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Why Eliminating From Your Product Assortment Matters

Sid Raisch

One of the toughest challenges in retail is to figure out what to sell to whom and when. There are so many directions to go with your product assortment, ranging from the very narrow strategy of capitalizing on a unique niche to the widest possible category killer (aka trying to be all things to everybody).

Figuring out where the retail opportunity is in your market and matching that to your capabilities can be like figuring out a Rubik's Cube. As hard as you rack your brain to figure it out, you won't get all the pieces in the right places in one sitting, or maybe even a lifetime of sitting. The best you can hope for is to find your assortment "survival spot" and then stay within it.

Retail is an unfriendly environment to the uncertain. The fewer the years it takes to figure out your product assortment, the better for your customer and for you. There are three basic foundational building blocks to a product assortment, so let's begin with those.

Overestimating Your Marketplace. The type of customer and the number of them within reasonable distance from your store will determine your range of opportunity. Yes, you can choose what you want to sell, but in the end, if you don't have enough customers able and willing to buy it, they'll decide how successful you'll be for you. Failure to be realistic in expectations about the size of the market potential is, in my opinion, one of the top problems leading to failure among retailers. The penalty for over-estimating the market is that you have too much stuff for too few customers and you'll choke on slow-turning inventory. There's no money to be made from that, is there?

Underestimating Competition. Almost everyone is over-confident in sizing up their competitors. Call it pessimism if you want, but even the most optimistic retailer zeroes right in on their competitors' weakness while overlooking their strengths. The first thing they see is the opportunity the competitor is missing to sell something else, or to give better service, or to offer lower prices and off they go solving problems that may not need to be solved.

Overestimating Your Own Abilities.

I have a gift to share with others; things I see that they don't. When I see a retailer, I see their invisible best

friend they don't know they have with them. She's been named Rosy Outlook (thank you, Ned Wilson). Rosy sits on their shoulder and whispers suggestions softly in their ear: "Sure, we can sell that." Too often she's wrong. When challenged she'll say, "All we have to do is sell half of it and the rest is paid for!" Come on and admit it. A Rosy Outlook lives on your shoulder, too, doesn't she? And she gets you in a lot of inventory trouble whether you want to admit it or not. Now you know who to blame.

The Art of the Niche

I was recently accompanied by two staff members of OFA—The Association of Horticulture Professionals on a whirlwind garden center tour. Along for the ride were Alicia Rittenhouse and Adriana Quinones-Riccardi. During the two days, we got to know each other pretty well. After talking about the garden centers, food became the topic and Adriana brought up "Cane's." If you don't have a Raising Cane's Chicken Fingers restaurant in your market you'll sooner or later discover them and be hoping they show up soon. We don't have a Cane's where I live yet, and before I left Columbus, Ohio, that day, guess what I bought to eat for my dinner on the way home?

Cane's has mastered the niche of the Chicken Finger—Colonel, go home. Cane's Chicken Fingers are made from real chicken white meat and fried golden brown. They're served fast and hot. You can get them as a basic meal with fries, Texas Toast, Cane's dipping sauce and a Coke product, or you can go all out and order the coleslaw with them. If you'd prefer a sandwich, they'll put your three Chicken Fingers on a bun. It doesn't take a big market to support a Chicken Finger store as long as they're good enough that everybody that eats chicken eats Cane's. Are Cane's Chicken Fingers special? Really special? Nah, but they're a notch above their competitors because Chicken Fingers are the only thing that can or will distract them and their customers from their Chicken Fingers. See for yourself at www.raisingcanes.com/menu. Be sure to read the "About Us" and "Community" sections while you're there. You may become inspired.

Where to Begin

One of the secrets of greater success, the Pareto Principle was discovered in 1906 by Italian economist Vilfredo Pareto who observed that 80% of the land in Italy was owned by 20% of the population. Today, the Pareto Principle is commonly known as the 80/20 Rule, which says that 80% of the effects come from 20% of the causes.

You've probably learned about the 80/20 Rule, but you have probably NOT learned about the SECRET application of the rule. It's profoundly simple, and simply effective. Here it is: in order to capitalize on the 20% of your causes, you must first eliminate from the least contributing among the 80% of them. That's it. First, remove the LEAST meaningful obstacles to your success. This will free you from the bondage of the things in life, or in this case from that part of your product assortment that keep you from benefitting from your hard work, because you'll then be able to better focus your resources. You'll have more time, money, concentration and less distraction—and so will your staff and your customers.

If there's one thing you can do to become more successful, it's to narrow your niche, and the sooner you get started the better. This is the best advice I can give you and the only advice I should give you. In fact, it is the only advice I will give you. Narrow your product assortment. If you narrow it some by eliminating the things that matter the least or don't matter at all, you won't go wrong. If you narrow it a lot and do it very skillfully, you'll go very right. **GP**

Sid Raisch is founder of Horticultural Advantage, a consulting firm to independent garden centers and Service Provider to The Garden Center Group. He has created the Advantage Development System to help client companies increase effectiveness to earn greater profits. Sign up to learn more at www.AdvantageDevelopmentSystem.com. Sid can be reached at Sid@AdvantageDevelopmentSystem.com.