

High-tech means higher sales for many small retailers

November 11 2015, by Joyce M. Rosenberg



Brian Douglas is photographed at the Cream City Music store Wednesday, Nov. 11, 2015, in Brookfield, Wis. Cream City Music sells more than 1,800 items from guitar picks to vintage instruments on Reverb.com, a musical equipment marketplace. The retailer began selling on Reverb.com two years ago. Small retailers use high-tech innovations to build relationships with customers; they often can't compete with big chains on prices, so they aim at better, individualized service. (AP Photo/Morry Gash)

An independent retailer may not look like the cutting edge of

technology, but these small businesses increasingly turn to apps and sophisticated software to connect with customers.

Small retailers use high-tech innovations to build relationships with customers; they often can't compete with big chains on prices, so they aim at better, individualized service. Some of the technology is designed for smaller companies, while some retailers find ways to turn a widely-used computer program or app to their advantage. They're also able to implement technology faster than many giant retailers because they're not operating hundreds or thousands of stores.

"Using technology enables the small business to cater to a customer's needs," says Michael Moeser, a retailing executive with Javelin Strategy & Research, a consulting company based in Pleasanton, California.

One example: an app called Belly that lets shoppers accumulate rewards points at thousands of small businesses. It helps create an emotional connection between the store and shopper, Moeser says.

Another app called Dolly helps a retailer arrange for merchandise to be picked up from a store and quickly delivered to a customer, saving the shopper from lugging home big packages.

More ways that small retailers use technology:

GO WHERE THE CUSTOMERS ARE

Some small retailers sell on online marketplaces that specialize in one type of merchandise. The sites are similar to Etsy, the marketplace that focuses on goods like jewelry and clothes made by artisans.



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Cream City Music sells more than 1,800 items from guitar picks to vintage instruments on Reverb.com, a musical equipment marketplace. The retailer began selling on Reverb.com two years ago.

"People on that website are specifically looking for (musical) products," says owner Brian Douglas, whose company is based in Brookfield, Wisconsin.

Cream City Music has a brick-and-mortar store and a website, but wants to take advantage of any sales opportunity it can. It's getting results, Douglas says. Sales from Reverb.com are growing by double digit percentages each month.

AN ONLINE PERSONAL SHOPPER

Soon after online shoppers land on the websites for O'Neill Clothing and Metal Mulisha, the retailers' software starts suggesting products to buy. The recommendations aren't random; the software, a computer program called Reflektion, finds out where the shopper is located, and a few clicks on surf or motorbike clothes tells the system enough to start suggesting more merchandise. The more a customer clicks, the more information the system gathers, and the more likely O'Neill and Metal Mulisha are to make a sale, says Daniel Neukomm, CEO of the retailers' parent, Irvine, California-based La Jolla Group.

The software is more advanced than programs on other sites that make suggestions based on a shopper's order history, Neukomm says. If a shopper is looking at garments designed as active wear rather than fashion, the software will take that into account. If someone from Wisconsin visits the site, the software is likely to suggest hoodies rather than surfing shorts.

The number of visits to O'Neill and Metal Mulisha that result in sales has increased 25 percent because of the software. The more time a shopper spends on the sites, the more likely the program is to select an item a customer will buy, Neukomm says.



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"Like a good wine, it gets better with age," he says.

TEXT YOUR WAY TO A SALE

Tara Mikolay and her sales staff send hundreds of individual texts to her jewelry store's customers each week. About half lead to a purchase.

Mikolay, owner of Desires by Mikolay in Chappaqua, New York, tailors

each text to a particular customer, sending reminders to husbands about their wives' upcoming birthdays and including photos with suggestions about what they might buy. She texts women customers with photos of new merchandise that fit their style.

While individual texts are labor-intensive, they're more effective than mass texting would be, Mikolay says. Even when a customer doesn't immediately make a purchase, they're likely to buy when the next big occasion like an anniversary comes around.

"I could place full-page ad in a newspaper, but my chances for making a sale are next to none," she says. "But I spend time manually doing texting and get great results. It's a no-brainer.

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