

Enlargin'

Your 4th Quarter Margin

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Although it is the dog days of summer, let's fast-forward to focus on the last quarter of the year — which can make a tremendous impact on your year-end bottom line — by increasing customers' holiday spending in your store.

BY MARK OKUN

There are many important business facets that lighting retailers can focus on in the fourth quarter. It's time to start the preparation needed to move into the next year by thinking about future goals and reviewing previous ones. The goal here is to put fuel on your sales fire for the final quarter of 2016, and the best time to concentrate on that is now — *before* the shorter autumn days are upon us.

THE HOLIDAYS ARE COMING!

It is time to plan on how you will maximize sales performance by taking advantage of the gift-giving season ahead. As you well know, customer traffic in lighting showrooms during the holiday season can

diminish. Other than a lighting emergency or the need for lamp repair, there is a drop in lighting projects and purchases. Instead, your customer base is heading to the mall to visit the big box stores or they are staring at the screen of their favorite digital device, shopping online.

Believe it or not, there are a variety of ways to increase your sales revenue — and margin! — while competing for all the holiday cash that is flowing about.

First, you have to accept that people do not shop at brick-and-mortar retailers the same way they do on the Internet. All of the corporate mass market retail outlets have a shared commonality: products are all commodities, punch in a name or a SKU and

there you have it.

It's time to think outside the proverbial gift-wrapped box. Offering the same old — or even new — merchandise or giftware as the big box or “E-seller” does not separate you from the pack. In fact, if you are too much the same as those heavyweight competitors, you will be playing the margin-reducing price game and fighting for the customers' scarce and precious holiday time.

You must be different in your holiday go-to-market strategy in order to get more of the money being spent in the fourth quarter.

MORE THAN MEETS THE LIGHT

Lighting stores have been expanding the selection of products they offer for a long time. Many of these categories are complementary to the market being served. Yet the holiday season lets you have some fun and take some chances while boosting revenue. This is the time of year that your showroom must be vibrant and in sync with your clients' rhythms and lifestyles.

EVALUATING TRENDS

Do this year's hot trends fit into your merchandising plan? Every store has its own personality and that uniqueness can be expressed through the accessories, gifts, and other fun items — even if they seem a bit out of place in a lighting store.

The common ground is that we light homes. Every area of the home that can be lit, can also be accessorized — and those accessories can make great gifts. However, I must express some caution. Trends can be hot and cutting edge; so it's great to get on the bandwagon early. If a trend does not fit the personality profile that your store has created, it may backfire and you can end up with too much unexpected “extra” seasonal stock.

The casual lifestyle adopted by the Millennials has changed from what Boomers would have considered as gift-giving staples. This is the end of fussy dust-collecting figurines and collectables that have seen their appeal pass; the de-cluttered lifestyle is resonating with generations on both sides of the Millennials.

According to the National Retail Federation, the Millennials will outspend Boomers in another way when it comes to gifts: they will spend more on *self-gifting* than previous generations ever did. This may be why there is an uptick in sales of functional gifts and accessories.

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TELL ME WHAT YOU WANT WHAT YOU REALLY, REALLY WANT

At one time, candles were the bell of the giftware ball. As with every trend though, candles have dropped from their long-held number one position down to number three over the past two years. Instead, jewelry has made a resurgence once again — and the styles with the most appeal are fun, chic, and impulsive.

There is also a nostalgic revival in consumer interest for stationery, and not just in holiday or event cards. Now I appreciate all things that are tech; whether high-tech or low-tech, there is a place for both in this human-to-human world that is flourishing. For speedy responses, high-tech communication is the way to go. If you want to make an impact or real connection with another person, the low-tech method rules. Using stationery is hot today and it is the way to make a personal impact in the digital world we are in.

Journals, cards — whether pre-written or blank — or any paper product that inspires the sharing of a personal touch will be popular. If you send notes or thank you cards, you understand the powerful impact that these personal messages can carry from sender to recipient.

The key to your success with this category is to have unique designs and styles that can't be found in the local card store or supermarket.

Let's take the phenomenon of journals for example. Journals have returned with a vengeance! Many of the customers today have experienced journaling as a part of their lives since kindergarten, so no wonder it is in vogue. However, it's not the old bulky three-ring binder style of journal that is a hit. Consumers are looking for something special that they want to be part of for a year or more — think of recycled paper, beautiful leather, or other covers that have personal appeal to the quieter folks, or possibly contemporary bold colors and geometric patterns that will be in fashion for the upcoming year. Journals that have specific uses are also desired; think of travel journals or diaries that document personal growth and self-exploration.

Part of the selection that is offered can be locally inspired gifts and handmade items from local artists. There is a growing desire to connect with everything local. Local is appealing and is a trend I do not see going away soon. A selection of localized gifts can include vintage-styled regional or state maps, functional pottery, or jewelry.

As a traffic-driving event, the artist could set up a pop-up shop in your store for one week or a weekend. These events can be a big draw to your store! They bring in the artist's followers, provide an unmatched experience for your customers, and can expand your available offerings without increasing your dedicated inventory.

ADDRESS IMPULSE BUYING

The time is now for promoting the impulse purchase with everything your sales team has to offer. Let's take jewelry as an example (yes, jewelry in a lighting store!). In the same way that the check-out line at your grocery store is merchandised with mints, candies, and magazines, every area in your store where people gather for extended periods of time must be merchandised to cater to the impulse purchase.

Naturally, the transaction area is a prime place. Clients at the point-of-sale area are in the buying mood and when you use an impulse-buying strategy, the chances of them making additional purchases is higher.

Women are the major buyers in both lighting and giftware, and often are the recipients of these gifts. One of the most successful merchandising techniques I've observed is a small bracelet display adjacent to each transactional space. Most customers will immediately start touching the displayed items without provocation. The potential gift buyers who don't voluntarily reach out to the display can be prompted to with a simple question: "Those bracelets are hot! What do you think?"

Many times the customer took more than one bracelet, either to go with additional outfits they had or as a gift for someone. A few of these customers would return just to see the new colors and styles of the bracelets. You can get a similar response from your male customers when you add items that appeal to them, such as practical LED flashlights, multi-tools, or — for the fashion-forward male — unique cuff links and thin wallets.

The client who touches or picks up an impulse item is ready to make that purchase, with your help. Ideally, impulse items are affordable and not too large. They are the cool things that customers can pick up and easily purchase.

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Another advantage that the brick and mortar store has over its e-commerce competitors is that the Internet store cannot facilitate the impulse sale in the same way a real person can. Sure there are pop-up windows cluttering our way, asking for more business, but nothing beats the tactile feel of the item you never knew you wanted.



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IF YOU DON'T TALK ABOUT IT, IT DOES NOT EXIST

The success in selling gifts and accessories requires you to promote what you have. Reach out on social media and traditional advertising channels, or send an email blast to let consumers know that your store is a place to find non-traditional gifts that will make the giver stand out. Yet the most impact will be created by the front line sales team. As part of the sales team's conversation with their clients, they must introduce them to the items you have or are bringing in for the season. As a sales associate walks by a display of the seasonal goods, the use of a simple low-pressure phrase lets the client know you have gifts: "Mr./Ms. Client, we have a variety of unique gifts like this (fill in the blank). There are a limited number of these items. If you need a gift that is unique and will be remembered, we have them." The law of large numbers is in play with this strategy and can provide positive results when executed consistently.

Whether your showroom is new to selling giftware and accessories or if you have been at it for some time, start telling everyone about these goodies before the first item hits the floor. Don't assume the customers know what you have to offer. Promote this fun category with everything you have. You only have about 90 days to make an impression. ❖



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