

# Increasing Profits in your Liquor Store

## By Dennis Leavitt\*

### Customer Service

**Connect With the Customer** - Excellent customer service is the key to increasing sales. Listen to your customer to understand their needs and wants. Then educate him/her about the products. Finally, let the customer know you appreciate their business. Offer value-added services and products. Create a mailing list by asking for contact information from each customer.

Use a store questionnaire to aid you in determining customers' wants and needs.

Use a **loyalty program** to bring customers back to your store. Customers want to feel they are special and rewarded for their loyalty to you. Graduated discounts or points systems work well. The most successful loyalty program I have experienced is next purchase couponing. \*\*

**Serve customers as quickly** as possible. Once a customer has selected their merchandise, they generally want out of the store as quick as possible. A highly efficient scanning system is essential. Make sure the prices on the shelves match what is in your system to avoid delays. Integration to the Debit/Credit system speeds things up. Make sure that your credit processing is through the internet. \*\*

### Pricing

The most important reason for the customer coming to your store is your location, not your prices (in the vast majority of the cases). Resist offering the cheapest prices...there are some customers that shop where the prices are the cheapest. They will not be loyal to you, but will go to whoever has the lowest prices. Know your customers. Lower income areas are more concerned over prices than higher income areas. Decide what margins you wish for each category of inventory and stick to them. \*\*

**Round Up.** Customers don't really identify a difference between 21.07 and 21.49. If you price at a certain margin or markup and take the price that comes out of the calculator, then the penny portion of your prices will vary from .00 to .99. If you round those prices to .49 or .99 then the average increase in your profit per sale is \$0.24. This works out to \$16,800 per year (assuming about 70,000 items sold in an average store doing \$1M in sales per year). \*\*

**Change Prices** when costs go up, even if the increase is small.\*\* The exception here would be products that are bought by the same customers very regularly. They would

notice(and Complain about) the small price increases. When the margin gets too small, then change those items. Everything else should be at the margin you want. If everything in your average store was priced \$.05 too low, then the annual losses would be \$3,500. \*\*

## **Merchandising**

Put high volume low margin items in the back of the store. There is a reason that milk is always in the back of a grocery store. Calculate the profit per square foot and put the most profitable items in the high traffic areas.

Discount and Sell out those items that are not moving at a profit.

Take advantage of cross-merchandising strategies and impulse sale opportunities. Use lighting techniques and creative displays to attract customers. Play videos for product education, customer entertainment and any other upsell or promotional tie-in.

Advertise more during slow periods. Community newspapers is good if they are not too expensive or hand delivered flyers....Street signs(magnetic style) are also effective. Use press releases if there is any significant change in the store. Get involved in community events.

**Stock what is selling.** Purchase based on the sales history of items, preferably the history from the same time the previous year. \*\*

## **Security**

To protect against employee theft and shoplifting, a security system is essential. Integration with your POS System is very nice.

### **Employee theft**

You must keep the back door controlled. If it is unlocked, it is easy for employees to put merchandise outside. They could have friends or family pick it up. Also, the employee could hide the merchandise in the trash to recover after work.

You need to do regular inventories of high theft items.

You need to show up unannounced. This is especially true if you have many younger employees. They are much more likely to be involved with theft.

You should have your store mystery shopped. This can see how your service is plus spot potential employee theft issues. It could be done by someone you know or through a company that specializes in mystery shopping.

You must have policies in place for ringing up of family or friends. Also, your discount policy needs to be clear to all employees. The most common theft is passing merchandise to family or friends or giving unauthorized discounts. For example, your \$20 item may be sold for a \$1. Check No Sales, Returns, Price Overrides and Inventory adjustments on a regular basis. \*\*

You need to track your employee purchases. Very few purchases or excessive could be potential trouble spots with employee theft. If they never buy, it could be they are just taking merchandise. If they are buying a lot, where is the money coming from, or have they gone into business for themselves?

Here are some suggestions to control **Shoplifting**.

1. You should greet every customer. It is great for customer service, Also, shoplifters do not want to be noticed.
2. Put high theft items where they are easier to watch.
3. Look for customers splitting up and one trying to keep you busy.
4. Keep your store neat and organized. Shoplifters like to leave empty packages in unorganized areas.
5. Keep an eye out for a customer watching the employees more than shopping.
6. Shoplifters like to go to blind spots. Have enough security cameras to cover these.
7. Have signs made that shoplifters will be prosecuted to the full extent of the law. If you have the reputation of being soft on shoplifting, you will always have a major problem.
8. Look for nervous shoppers.
9. Watch shoppers that come in your store often and seldom buy anything. Most shoplifters do buy a few items and just help themselves to others.

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\*\* Performed automatically by the POSAL System from SCS.