



By Anthony Raissen

Not All Stores Are Created Equal

One of the myths that entrepreneurs labor under is that all retail real estate is good real estate — that all retailers are fair game for their products. So let me do a little myth debunking in the interests of helping you put your energy where it is most effective and eliminate the waste of a lot of time, money and effort where it may not serve you.

Most of the time when we are approached by entrepreneurs their first question is: “Can you get our product into Wal-Mart, Costco, Walgreens, Target, etc.?” My immediate response is: “Are you sure you want to sell your products to these companies or would you consider other retailers? And if you do want to pursue the largest retailers, do you understand what it takes to do business with them?”

Do you know why you want to sell your product to each retailer — other than the fact of wanting to do as much business as possible? Let me explain. Certain retailers cater to specific demographic and psychographic consumer profiles. Some are deep discount stores, some are low-end budget stores, and some are high-end stores. Each product that gets presented to a retailer must meet not only the needs of the consumer, but must also fit the profile of the shopper.

Next is the understanding of the number of stores that each retailer has. At right is a chart of the top 10 retailers in the United States based on sales volume and, to a lesser extent, on the number of stores they operate. The number of stores does not necessarily represent the sales volume of a particular retailer. Also, the chart points out that the different categories of stores account for different

sales figures not necessarily related to the number of stores. In the industry, this is referred to as “dollar-sales-per-square-foot,” “dollar-sales-per-inch,” or “dollar-sales-per-door.”

There is a large discrep-

ancy in dollar-sales-per-door, even in the same class of trade. There are many factors that contribute to this difference in sales volume: store locations, product selection, store appearance and store hours to name a few. The important element to focus on is: *which stores are best suited for your products and why.*

I also am often amazed at how little research is done by entrepreneurs before they embark on their retail quests. Take a look at the chart and see if you are aware of all the companies represented. If you answer “yes,” you are in the minority. If the list was expanded to include the top 50, there would be many more companies that you did not even know existed.

The key here is pointing out what is often not even on the radar of smart entrepreneurs. Far too often, the focus is on the elusive dream of hitting a grand slam on opening day as opposed to taking the time to learn about the ins-and-outs and intricacies of the retail business. Success is achievable, but only once all the facts have been analyzed and digested — and rational decisions have been made.

RANK	COMPANY	2009 SALES (EST.)	TOTAL STORES (EST.)
1	Wal-Mart	\$ 258,745,000	3,996
2	Kroger	\$ 73,733,000	3,619
3	Costco	\$ 71,422,000	563
4	Target	\$ 65,357,000	1,800
5	Walgreens	\$ 63,335,000	7,500
6	CVS	\$ 55,355,000	7,000
7	Sam's Club	\$ 46,700,000	580
8	Safeway	\$ 40,850,700	1,761
9	SuperValu	\$ 31,637,000	1,495
10	Rite Aid	\$ 25,700,000	5,120

Do your homework and spend the time looking at all the elements necessary for a successful retail program. There is a definite strategy to mastering the retail world. While it is not easy, it is definitely within your grasp if you are smart about the route you take. ■

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