leading-e-retailers-to-boost-your-revenue.aspx>

