

*One Step Retail
Solutions Webinar*

**The Truth All Retailers Should
Know About Surviving in the
2009 Economy**

Presented by One Step Retail Solutions





The Retail Economy 2009

How to Survive and Even Expand in 2009

Presented by:

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Agenda

- Current state of affairs
- Problems vs. Opportunities
- What to watch out for
- Where the opportunities exist
- The case for expansion –
Practical, Practical, Practical.
- How to prepare for the future



Has it been that long?

- February last year we first started writing about how to survive the coming economic downturn.
- Today every trade publication, website, newsletter, seminar, etc is talking about it.
- In fact you're probably sick of hearing about it.
- Has your business been through an economic downturn before?
- Do you know what to do?



What's Next for this Economy?

- There have been more retail bankruptcies than in decades
- 2008 was up 1.4% but December was down 9.8%, a record.
- Google Retail Sales 2009, it's a pretty sobering picture.



An Introduction

- I imagine many are asking who is One Step Retail Solutions.
 - Why are we passionate about retailer's plight in today's economy?
 - Why do we think we can help?
 - What track record do we have to show that we can help even if we want to?



Experience Pays

- Scott Kreisberg, founder and CEO of One Step is a visionary in retail technology.
 - In the retail industry for 30 years.
 - A leader in the retail technology industry for 25 years.
- Survived 3 previous recessions and more importantly helped retailers through them.
 - Saw what retailers who survived did differently from those who didn't



Ahead of our Time?

- In March we did our first webinar on how to survive the upcoming economic downturn as a retailer.
- Articles like “bankruptcy vs. boosting profits” throughout this year
- We have actually seen a 10% increase in new store additions from our clients in 2008.



Problems vs. Opportunities

- Peter Drucker:
 - Solving problems only prevents damage
 - Opportunities are the key to expansion
 - Only by exploiting opportunities do we have the ability to grow and expand business.



An update on the problems

- Recent Chain Store Guide:
- New store openings show a decline of 17% over 2007
- Specialty Apparel – 33% decline
- Specialty Hard Goods – 12% decline
- 15% decline in overall capital expenditures



Real Estate Vacancies

- Record number of Store Closings in recent months.
- Some projections indicate as many as 70,000 retail stores will close in the next 6 months.
- Bankruptcies are making scary headlines for consumers.



Global Retail Theft

- Global Retail Theft reached 104.5 Billion in 2008
- That's 1.5% of sales
- Employee theft is the largest source of shrinkage in north America (46%).
- accounted for 38.4% of internal fraud (\$14.6 billion)
- 24% of internal losses in the form of stolen cash and gift cards (\$9 billion).
- Employee-theft sums were more than 5.6 times greater per incident than customer theft, averaging \$1,842 per.



Crime in Retail

- Fraud, theft and data breaches in retailing are accelerating at an alarming rate
- old-fashioned tactics as returns fraud, card-not-present fraud, employee theft, credit card cloning and shoplifting
- retail theft is also being facilitated by Web sites that sell fake receipts that thieves can use to obtain cash refunds for stolen merchandise.



How about some Opportunities

- Real estate prices dropping, construction costs dropping materials dropping. CSG mid December 2008
- Outlet stores – 15% growth in new outlets planned over the next 2 years.
 - Average outlet shopper is:
 - 58% Female
 - Average age of 43
 - 62% married
 - \$40K median income compared to \$33K market average
 - 74% home owners, 13% own second home



Some interesting Trends

- Green investments and image are still huge
- Made in America is catching some momentum.
 - It's not just for the mid-west truck owners but NYC's finest tailors and high end apparel.
- Lower cost labor market from layoffs



Now is the time for the Independent

- Independent retailers are outperforming many chains, a national survey has found.
- Holiday sales at independent stores declined an average of 5.0% from the same time period in 2007.
- That compares favorably to most competing chains, including Barnes & Noble (- 7.7%), Best Buy (-6.5%), Borders (-14.0%), JC Penney (-8.1%), Macy's (-7.5%), The Gap (-14.0%), and Williams-Sonoma (-24.2%).



An Expert Opinion

- John Adams – 25 years in the field
- Works with specialty store retailers, who's volume ranges from \$300,000 to \$40 million, to help manage change, maximize sales, improve cash flow, increase profits and solve problems within your business.
- What determines success or failure today for the independent retailer?



Sometimes its good being small

- **Promotions**
 - Independent Retailers often can leverage their vendors more and work not just on markdowns but on margin share.
 - Flexibility to enact promotions quickly.
 - Target promotions, how much does it cost?
- **Word of Mouth**
 - Historically the mainstay of independent retailers success.
- **Cost Cutting**
 - Being close to the business means you can cut costs without unknowingly killing the business.
 - Circuit City cut costs right to bankruptcy because they didn't understand their customers well.



5 stories of retailers that are finding ways to win today

- These are all clients of One Step
- NYC shoe Retailer
- Chicago based fast growing children's clothing retailer
- Los Angeles shoe retailer
- Growing chain of maternity stores in LA
- Independent apparel retailer in San Diego.



Knowing your business so you can know your customers

- Word of Mouth Advertising
 - Not a sales sign in the store
 - Packed on a Tuesday afternoon
- Knowing your customers
 - Costs 5X to get a new customer that to keep an existing one coming back.
 - Owner isn't in the back room trying to figure out what is going on in his business he is on the floor with his customers.



Managing Loss

- New business, opened 12 stores in 12 months.
- Saw an underperforming store.
- Replaced the manager
- Looked over reports and found excess returns.
- Recovered \$8000 in bottom line loss
- Prevented tens of thousands



Take the business to them

- Long time independent retailer trying to expand.
 - Knew where his customers were coming from and took his business to them
 - Sporting Events, Schools, other events
 - Expanding into other channels
- First he knew his customers




Back to the basics again

- High end maternity store
 - Traditionally focused on trendy new apparel.
 - Could be a hit but could be a miss.
 - Can't have that happen in today's climate
 - Instead focused on their core customer
 - No matter the economy people will still have babies.
 - Core merchandise with predictable margins



“I’m not buying into it”

- A long time customer of ours called out of the blue recently.
 - “I am not buying into the financial doom and gloom; I am doing quite well despite it. It’s all about proper inventory control. So many retailers freak out and put a freeze on buying. They stop buying what the customers need and then the customers go buy it elsewhere.”



Find out what everyone else is doing and do the exact opposite

- I have heard that from a variety of successful men and women over the years
- What kind of crazy Independent Retailer has the audacity to expand right now.
- You heard some stories of several that are doing just that.



Getting Real Practical

- *MAXIMIZE EVERY CUSTOMER*
- Rick Segal (www.ricksegal.com)
 - selling multiple items
 - suggesting more ideas/products than we ever had done in the past.
 - selling our promotional goods and our better merchandise as well.
 - collecting as much data about the customer as possible.
 - what they have the ability to buy from us, when are they most likely to buy, and how we are going to reach them.
 - employing the right people who know how to *MAXIMIZE NOT MINIMIZE.*



More on Maximizing the Customer

- *Maximize every customer who walks through the front door.*
 - *Sell the customer as much as possible.*
 - *Collect as much data as possible about the customer*
 - *Create a system of keeping in touch.*
 - *Create a system that encourages customer referrals.*
 - *Bounceback coupon.*
 - *Use coupons.*



If you didn't start 6 months ago then you better start today!

- Leveraging technology is vital
- These are what we suggested to survive the coming downturn and they are certainly requirements to get through the storm now.
 - Managing vendors for profit
 - Handling lower sales numbers while focusing on profits
 - Clearing merchandise that isn't selling to make room for merchandise that is
 - Strategic Markdowns to sell through all your merchandise at the highest margin possible vs. forced markdowns to clear it out at any price so you don't take a bath on it
 - Managing your customers to ensure profitability and high margin sales
 - Preventing loss
 - The technology systems required to enable you to make these analytical decisions



Opportunity Knocks

- Or sometimes it knocks you down...
- Study success and you find people who went against the crowd and created success often in the face of failure.
- Present day example – Intel
 - As the rest of the world just plain downsizes, Intel will spend \$7 billion to downsize its chips
 - upgrade its U.S. manufacturing facilities.



But why all this from a technology company?

- As you can see we are passionate about retail success
 - Again it comes from our founder
 - But make no mistake; success in retail today without technology is virtually impossible.
 - It's just too fast paced a world with too much competition for too few customers for you to not know your merchandise, know your customers, and leverage technology to be efficient in business.



You must find ways to utilize technology in your business

- The key to that is not the technology itself because there are plenty of options.
- Rather it's the partner that works with you that makes all the difference in the world.
- You have to leverage not just technology but the knowledge of how to use that technology in your business and that is what professional services are all about.



12 Month Tech Strategy

- You may not have technology
- You may have older not well utilized technology
- You may have great technology but not have a partner to show you how to utilize it.
- The time is NOW to get that changed
- RIS news: Inventory balancing across stores, pricing and promotion...



Is there really value in a technology partner?

- YES!
- An expensive paper weight is a liability
- One Step has been helping thousands of retailers for decades over three recessions to use technology to improve their businesses.
 - Work with a company that is focused on not just selling technology to you but rather on making sure you are successful with the technology
 - Align yourself with a partner that has done the things we are talking about here above and has helped literally thousands of retailers over the years



Don't Forget the 'Must Have's'

- **The 5 decisions any retailer has to make about his inventory.**
 - 1. Mark up
 - 2. Mark down
 - 3. Buy more
 - 4. Buy less
 - 5. Don't do anything



More Must Have's

- **The 5 most important Retail Key Performance Indicators for you, how to read them and how to interpret them.**
 - Days of supply
 - Turn
 - Stock to Sales Ratio
 - Sell Through Percentage
 - Gross Margin Return on Investment



The 6 Biggest Challenges Facing Independent Retailers Today

- The 5 things that you must have to ensure staying power, I am actually going to give you 6 (we have a research report that goes into details on these for you also):
 - Inventory Management
 - Employee management for customer retention
 - Shrink Control Measures
 - Multi-Channel shopping
 - Targeting and keeping your customers
 - Keeping up with changing retail technology



Lastly, the rebound is coming

- Our founder has a great saying “it’s not brain surgery”
- I’ll leave you with 2 thoughts:
 - Get these basic things down and leverage technology to do them well.
 - Be prepared for the rebound



Our Offer To You

- We don't just talk about this but we live it day in and day out.
- I'd like nothing more than to talk to you personally about your retail business.
- In fact we are offering a free business analysis for anyone watching this webinar.
- Let's see if we could both benefit from working together.



What Next?

We would love to discuss your technology strategy and how to overcome these challenges:

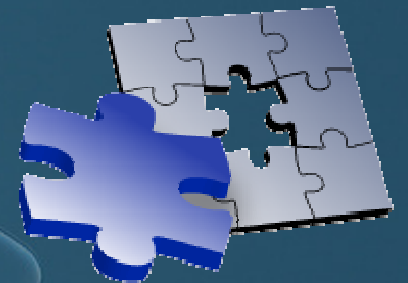
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