

The R Word...

Whether or not we are technically in recession, many people feel poorer than they did even a few months ago. As a result, trading conditions are generally not good for retailers – now is not the time to be trying to sell carpets, furniture, cars or other high-ticket items.

For the convenience store sector the figures hide a lot of variation – some shops are doing really well from the economic downturn, whilst others are suffering badly. There has been some down trading by customers, with some farm shops in particular facing lower sales of expensive lines and organic produce. Customers are less prepared to pay a price premium, as you would expect when they feel they have less money to spend. Often the convenience stores that are doing well are those most distant from competition, places where the cost of driving to a supermarket is highest. As a general theme, there have been two competing trends, with higher fuel prices tended to make people shop locally, whilst higher food prices pushed them to shop at supermarkets. The national figures show that the supermarkets, particularly the limited assortment discounters (Aldi, Lidl, Netto – the LADs), are performing far better than the convenience store sector.

So what impact is the downturn having on rural shops?

There is no simple answer. One shop can be doing very well, whilst another a couple of miles away is suffering. One fact that everyone is facing is that price inflation is currently very high for food – in October food prices were 7.5% higher than the previous year, although now they are expected to fall rapidly. So you need to be

showing a reasonable increase over last year in money terms, just to stand still in real terms.

Our advice is not revolutionary; it is not saying anything that you would not expect. A key part of it is:

Do not bury your head in the sand and hope the national trends will pass you by. The chances are that they won't.

Shop owners must actively manage their businesses. In good times you can allow the odd inefficiency, in bad times it is those little flaws that together can make a large difference.

This really is the time to make sure you have the basics right – the shop is clean and tidy, you are stocking the correct lines, you are in-stock of key ranges. It's back to the old saying, "retail is detail". Now, as perhaps never before, you need to make sure that your business is right, in all its facets. And that means right for 2009, not right for 2007.

Here are a few aspects to look at:

Offers – do not give away margin unnecessarily but when times are hard customers appreciate special offers. Even if not many customers take them up, a gondola end of offers gives the feeling that your shop is working hard to provide value for money.



Products stocked – now is the time to be ruthless at ditching really slow sellers and investing in stock that is going to move. Keep up to date through the trade press.

Ranges – should you refine the product groups you stock – flowers, off licence, greetings cards, low energy bulbs, treat biscuits – do you have the right bases covered?

Prices – do you set prices according to what the market will bear? It may demand tighter controls if you do not have EPOS, but price at appropriate price points and move quickly when cost prices change.

Staffing – make sure your staff are working when you need them. Work out how much they cost you per minute (remember N.I., holiday pay etc.) and then decide how to make sure they are productive.

Cost control – see whether you can save on costs such as banking, electricity and telephones –

particularly when your contract is up for renewal.

Opening hours – are they right for your customers? Do you need to stay open an extra hour in the evening to catch returning commuters?

Do you actually need to stay open Sunday afternoon – would most customers come in the morning instead if you closed?

Marketing – now is not the time to cut back on marketing. Make sure your customers are constantly reminded that you exist and appreciate their business.

Symbol group membership – now may be a good time to review whether it is worth joining a symbol group

Customer service – even if your customers are feeling depressed, you have to make sure that when they come to your shop they receive a warm positive welcome.

The tough economic climate means that many consumers are now shopping more often - many 3 or 4 times a week – and are buying on a 'use now' basis.

Both the RSA 'Shop Locally' poster and the Unilever backed My Shop Is Your Shop (MSYS) 'Think Global Shop Local' campaigns encourage this trend.

The RSA poster was free with the last issue of Rural Retailer. A few copies of it are still available - contact Anne Unwin at RSA HO on 01305 259911. MSYS 'Walk & Shop' posters are available as a free download at: www.myshopisyourshop.co.uk/think.asp

Act now and encourage even more of your customers to Walk & Shop Locally with you.

