

Stores need to excite, execute, entertain

To survive in 2009, merchants have to aggressively court reluctant consumers with exciting products, prices and service.

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NEW YORK (CNNMoney.com) -- Merchants are desperate to lift sales. Consumers are wary to spend money. So how can struggling sellers still get shoppers in the store?

It's simple, analysts say. Focus on the basics of retailing 101: Products, price and service.

"The worst thing retailers can do in this environment is hunker down," said Jack Hender, president and of Net Worth Solutions, a retail mergers and acquisitions firm. "It gives the impression that the company has put it's head in the sand."

Survival means different things to different people, said Joel Alden, principal with the retail practice of A.T. Kearney, a global management consulting firm.

"When you're marooned on an island there are two ways to go," Alden said. "You can eat berries, sleep and learn how to survive." The other, more productive option, he said, is to "fish, build fire and shelter and [become] stronger while trying to survive."

Even in a recession that has already bankrupted more than half a dozen retail chains, experts say merchants have to ensure that they keep a laser focus on evolving to the changing needs and wants of their shoppers.

Retail experts offered some of the guidelines for stores to hold their own - or even gain ground - in these hard times.

Don't neglect customer experience. "Customer experience is always No. 1 with consumers," Alden said, adding that long lines at the checkout and uninformed store staff can turn off potential buyers.

Avoid discount mania. Retailers should avoid drastically slashing prices in desperation to pull in shoppers.

Retailers have to differentiate themselves from the pack by giving shoppers value beyond price.

"Suppose your fridge breaks down and you have to replace it quickly," Alden said. "[Consumers] will look at price and who can quickly deliver the new fridge and take the old one away."

Merchandise is key, not just the type of products but also the amount of products crammed into a store. While product variety appeals to shoppers, a cramped and messy store can also be a turn off, he said.

"There's a dizzying amount of product in stores [today] that it's almost hard to shop," Alden said.

Also, Alden said a recession doesn't mean consumers across all income levels are trading down.

Since wealthy consumers are still spending on pricey name brand merchandise, albeit less frequently, Alden said luxury retailers shouldn't rush to chop prices that could dilute the value and perception of a luxury brand.

Further, he said these retailers need to avoid training their customers to shop at discount prices.

Have the right number of employees at the right time. Layoffs are inevitable and will probably accelerate in the months ahead. "But labor effectiveness isn't about the number of people you employ but having the right staff in the right place at the right time," said Alden.

Simply cutting jobs could derail customer service, hurt revenue "and then you have to take the hatchet to jobs again," he said. "Take out inefficiencies but don't compromise on customer experience."

Play offense. To stay in business through the downturn, merchants have to seize growth opportunities, experts said.

Some retailers still have a strong balance sheet despite eroding store sales.

Alden said. "Look at acquiring weak competitors. Cherry-pick top talent from your competitors."

Hendler said struggling department stores should consider buying specialty retailers that would bring a specific brand recognition to the store's clientele.

He gave a hypothetical example. "Macy's could acquire American Eagle Outfitters and leave it as a freestanding business," Hendler said.

Eventually, he said the acquired brand could be turned into retailers' private label brands that typically have a higher profit margin.

Reevaluate your stores and close underperforming locations. "This falls into retail 101 that [retailers] should always be doing," Alden said. To top of page