

## Boosting Web Sales

Making sales on your web site is becoming more important every year. But who wants the hassle of trying to keep store systems updated with Internet sales? Automated integration of brick-and-mortar and Internet channels has long been a high priority for retailers, and system vendors are responding. "We have put a lot of effort into this area," says Celerant's Michele Salerno. "We offer software that utilizes a centralized database, so there is no longer any need for double order entry. The software updates inventory and sales records in real time."

New systems also allow you to use your web site to promote your store. Planning a class, demo, or other special event? Adding some new merchandise you want the world to know about? Wouldn't it be great to easily update your web site with this information? In the past that process has meant working with web creation software and uploading files in a procedure that is awkward and error prone, especially for retailers who may not be technically oriented. Today, it can all be done with a web Content Management System (CMS) built into the retail software.

"The CMS is a tool that allows the retailer to log in via a browser and quickly and easily upload images and text content to update non-product web site pages," says Salerno. "It allows for posting of events, employment opportunities, announcements, and can be used to manage employee scheduling, using a built-in facility that is as easy to use as Word." You can even manage and update a blog, which will allow readers to post comments. Continually updated content, notes Salerno, not only stimulates customer interest but can help with search engine optimization.

Don't yet have a web site that's fully integrated with your in-store sales? POS vendors are trying to make it easier for retailers to resolve that issue. "We are implementing a new system which will allow a retailer to create a web site with templates, add images, and use PayPal or Google checkout," says GiftLogic's Martin Altmann.

## POS Systems

*By Phillip M. Perry*

A customer brings an expensive item to your returns counter for credit. But there's a catch: Because he received the item as a gift he doesn't have a receipt.

Sound familiar? Maybe you've struggled with the problem of responding to similar requests. Refuse to honor the return and you risk alienating this person as well as the item's purchaser, who might be a valuable long-time customer. Allow the return, though, and you risk financial loss: Maybe the item was really shoplifted, either from your store or from somewhere else. And even if it was a legitimate purchase, how can you tell if it was bought full price or on sale?

It used to be there wasn't much help for this kind of a problem: You made a decision and took your chances. Today, though, the problem of questionable returns is being resolved by sophisticated point of sale (POS) systems that are replacing cash registers. Reason: Modern POS systems are able to print "gift receipts" that omit prices but contain bar codes that reveal date purchased, price and even the customer's name.

In a similar vein, POS systems can help you cement bonds with your loyal customers. Suppose a long-time shopper returns an item but has lost the receipt and has forgotten the price. Today's systems allow you to search your computerized sales list by customer name to confirm the transaction and assure you refund the amount paid.

### New and Improved

As these comments suggest, modern POS systems are introducing a host of benefits that can help fatten the bottom lines of retailers large and small. "A POS system is cost effective for any retailer, whether for one or 100 stores," says Michele Salerno, Marketing/Communications Manager at Celerant, maker of POS software used extensively in the sporting goods world ([www.celerant.com](http://www.celerant.com)). "Technology that was once available only to large retailers is now available for small ones. New features in retail software minimize manual labor, increase efficiency and reduce human error, save money and help to stimulate more sales."

There are many things you can do today with your POS system that you couldn't five or 10 years ago. And these things really matter to the profitability of your store.

Here are two areas where even the smallest of retailers can find tremendous value:

**Better customer marketing.** Today's systems can help retailers better serve their most loyal customers. "Our system has a Customer Relationship Management (CRM) module which allows retailers to track purchase history and look up the current status of any rewards program," says Celerant sales executive Lisa Gaier. "And pop-up messages at the POS will prompt cashiers when a loyal customer is within a threshold of qualifying for a discount, so the cashier can suggest an additional purchase."

And more: "Retailers can now grow their business by directly emailing their customers from the same system they use to ring up sales and track inventory," says George Coughlin, Group Manager for Intuit Point of Sale Marketing, maker of the "Quickbooks" program used by many stores ([www.quickbooks.intuit.com](http://www.quickbooks.intuit.com)). "It's now possible to increase foot traffic by sending emails to categories of shoppers, such as top customers, shoppers who've not been in for a while, or customers who don't yet know about the latest release from their favorite brand."

**Advanced sales analysis.** "Today's reporting goes much deeper than end-of-day totals," says Coughlin. "Retailers can now know where their customers are coming from, the best days for sales, which products make up the majority of their sales, and even sales by hour so stores can plan their staffing."

That last ability to analyze store traffic can be especially important, according to Kerry Lemos, CEO of Retail Pro, a vendor of POS systems ([www.retailpro.com](http://www.retailpro.com)). "Who comes to your store on what days and time? An answer to that would help you match your staff scheduling with your customers."

That doesn't necessarily mean putting the most people on when the most shoppers are in the store, adds Lemos. During busy times people tend to buy without assistance, but that may not be the case otherwise. "You may decide to schedule your best sales people at your slowest periods when they have sufficient time to convert walk-ins into paying customers," he says. "Maybe your traffic report says you get five clients on Thursday morning and only one of them buys. You may want your best sales people on hand to convert the other four."

### Not Too Expensive

So POS systems offer real benefits. But maybe you're concerned about cost. Aren't these things expensive? Aren't they really available only to the big retail chains?

# Ring Up Profits

Absolutely not. Thanks to rapid advances in computer microchip design and the economies of scale that are rippling through the data processing industry, even the smallest of independent stores can benefit from bleeding edge design. Fact is, technology costs have dropped to the point where everyone can climb on the POS bandwagon.

“With technology moving forward, prices have dropped quite a bit recently,” says Martin Altmann, a sales representative with GiftLogic. “For \$2,000 you can get a complete system including computer, bar code scanner and receipt printer. After that you just pay a monthly or annual fee for maintenance.” Altmann says his company’s annual support fee is \$500. “The retailer owns the software and gets software bug fixes as part of the fee.”

There is also a monthly charge for e-commerce. First there is a \$300 activation fee, followed by monthly fees of \$25 for up to 50 products or \$65 for up to 5,000 items.

Those prices are typical of POS vendors, who are battling to secure the business of smaller retailers after nailing down just about all the big chain business to be had.

And you can get by still cheaper. If you already have some good computer equipment on hand you can even purchase the software on your own and install it yourself. The Microsoft retail management system, for example, is under \$1,200.

## Top Performance

Of course, pricing will be one factor in your selection. But taking the cheapest route may not be the wisest move. Given how inexpensive complete systems are today it may be far more cost-effective to go with one of the leading vendors and benefit from their expertise and technical support.

Indeed, trying to bargain for a better price may backfire in terms of limited support. “Instead of trying to get a good deal I usually sway clients the opposite direction,” says systems consultant Jeff Haefner, author of *The Retail POS Software Buyers Guide*. “I urge retailers to think in terms of return on investment, not cost. This is an investment that will make you money, and you, as a retailer, want to maximize that investment. Don’t save a few bucks and settle for a system that won’t do what you need. You’ll just waste time and lose money.”

A good quality supplier will spend time teaching you and be available for assistance whatever the hour. An unreliable or a poorly supported POS system will just cause you to waste time and miss

opportunities, says Haefner. “You don’t want to skimp on something that could make you a lot of money,” he said.

So just how much should you be spending on a really effective system? “An estimate, based on industry standards, is that a retailer should spend anywhere from two to four percent of annual sales as a budget for the initial investment for an automated business solution,” says Celerant’s Gaier. “We have found this to be pretty accurate whatever the size of the retailer.”

## Due Diligence

While the benefits of new technology can be attractive, shopping for the right system can be daunting. Help is at hand in the form of a searchable Internet database of nationwide vendors. Point your browser to Haefner’s site, [www.possoftwareguide.com](http://www.possoftwareguide.com) which charges a \$39 annual fee for access to nearly 400 POS vendors which can be sorted by region, types of services offered and many other parameters. Your fee also entitles you to a copy of the e-book *The Retail POS Software Buyers Guide*.

Once you’ve selected a handful of prospective vendors, perform due diligence before deciding which one is right for you. Do not buy a system without getting references. Ask each vendor for the names of five to 10 retailers similar to you. They should also be situated nearby so you can hear reports about the same representative who will be servicing your equipment.

Ask questions that will help you understand how you are likely to be treated by the vendor. How well does the system work? Does it provide all of its promised reports and services? How does the representative respond to service and upgrade requests?

Picking the right system will position your retail operation for maximum profits in the years ahead. “You just can’t run a good business today without having the numbers in front of you,” says Haefner. “A POS system gives you the numbers you need. It allows you to make better decisions, lower inventory costs, improve sales, save time and provide better customer service. I can’t imagine running any store, small or otherwise, without a POS system in place.”

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## SaaS

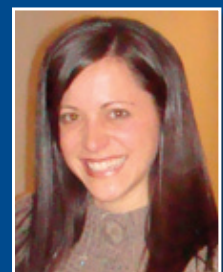
Look for attractive new POS purchasing channels in the months ahead. More vendors are starting to promote an arrangement in which the retailer does not have to purchase any software at all. Instead, the vendor loads the software on its own remote computer, which is then connected by telephone lines to stores who “rent” use of the software. This is called a “hosted solution” and is being marketed to stores under the acronym of “SaaS” (pronounced “sass”) which stands for “software as a service.”

“The retailer with one or two stores will benefit most by SaaS because of the lower cash outlay,” says RetailPro’s Kerry Lemos. “Perhaps equally important are the benefits from economy of scale. Vendors will continue to develop software initiatives for large retailers, then automatically roll out the software upgrades to smaller retailers who would not otherwise be able to afford such solutions.”

Backups and bug fixes can be handled remotely, saving retailers considerable time and trouble.



Lisa Gaier



Michele Salerno