

ISPO ACADEMY MODERN SHOP STRATEGIES

**IN COLLABORATION WITH
PROF. DR. CHRISTIAN ZICH**

ENGLISH EDITION



INTRODUCTION

Within the last decade, the competitive pressure and struggle for existence has continuously increased in the retail market. The sporting goods industry and the companies operating within this branch of trade have been affected, too; on the one hand, they have to face the consequences of increasingly saturated markets, on the other hand, they have to confront the aggressive price war of big national and international corporations.

To succeed in this market as a sports retailer, you need to come up with creativity and flexibility. With the ISPO Academy Retail Booklet we would like to encourage you to think outside the box and give you new inspirations for your business. The booklet addresses both future sports retailers thinking about opening a shop as well as established entrepreneurs who will find new thought-provoking impulses and ideas. One of the most important goals of the ISPO Academy Retail Booklet is to foster the transfer of international know-how and to support your business in the successful positioning within the highly competed international sports retail market.

Each chapter contains useful tips and interesting statements of shop owners who have successfully stood their ground on the global market thanks to innovative ideas.

For this reason, the ISPO Academy Retail Booklet is a helpful and inspirational tool for your prosperous career in the sports business.

We hope you enjoy reading it.



Oliver Balzer

International Retail Manager ISPO

TABLE OF CONTENTS / IMPRINT

Modern Shop Strategies,
5th completely revised edition
 © 2013 ISPO ACADEMY
 A service by munchie Konsilium
 www.munchiekonsilium.com

Authors:
 Christian Mießner, Muck Müller, Sebastian Schulke,
 Andi Spies, Prof. Dr. Christian Zich

Chief Editor:
 Andi Spies
 www.textkommissariat.de

Translation:
 Melanie Schönthier-Bernhard
 www.lovingletters.de

Proofreading:
 Clark Bruce
 www.clarkbruce.com

Layout and Illustration:
 Alexander Flohr
 Tom Rossmann

Printing:
 Bosch Druck GmbH
 www.bosch-druck.de

Circulation:
 500

1	ESSENTIALS	08
1.1	Choice of legal form	10
1.2	Definition of business objectives	11
1.3	Choice of location	14
1.4	Strategic positioning	15
1.4.1	Competitor analysis	15
1.4.2	Selection/adjustment of business strategy	18
1.4.3	Selection/adjustment of the target market definition	18
1.4.4	Strategic merchandise planning/alteration	19
1.4.5	Strategic brand selection	20
1.4.6	Business process analysis	20
1.5	Characteristic management mistakes	22
2	FINANCES	24
2.1	Financial plans	26
2.1.1	Measuring the success of a business	26
2.2	Business Key Figures	27
2.2.1	General Business Key Figures	27
2.2.2	Specific Key Figures	29
2.3	Customer Relations Management	30
2.4	Supplier Relations Management	30
2.5	Budget preparation	31
2.6	Buying	32
2.6.1	Useful advice for negotiations and conversation	33
2.7	Accounting	34
2.7.1	Balancing	34
2.8	Merchandise planning and control systems	35
2.9	Payment systems	36
2.9.1	Planning of the use of payment systems	37
2.10	Security Systems	38
3	SHOP CONCEPTS	40
3.1	Classic multi sports shop	42
3.2	Flagship store	42
3.3	Franchise	43
3.4	Trade associations	44
3.5	Shop-in-shop store	44
3.6	Pop-up store	45
3.7	Concept store	46
3.8	Specialty shop / core shop	47
3.9	Mixed shop	47
3.10	Outlet	48
3.11	Rental and repair service	48
3.12	Eco shop	49

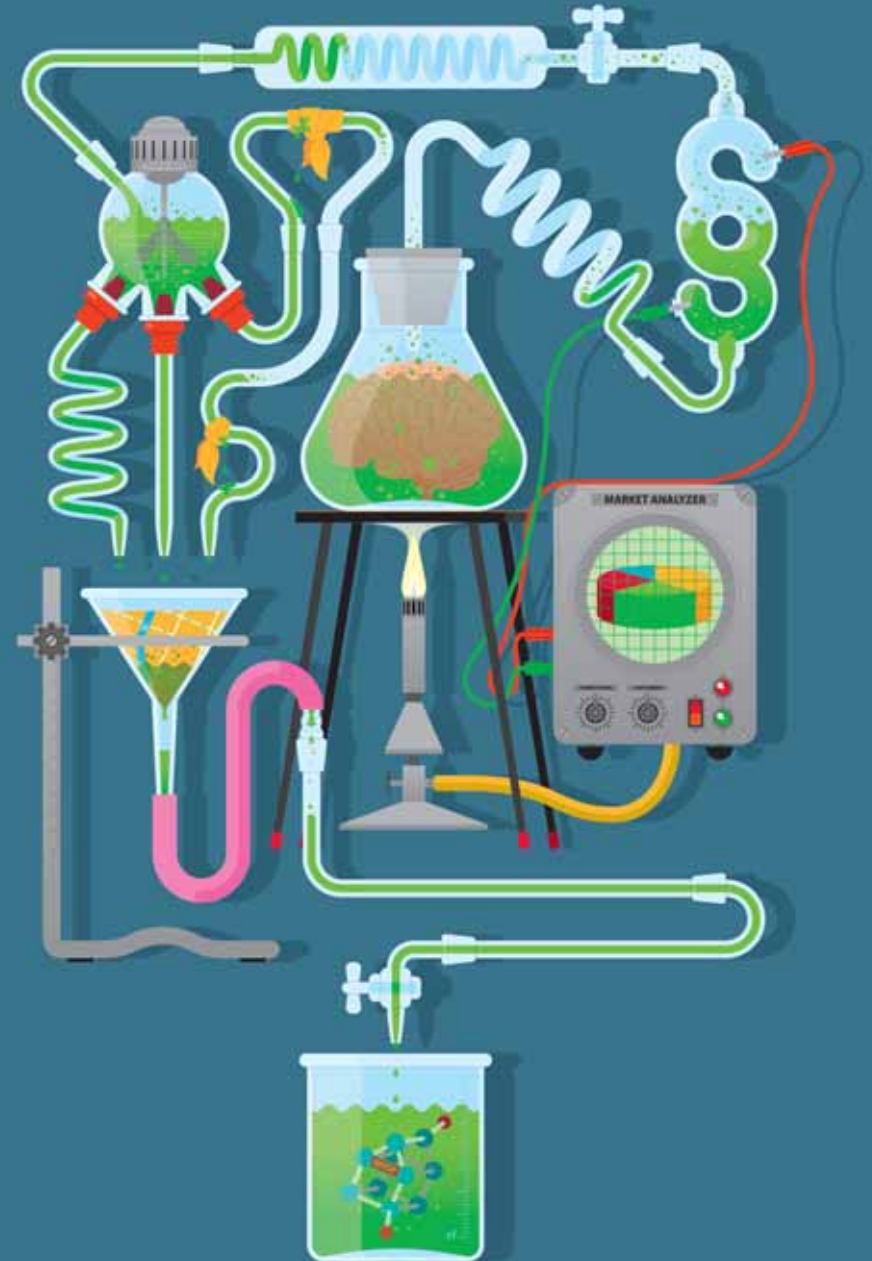
3.13	Online shop	50
3.13.1	Combination of stationary and online shop	50
3.13.2	Pure online shop	51
3.13.3	Amazon, eBay und Co.	52
4	SHOP DESIGN	54
4.1	Shop layout	56
4.2	Product placement	58
4.2.1	Entrance	58
4.2.2	Sales space	58
4.2.3	Men and women	58
4.2.4	Brand corners	59
4.2.5	Product presentation	59
4.2.6	Window display	60
4.3	Style	60
4.3.1	Interior	61
4.3.2	Music	61
4.3.3	Diversity	61
4.4	Ambiance	62
4.4.1	Outside facade, shop window	62
4.4.2	Fitting rooms, cash point	62
4.4.3	Product highlights	62
5	EMPLOYEES	64
5.1	The right employees	66
5.2	Staff selection	67
5.3	Staff marketing	68
5.4	Leadership	68
5.5	Staff motivation	70
5.6	Staff communication	70
5.7	Staff quantity	71
5.8	Staff quality	72
5.8.1	Product testing	72
5.8.2	Training/ advanced training	72
5.9	Customer preferences	73
5.10	Improve your sales skills	74
6	MARKETING	76
6.1	Marketing Basics	78
6.1.1	Marketing is not a department!	78
6.1.2	Why should my business become a brand?	78
6.1.3	CI - Corporate Identity, CD - Corporate Design and more!	79
6.1.4	Shop image	79

6.2	What good marketing should accomplish	80
6.3	Classic marketing	81
6.3.1	Advertising in the marketing mix	81
6.3.2	Advertising vehicle and material	82
6.3.3	Advertising planning	82
6.3.4	Print advertising	83
6.3.5	Catalogue, customer magazine	84
6.3.6	Events	84
6.3.7	Public and media relations	85
6.3.8	Team riders, opinion leaders, club sponsoring	85
6.3.9	Shop brands / trademarks	85
6.3.10	Knowledge transfer - a look behind the scenes	86
6.4	Focusing on the customer	87
6.4.1	The regular customer - an inestimable value!	87
6.4.2	Acquisition of new customers	89
6.5	Online Marketing	91
6.5.1	Facebook vs. homepage	92
6.5.1.1	Preparation	92
6.5.1.2	Shop homepage	93
6.5.1.3	Facebook	95
6.5.2	Google	99
6.5.3	Google+	101
6.5.4	Qype, Yelp & Co.	101
6.5.5	Other retail finder	102
6.5.6	Twitter	102
6.5.7	Newsletter	103
6.5.8	Other activities	104
6.5.9	Legislation	105
6.5.10	Conclusion: Maintenance, maintenance, maintenance!	106
7	INSPIRATION	108
7.1	Trade shows	110
7.1.1	Trade show preparations	112
7.2	B2B magazines & websites	113
7.3	Links / Literature	114
7.3.1	Subject: Basics / Finances	114
7.3.2	Subject: Shop Concepts / Shop Design	115
7.3.3	Subject: Employees	115
7.3.4	Subject: Marketing / Online Marketing	115

LIST OF REFERENCES, ABOUT THE AUTHORS	118
--	------------

1

ESSENTIALS



Before getting started with your own business, it is essential to give thought to some basic requirements and standards that are involved in opening a shop. In many countries, the state financially assists the foundation of an enterprise, while a bunch of different institutions and management consultants offer training and coaching for the founders of new businesses. This kind of assistance can also be accessed by entrepreneurs who have been self-employed for a few years.

In Germany for example, the national Board of Trade and the KfW (the national business development bank) have founded a program that supports founders of a new business and subsidizes consultancy fees up to 90% from the European Social Fund (ESF).

Starting your business with a professional consultancy helps set the course for successful self-employment. Catch up on the support programs offered by your country and use them!

1.1 CHOICE OF LEGAL FORM

Determining the legal form of your enterprise will result in personal, financial, fiscal and legal consequences. There is no such thing as the ideal legal form; each legal form has advantages and disadvantages.

Before making your choice, you should answer the following questions:

- How many persons will act as the founders of the enterprise?
- Who should operate the enterprise?
- How much equity capital can be raised?
- Does the enterprise involve a lot of risks and should the personal liability be restrained?
- Do you want to avoid formalities in the process of launching the enterprise?
- Should the enterprise have a high quality credit rating?

Fundamentally, the legal form of a shop can involve either the founding of a sole proprietorship or the founding of a corporation. As the name implies, a sole proprietorship is managed and financed by a single person. The advantage of this structure is definitely the large freedom in decision-making. However, there is a drawback in that the sole proprietor is fully and solely responsible for liabilities (also taking into account the private property).

For this reason, it is recommended to choose a legal form with limited liability. As the different legal forms for enterprises vary from country to country, the selection has to be in tune with the legal requirements of the country in which the shop will be launched.

The first step should be to meet with your tax advisor to discuss and determine which legal form is the most practical for your specific situation.

More information and an overview on the different legal forms can be found online:

For the USA:

<http://www.sba.gov/>

For countries of the European Union:

http://europa.eu/youreurope/business/starting-business/setting-up/germany/index_en.htm



In the course of business life it can make sense to change the legal form of your enterprise. For example, it may be that a general partnership is most advantageous at the start, but that an LLC is a more beneficial form at a later point in time.

1.2 DEFINITION OF BUSINESS OBJECTIVES

The foundation for any strategic planning is the explicit definition of your business objectives. As an entrepreneur you need to know where you want to be with your shop in one, three or ten years from now.

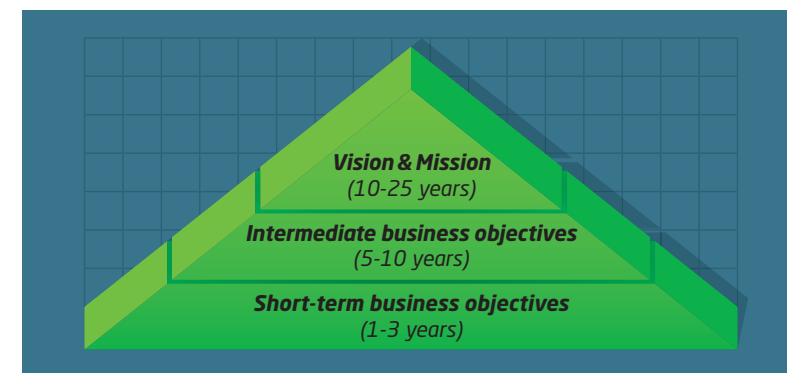
Only enterprises with clearly expressed objectives that result in a unique business strategy will be successful in the long run. A famous Mark Twain quote says: "If you don't know where you are going, you'll probably end up somewhere else" and points out why you should define distinct business objectives for your shop.

As a first step, you should determine the individual objectives of your company and at best differentiate between three categories: long-term, intermediate-term and short-term objectives. Start with the long-term objectives (Vision & Mission) and then go for the intermediate-term and short-term objectives. A vision / mission is not just a great slogan that popped up in your mind along the way. It is the most important guideline for your business that you should never lose track of. A successful vision combines the long-term objective with the shop's competitive edge and customer's value, both of which distinguish your shop from the competitors.



"Visions that are written on Power Point slides or hidden in computers are of no use for anyone. They need to become a part of your daily routine. Write the vision on a small piece of paper, put it in your wallet, take it out and read it each day. Like this, you can control if you are advancing with your vision step by step. If you didn't progress within the last weeks, you need to question if you are still on the right track."

Prof. Dr. Christian Zich, ppmt Marketing Consultancy, Weibing (Germany)



Examples:

Vision & Mission:

The vision for an online shop specialized in bike equipment could be defined as follows: "Our vision is to be the only company with a platform that people really enjoy, where they can find and buy all their bike products immediately, and to which they return with great memories."

Short-term and intermediate-term objectives:

They put the vision into numbers and should be expressed SMART.

SMART stands for:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealizable
- **T**erminable

The more clearly you define your objectives, the easier it is to review the achievement of your objectives. There are quantifiable and qualifiable SMART objectives.

Examples for quantifiable, market-related and financial business objectives:

- Market position (e.g. under the top 5 suppliers within three years)
- Market share (e.g. 5 % market share after the first year)
- Sales target (e.g. 200.000 € turnover in the second year)
- Break-even (moment when you break even)
- Profit target (e.g. 25.000 € profit after 12 months)

Examples for qualifiable objectives that are either focused on the customer or on the enterprise:

- Customer satisfaction (e.g. shortest response time for customer requests)
- Improved customer loyalty (e.g. turnover per customer raises to 300 €)
- Image (e.g. best rating in customer surveys)
- Staff-related (e.g. highest staff satisfaction)

After defining the long-term, intermediate-term and short-term business objectives, the corporate guidelines can be determined. Shop owners should ask themselves the following questions that we have answered with examples for a shop specialized in climbing equipment:

Who are we?

We are a shop specialized in climbing equipment that offers a premium product assortment.

What do we stand for?

Thanks to qualified advice and service, we stand for highest customer satisfaction.

What do we believe in?

We believe in high-quality premium gear that gets chosen according to the requirements of the customer to guarantee as much fun as possible while climbing.

How do we want to be perceived?

We want to be perceived as the meeting point for all climbers that are passionate about their sport and would like to be advised by qualified staff.

The answers to these questions will help to define the corporate identity and determine the basic orientation, thus the strategy of a shop.

Basically every enterprise carries an identity from the very start. Whether or not it is a small core shop or an online shop, every company needs a unique identity that represents the shop as a brand and distinguishes it from other participants (see also chapter 6 - Marketing 6.1.3).

Corporate Identity (CI) means that the communication and design of a shop and the behavior of its staff are well tuned before convincing the public, i.e. the consumer. The idea of Corporate Identity is to create a lasting and homogenous impression.

Therefore, the Corporate Identity involves:

- Corporate Design - describes the visual identity, in other words the homogenous face of the business (e.g. shop logo, color range, fonts, website, ...)
- Corporate Communication - defines the communication of the shop, in-house as well as in public (e.g. advertising, public relations, ...).
- Corporate Behavior - regulates the behavior of all people involved, in relation to each other as well as in relation to the public (e.g. customer talk, reclamations, services, ...).

“...”

“When it comes to corporate design, we try to gradually incorporate the Intersport message while enhancing the clarity of ‘Simply Sports’. Like this, the customer sees that we are an independent shop but at the same time part of the Intersport network.”

Adrian Pointer, owner “Simply Sports”, Oxted (UK)

The Corporate Identity comprises of far more than just the visual performance. It is the direction, philosophy, communication and the behavior of the shop and its staff. All of this should be clearly defined, followed and lived by all people involved!

The clearly defined company objectives and the subsequent derived guidelines as well as the Corporate Identity will help the entrepreneur to follow a continuous and explicit path when it comes to all questions concerning everyday business. They define the expectations of the shop and its employees and how these can be realized. With this foundation, important issues such as marketing communication and financial planning can be solved smoothly and become more object-oriented.

