



Multi-Line Manufacturers Sales Representation Organization Selling to Independent Retailers

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Today's Retail Terms Every Retailer Needs to Know

New terms come from the technology and trends that are reshaping the retail marketplace today. How many of the terms presented here are you really familiar with? Read on and empower your mind for retailing today.

Anchor Store

Also known as “draw tenant”, “anchor tenant”, or “key tenant”, an anchor store is one of the largest—if not the largest—store in a shopping center or mall. Some shopping centers and most malls will host multiple “anchor stores”. Well-known department store or retail chain with generous advertising budgets are typical “anchor stores”. For smaller retailers, without those generous advertising budgets leasing space in an anchor center will get your store noticed by loads of foot traffic, providing new prospects.

Bacons

Bacons depend upon bluetooth technology actually powered by BLE (Bluetooth Low Energy) technology. A beacon delivers customized messages from the store device to consumers bluetooth enabled devices, such as smartphones, smartwatches, tablets, etc.

Bacons have the ability to “recognize” customer carried bluetooth devices as they move about inside or nearby outside the store and send a custom message. The beacon identifies the customer and sends a customized message based upon where they are in/near the store.

As an example, you could be driving down a road, near a store which you have shopped and participated in a loyalty type program. The beacon finds your bluetooth device and sends a message: “now serving tea, stop in for a free sample”. Then when you enter the store, another message can be sent that says, “Welcome back, New dresses are now in stock”.

Bacons also deliver in-store analytics for the retailer, such as: measuring foot traffic, dwell time per department and more per customer. This allows retailers to enhance their customer relationships.

Big Box Store

Big box stores can be found as an anchor or as an outparcel - stand alone building. Think: Lowes, Target, Costco.

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Brick and Click

Retailers offering consumers to order on-line merchandise, and make it available for quick pick-up at the retail store location. Some retailers have special 'reserved' parking for customers just to pick-up the order. Wawa and Dunkin' Donuts are two examples of retailers that others allow consumers to place orders from their APP just minutes before arriving at the store, so the food and beverage order is ready when you arrive. *Also see CLICK & COLLECT and HIGH SPEED RETAILING.

Cashwrap

The main checkout area of a retail store is called the Cashwrap. It's where the cash-register and bag/wrap is located.

Click and Collect

This service while similar to "Brick and Click". Instead of being on the go, Click and Collect refers to consumers making a purchase generally from a stores website from the comfort of their home. They service generally allows free shipping to the store location where you want to PICK-Up the merchandise at a later date. Most stores will 'hold' the merchandise for up to 2 weeks, for you to collect.

Cross Merchandising

Cross Merchandising is the practice of shelving or displaying or putting together products from different categories to drive add-on sales. A savvy retailer will add jewelry and a purse, perhaps even a hat to the mannequin that is featuring a dress for sale. This is cross-merchandising at work.

Clienteling

Clienteling has several names, RELATIONSHIP RETAILING is another. This technique used by retail associates to enhance their relationship with each customer. Relationship-building activities might include customer relationship management tools to collect and track customer data, sending special offers to these customers, birthday recognition, invitations to special events and sales and providing personalized shopping experiences.

Contactless Payments

You have likely seen and used this payment method, if you do not already employ this technology at your POS. Payments powered by near field communication (NFC) is included with most new credit cards these days, plus is a system available with newer mobile devices, such as smart phones. Contactless payments are made by waving the NCF near the payment terminal, meaning the purchaser does not physically touch the POS. In the USA Contactless Payments is better known as MOBILE PAYMENTS.

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Dead Stock

Something no retailer ever wants! Merchandise that just does not sell, sits on a shelf too long or has not sold for other reasons. Often this can be 'seasonal' items, that may be packed away until the next 'season' begins. Usually it's product that is not in demand or was priced incorrectly.

Sometimes the best way to move Dead Stock is to donate it for a tax break, if you can use that, or by means of aggressive sales. Depending upon the cost of the product and the quantity on hand, you may consider it for a loss leader or a freemium - Free gift with other purchase.

Drop Shipping

Sometimes, retailers have arrangements with a manufacturer or distributor of products, where the sale is made in store, but the customer does not take the product home at that time. Instead it is later delivered by the manufacturer or distributor.

Dynamic Clustering

This refers to your entire customer base. This can be a typical situation for retailers that have many units, perhaps dozens of units on one state or even more units across many states. When you have a fragmented customer base (i.e. your customers are scattered across different locations or fall under various socio-economic categories).

In order to identify buying patterns, trends/styles likes and dislikes across your customer base, creating a Dynamic Cluster model helps retailers to identify patterns across the whole of the business and predict what type of product will sell better in which location(s).

Etailing

Short for "Electronic Retailing", this is the practice of selling goods over the Internet. Etailers come in all shapes and sizes, from big name giants such as Amazon and Zappos to neighborhood mom & pop stores selling items on their website.

Flash Sales

Related to daily deals, this term refers to sale events that take place for a limited time. Flash sales can last anywhere from several hours to a couple of days and entice consumers with huge bargains (usually 50% and up). The catch is, shoppers have to complete the purchase ASAP. This can easily be tied into a variation on the Click and Collect system. For example a retailer may hold a flash sale for her Facebook or Instagram followers. A message is established that the Flash Sale is coming (maybe beginning at noon today). At noon the Sale item or items are revealed on Instagram as well as in-store.

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The total number of units is revealed. The fun begins when each one is “reserved” on-line or shoppers call in to pay over the phone. The retailer sets the paid merchandise aside for customers to later collect.

High Speed Retail

Consumers can be impatient, so retailers find ways to make the sales cycle real short. Primarily to reduce lines and wait time. *See also BRICK AND CLICK. High speed retail is all about making the customer’s shopping experience go by much quicker. Examples of High Speed Retail can include drive-thru grocery stores, pop-up stores, mobile businesses such as food trucks, or any retailer that implements urgent promotions or limited-time sales.

Using of mobile Apps and POS systems is common practice in High Speed Retail. This is because mPOS solutions run in the cloud and can update every aspect of the business (inventory, CRM, payments, etc) in real-time. Most mPOS systems also come with convenient capabilities such as emailing receipts and processing mobile payments, making it easy for High Speed Retailers to conduct business much faster.

Internet of Things (IoT)

IoT is the concept of getting devices to “talk” to each other. More devices can connect to the internet, such as your smartphone and this enables them to communicate with one another.

Forward-thinking retailers use connected devices to streamline in-store shopping and communicate with shoppers. QR codes were made popular many years ago in Asia and although slowly adopted in the USA, this remains a viable way to connect with shoppers. A shopper can scan your custom QR code in-store and read up or view a video of the product for sale. This is an example that appeals to consumers that prefer to decide before she buys. A new headband that can be worn in many different styles, that links to a video teaching just how to fold and wear is but one example. This is an example of PULLING IoT.

Other uses of IoT include PUSHING IoT, whereby merchants using in-store devices to track real-time shopping behaviors and send (or push) tailored offers to customers. See also: BEACON.

Keystone Pricing

While KEYSTONE formulas have changed over the years depending upon the cost of the product, today it is almost constant. Keystone pricing is essentially doubling the cost of an item to create the selling price. However for low cost items this is not always the case. Retailers should adopt their pricing strategy early on. While some simply double the cost, others use a multiplier of 2.5 instead of 2., Yet others will double then add a dollar, to help defray the cost of freight or of gift wrap. Either way, many consumers are familiar with this practice.

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Loss Leader

A common marketing tool in retail, a loss leader is an item that's sold at a loss in order to attract more customers into a store. Once they're inside, the retailer counts on the customer to buy other things together with the loss leader, thus generating profits for the business. Too often, inexperienced retailers confuse loss leaders with heavily discounted cost and this is wrong. If your cost on an item is 50 cents you need to sell it for less than cost to be a true loss leader. Otherwise you're competing (not beating) with the EDLP (every day low price) formula.

Markdown

Unlike limited-time sales, coupons or promotional discounts, a markdown is a devaluation of a product due to its inability to be sold at the intended price. The price of the merchandise is permanently reduced to move inventory and make room for new products.

Mobile Payments

See also: CONTACTLESS PAYMENTS Technology that allows consumers to pay using their mobile phones, instead of traditional forms of payment like cash or credit cards. Mobile payment solutions come in many forms. These days, the most popular ones include NFC-based solutions such as Apple Pay or Google Wallet.

Mobile Shopping

Mobile shopping is becoming more commonplace everyday. In short it's about using your smartphone or other mobile device to buy products. To help combat the giant on-line resellers such as Amazon, Zappos and Etsy, many retailers have created mobile Apps to garner sales and deliver a faster buying experience for their customers.

Mystery Shopping

This is a smart activity practiced by market research companies, watchdog groups, or even retailers themselves to evaluate one store vs. others. Mystery shopping is generally used to compare customer service, retailer practices, pricing structures or compliances. A professional mystery shopper, will never let on that your retail store is being shopped. Often a purchase is made, sometimes returned and usually several questions are asked. The mystery shopper later completes a written report recapping the entire shopping experience from before walking into the store, until after leaving. Good reports include information describing the whole visit, appearance of the store, employees, merchandise, check-out experience and more.



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Niche Retailing

A retailer that specializes in one main product offering is a niche retailer. Hot Dog vendor, with one item (the hot dog) to stores that mainly sell one item, like eyeglasses are both examples of niche retailing.

Planogram

A visual diagram that depicts where and how merchandise should be arranged on store shelves in order to drive more sales. A planogram is a model that shows the best placement practices for positioning of merchandise. Since product positioning can influence consumers' spending, proper planning will maximize sales. Planograms also guide store mapping and use of spaces effectively.

Pop-Up Store

Pop-Up-Stores are temporary or short-term shops or sales spaces that come and go within a given period. Setting up in empty retail spaces, mall booths, or even in the middle of a park for a special event are examples of pop-up stores. Some retailers before securing a lease on a second location, test pop-up stores in various locations prior to committing for a long term permanent deal.

Prestige Pricing

High-end retailers selling lifestyle brands is the only place where you'll find prestige pricing structures. This strategy prices product at a high level in order to denote exclusivity, high quality, or luxury. When an item is prestigiously priced, it is meant to attract status-conscious individuals or consumers who want to buy premium products.

Italian car maker Lambroghini is one example, they produce a finite number of automobiles each year and sell every single one at full list price. They is never discounting or sales with Prestige Brands. Lifestyle brands such as Versace or Dolce and Gabbana are in this camp as well. If a consumer wants these items, they will pay full price.

Product Life Cycle

The series of stages that each product goes through when it hits the market. Introduction, growth in sales revenue, maturity, and decline are 4 of the basic stages. Smart retailers are on top of trends and fads and stop ordering product when the product has matured. In the product's decline stage being left with product that may never sell becomes a challenge to turn into cash. See also: DEAD STOCK.



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Point-of-Sale (POS) System

In short, a POS system functions as a cash register in its most basic form. Some systems that include advanced technology and serve retailers with CRM systems as well as inventory control, ecommerce, and a host of management reporting tools.

Private Label

Product that bears the retailer's label, yet is made by a manufacturer that they have a relationship with to provide the private label. The retailer markets and sells the product as their own.

Relationship Retailing

This is a strategy that businesses implement to build loyalty and forge long-term relationships with customers. Relationship Retailing can come in the form of loyalty programs, personalized experiences, or superb customer service.

RFID

Radio Frequency Identification, RFID is a chip embedded in an item's label or packaging. The chip stores information about the product and is primarily used for tracking purposes including security.

Shrinkage

Shrinkage is the difference between the amount of stock that you have on paper and the actual stock you have in-store. It is the reduction in inventory that has not been sold to customers. Common causes of shrinkage include employee theft, shoplifting, administrative errors or supplier fraud.

Stock-Keeping Unit

Commonly called "SKU", this term pertains to the unique identification of a product. It's used in inventory management and enables retailers to track and distinguish products from one another. A SKU represents all the attributes of an item: style, brand, size, color, etc.

Social Commerce

S-Commerce refers to retail models or ecommerce practices that incorporate social media, user-generated content, or social interaction. The role of social networks like Facebook or Twitter in S-Commerce isn't necessarily regarded as a platform to buy or sell; instead they assist and help drive sales.

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Mashable provides a great rundown of the types of **Social Commerce** on the web. According to the site, the seven species of Social Commerce are:

- Peer-to-peer sales platforms (eBay, Etsy, Amazon Marketplace)
- Social network-driven sales (Facebook, Pinterest, Twitter)
- Group buying (Groupon, LivingSocial)
- Peer recommendations (Amazon, Yelp, JustBoughtIt)
- User-curated shopping (The Fancy, Lyst, Svpply)
- Participatory commerce (Threadless, Kickstarter, CutOnYourBias)
- Social shopping (Motilo, Fashism, GoTryItOn)

Let's look at Threadless, as an example. Threadless is an online apparel store that sources its designs from its community. The company enables artists to earn money and recognition for their designs by allowing them to submit their creations to the site.

The Social Commerce aspect kicks in when the Threadless community votes and scores the submissions in order to determine which designs are chosen for print. The winning artists are then paid with cash prizes as well as royalties from their shirt sales.

Showrooming

Showrooming is what all brick and mortar retailers want to avoid. This is when a consumer shops your store, just to check out products and prices. Then returns home emptyhanded only to purchase the product on-line for a lower cost. Often consumers are scanning UPS in one store to check prices on-line, rather instantly.

Smart retailers provide great customer service and create the need to buy it now. Often good sincere customer can turn a showrooming shopper into a customer, because most people do not care about a few dollars, plus desire instant gratification.

Tribetailing

Think Abercrombie and Fitch - perfect example of tribetailing. A retail store that tailors everything it does to conform to one design, from in-store interior design, to branding, packaging, advertising - to a single niche, with a single message and look. You are catering to your tribe of customers, with a look and feel that pleases THEM, without regard to any other consumer. This also creates a perfect **UNIFIED BRAND EXPERIENCE**

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Unified Brand Experience

In retail, this concept is all about establishing a consistent brand or identity throughout multiple channels or platforms, including brick-and-mortar, ecommerce, or mobile. Whether you're marketing and selling to customers face-to-face, on your mobile app, or doing it online, you'll be able to deliver the same messages and give them the same great experience.

Webrooming

This is the practice of looking at products online before buying them in actual brick-and-mortar stores. It's the opposite of showrooming, where customers look at products in physical stores only to buy them online. Image-based websites and social networks such as Pinterest or Instagram help perpetuate webrooming. Users see items that they like while browsing these sites and then go out in the real world to test or try them on, and buy them instantly.

Thanks for the read! Please share this with other retailers.

Retail Dove takes the risk out of retail management in many ways.

Simply click over to: <http://retaildove.com> for more information on retailing. Free for any retailer.

Register on our site for even more FREEBIES and helpful information and to use SWAP SHOP.

There is no cost for Retailers to join. This is a service pioneered by Retail Dove.

WHY YOU SHOULD JOIN:

As of today, this is the only internet resource designed and created specifically for the independent retailer – which provides B2C Intelligence, awesome and timely information that you may implement in your business – **all FREE of charge!**

Member information is kept confidential, we never share nor sell any list information.

WHAT YOU GET:

* Valuable Brick and Mortar Retailer information

* Full Access to all Blog Posts: Loaded with: HOW-TO information for Retail Operations & For increasing RETAIL SALES

* Connect via Swap Shop with other retailers to: buy/sell/swap merchandise, store fixtures, supplies, etc. FREE Classified ads!

* Secret Retailer Tools and Forms (FREEBIES)

*Even more tools for Retail Dove Customers.

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