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**CYBERCRIME IN AMERICA**  
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Cybercrime is booming business. According to Symantec's newest Cybercrime Report, the money involved worldwide with digital attacks is now almost as lucrative as the illegal drug trade - \$388 billion last year. In the U.S. alone, the total cost of cybercrime was \$139.6 billion last year. Applying the same percentages as calculated in the worldwide survey, that means that 30%, or \$42 Billion, was lost due to the actual attack and **another 70%**, or \$98 Billion, was spent on recovery. That's 98,000,000,000 spent in time and money trying to recover from cyberattacks.

The most common types of cybercrimes are viruses and Trojans that malicious programmers use to steal information or force a user's computer to join a botnet. (A botnet is a network of private computers infected with malicious software and controlled as a group without the owners' knowledge, for malicious purposes, e.g., to send spam.) Viruses or malware have at one time affected 56% of online adults. The second most common cybercrime is credit card fraud (18%) followed by phishing schemes (14%).

Here's a frightening thought. While 74 percent of respondents said they were always aware of cybercrime, many do not take the necessary precautions to protect themselves. Forty-one percent of adult Americans indicated they do not have up to date security software to protect their information online. Among those who access the Internet via their mobile phone, only 16 percent install up to date mobile security.

Here's a real life example: a small Dallas area café got a "real deal" on the purchase of a used computer system for the business. Both software and hardware were included. Although it was an older system, the owner was quite happy to have it. However, he never considered computer security because he thought the "credit card companies and banks take care of all that." Now, he has learned that his system has been violated. It could have been someone just sitting in the parking lot with a smart phone. (There's an App for that!) Everything stored on the computer, employee data, vendor data and customer data (and definitely some customer data) has been compromised. This owner had no security system and no firewall. And soon, he may have no business either. The additional cost of a firewall and computer security software is minimal but so many business owners choose to "save money" on that only to wind up paying excessive legal fees or computer data restoration fees.

If you'd like to read more about this serious and costly type of crime and its prevention, the Better Business Bureau in partnership with VISA, Symantec and KROLL has written an excellent article titled "[Data Security Made Simpler](#)." This is geared more toward the requirements of all businesses that accept credit cards as payment but can be a real eye-opener for anyone in business.

## TOP 10 MISTAKES OF ESTABLISHED RETAILERS (Part 3)

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You may wish to change the order of this list; but all of these are mistakes made by competent store owners and managers. Here is my list of top ten mistakes.

### 10. Excuse management

9. **The Lone Ranger** (Trying To Be The Lone Ranger)
8. **No plan** (Not Having A Plan)
7. **Neglecting disaster recovery** Needs
6. **The Way It's Always Been Done** (Always Doing Things 'The Way It's Always Been Done')
5. **Use of social media** (Not Using Social Media)
4. **Ineffective or no web site**
3. **Buying Cheapest** (Trying to Always Buy the "Cheapest")
2. **Purchasing merchandise based on "gut" feel**
1. **Hiring a criminal**

Last month we touched on neglecting disaster recovery and doing business "the way it's always been done." This month we will look at social media and web sites and buying cheapest.

**5. Use of social media** According to Information Week, 80% of Americans are on at least one social media site. Social media now reaches more than 80% of all Americans **12 years old or older**. If you are not using social media, you are not reaching a lot of potential customers. There are 1.3 billion of us on the social web, that's close to 70% of what's possible. Social media allows you to "... keep in touch with people with a level of regularity and intimacy that you wouldn't usually have access to, because time and space conspire to make it impossible." This is called ambient intimacy.

Here's the deal . . . with so many of your customers and potential customers using social media (most popular sites August 2011 were Facebook and Twitter), how can you afford to ignore it? This is where your customers are. Don't you want to reach your customers? Don't you want to be seen by your customers *and their friends*? Social media gives the store owner and sales associates the opportunity to engage with others and promote their business and merchandise without being intrusive in any way. Here's another statistic from Mashable.com, an infographic site (infographic is a graphic visual representation of statistics, information and knowledge in a concise usable form) , in an article titled: "What can social media tell us about American society?"

- \* 28% of American adults say they give advice about purchases on social media sites.
- \* 38 million Americans say their purchasing decisions are highly influenced by others.
- \* 90% of all Americans are connected via computer.

You need to have your store visible to your customers (so you can influence them) and their friends (those your customers influence). One of the nice things about social media is that it is easy to understand. If you haven't already, get started now.

### 4. Ineffective or no web site.

Since 90% of all Americans are connected to the web, you must be on the web. Your website represents your store, its presence in the community, the value it provides and the reputation of the store. You need both social media and a website. Social media allows you to build influence with a customer base, but a website shows your store and promises a pleasurable shopping experience. Gear your website to your customer base. Make it easy to read. There are all sorts of *decorative fonts, font colors* and **background colors**. It may look lovely and very artistic on a piece of paper, but once it goes

on the world wide web, you must take into consideration that each person's computer is a little different, contrast may be set lower on one person's computer than another's. In short, each computer screen's presentation of your site will differ a little. Therefore, make sure your site is easy to read and identify. If your website addresses your store as **KAT, INC.**, but your customers recognize **Township Apparel Center**, you may not be reaching your target audience. Go for plain, easy-to-read, familiar text and bright, clear images with descriptions for the visually impaired, given in a concise manner. You only have 1.5 seconds to get an individual's attention. Don't waste this quick opportunity on a page potential customers can't comprehend-not even if it looks good.

Also, make sure your website has the information your customers want. This may include: hours of operation, contact information including but not limited to store's phone number, physical location (a map is very good), direct line to tailoring department if appropriate, parking information (if applicable). Be sure to include whatever information a potential customer, or an established customer, may need to shop your store at their next shopping expedition.

Finally, make sure that on your web site right now the Spring Trunk show is NOT listed, unless you are announcing the Spring Trunk Show in **2012**. Your website needs to let your customers know that you are there and available to them. If your website still has your Mother's Day ads, you are telling your customers that you do not take care of your business.

Finally, a commercial designer tells us that you have about 3 seconds to snag the interest of a potential customer before they are on to the next site on the list. Put your most perfect, colorful images first. And in case you wondered, you really need both a website and social media. As you can see they serve different but necessary purposes. Link them, but use them independently.

### 3. Buying Cheapest

I had not thought of this as a top ten mistake but several other writers did. They listed everything from point-of-sale software to light bulbs. The problem with buying cheapest is that occasionally you get what you pay for . . . **or less**. It's about value. Your customer is looking for value; they want to see that you too are looking for value. They want to see it in your mindset.

What is a customer's first impression of your store? A clean, comfortable store or a store where someone knocks clothes off hangers as they shop because displays are too close together. Is there merchandise on the floor or stored on shelves that reach to the ceiling of the sales floor? Are the restrooms clean? Is the staff happy, pleasant and helpful? Do you have background music enjoyable to the majority of your customers? (You and your staff can listen to whatever you want on your own time.) Are there places in the store that need more light, or less? Does a south or west window blind shoppers during sundown? Customers form their impressions of your store with just a glance. Is your store, bright cheerful and comfortable? Are dressing rooms clean and neat? How do your employees handle the merchandise? Each of these affect how your customers view your store.

The problem of buying cheapest is applied frequently to computer system hardware and software. Sometimes the cheapest systems lack programs and reporting necessary for a store to function well (like not calculating stock turn rate or markdown percents) or it's very complicated to work with but staff training is available only at an additional (high) cost. Frequently, the cheapest systems do not offer adequate training but function with distress calls to customer support taking time from established duties, tying up the POS system, adding cost, and frustrating employees and customers alike.

Next consider computer hardware. A frequent item not included in the base price is a battery back-up. Many store owners may have felt that wasn't really needed - until a major storm knocked out power and the system suffered shutdowns and power surges. Many times, if the computer is damaged, these are not covered in insurance policies unless the computer system is kept plugged into surge protectors and battery back-ups. Now is a good time to check your coverage and what terms apply.

Consider packaging. When your customers leave your store with their purchases in hand, does the bag or box include your store name? Are clothes neatly folded or hung on hangers? How sales associates

treat your merchandise greatly affects the intrinsic value of your merchandise your customers have purchased. Merchandise wadded into a bag is perceived as cheap; respect what you sell.

This is not a suggestion to add gold plated faucets in the restrooms, just that you make investments in the highest-quality, practical items you can afford. If higher wattage lights make the store more pleasant and bright, change out the lights. Make sure mirrors and windows are clean. Take the time to spend with you staff to make sure they understand the latest and greatest whether that is use of the POS system or new textile content and care. It does take time and it does cost money, but the rewards can more than cover the cost.

Next month we will complete this series of articles by looking at buying based on a gut-feel and at employee theft.

### **4-5-4 RETAIL ACCOUNTING CALENDARS ARE READY**

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We now have copies of the 2012 4-5-4 Retail Accounting Calendar available. The calendars are printed on cardstock and have 2012 on one side and 2011, 2012 and 2013 side by side on the back to make it easier for you to compare one year to another. To request a copy, or several, for your store just email us with your request being sure to include your name, store name and mailing address or if you would prefer, we can email the calendar in pdf format for you to print as you choose. Readers outside the United States will receive the calendar via email in pdf format.

If you are not familiar with the 4-5-4 calendars and are not sure how it could help you, please visit our website at the-retail-advisor.com. Click on the "articles" icon on the left and scroll down the page to **THE RETAILERS CALENDAR.**

### **QUOTE OF THE MONTH**

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"You can't tiptoe into social media. You have to jump into the pool. People have a natural fear of it. But the scary part is not being there. Your customer is already there."

**Dave Saunders, Advertising, Marketing, Social Media Specialist**

### **OPEN-TO-BUY SERVICE**

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Good inventory control will help your company be more profitable, yet too many retailers keep buying too much. To find out how using an Open-To-Buy can help you, visit us at: <http://the-retail-advisor.com/open-to-buy.html>.

### **PEER GROUPS**

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Belonging to a Peer Group is a gift you give yourself! You will come away with new ideas to try out at your store to build your business and make more money. We offer 4 different levels of groups to fit your needs. To check them out and join one, click on the link: [http://www.the-retail-advisor.com/peer\\_groups.html](http://www.the-retail-advisor.com/peer_groups.html).

### **KEEP YOUR EMPLOYEES HONEST**

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Studies have shown that 48% of employees steal from their employer. Don't let dishonest employees walk out with your profits. Make sure you have in place the internal controls needed to help prevent employee theft. For more information visit us on the web at <http://the-retail-advisor.com>. Click on "Keep Your Staff Honest".

## DO YOU HAVE A WEB SITE?

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According to Discover Small Business Watch, 47 percent of consumers surveyed say they are more likely to use a small business that has a Web site. Despite the fact that so many customers put stock in a Web site, 45 percent of small businesses don't have one. If you are not on the web, you are invisible to these people! You can not afford to be invisible to a large portion of the population. For information about our web site development service, priced for the independent retailer, click on the following link: <http://the-retail-advisor.com/website-service.html>.

## BUDGET PREPARATION AND CASH FLOW PROJECTION SERVICE

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Studies have shown that those who prepare a detailed plan for their business are almost **twice** as likely to reach their goals. If you would like help with this important project, call 877-206-1299 or email [LC@the-retail-advisor.com](mailto:LC@the-retail-advisor.com) today.

## RETAIL JOB DESCRIPTIONS

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The best way to find the right employee for a position and make sure they are successful is to have a detailed job description you can use as your guide for both hiring and training. For information on our very detailed job descriptions in WORD format that can be easily customized by you to fit your store, visit us on the web at [the-retail-advisor.com](http://the-retail-advisor.com) and click on the "Job Descriptions" icon.

## WHAT WE DO . . .

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- o [Monthly Open-To-Buy Service](#)
  - o Open-To-Buy Implementation on Your System (if available)
  - o Merchandise Performance Evaluation
  - o [Shrinkage Control](#)
  - o Development of Incentive Plans
  - o [Development of Job Descriptions](#)
  - o Seminars On Retail Subjects
  - o Financial Analysis
  - o Financial Budgeting and Cash Flow Projections
  - o Computer/POS System Evaluation, Selection, Usage
  - o Policy and Procedure Development
  - o [Lead Tele-SWAP Groups](#) (Share With A Peer)