



How to start a retail business from scratch:

A step-by-step guide to retail success.



Introduction

Welcome to Vend’s retail startup guide — a comprehensive “retail roadmap” that walks you through the ups and downs (and sometimes confusing parts) of setting up a brick-and-mortar store.

Outlined below are the steps required to start a retail business. You’ll learn how to choose what products to sell, how to select the right location, how to finance your venture, and more. To help you apply the things you’ve learned, we’ve also included action checklists after every chapter. These checklists include instructions as well as the time and materials required to complete each step.

On top of that, you will also meet people — not unlike yourself — who were able to open thriving retail stores. From a stay-at-home mom who turned her love for antiques into a retail store to an environmental scientist who decided to start a design shop, the examples in this guide will give you a better picture of the inner workings of a successful retail business (and how you can achieve it).

We did our best to arm you with the tools and resources needed to start a retail biz. We hope that by the end of this guide, you’ll have enough knowledge and confidence to open your store.

Let’s get started, shall we?

Table of contents

STEP 1 Decide what products you're going to sell	1
STEP 2 Size up the market and your competition	11
STEP 3 Zero in on the perfect location.....	21
STEP 4 Consider other retail channels	28
STEP 5 Figure out your finances	33
STEP 6 Comply with the laws, rules, and regulations in your area	41
STEP 7 Hire superstars	45
STEP 8 Gear up for your grand opening	56
STEP 9 Get real with the challenges of retailing.....	60
Resources.....	63
Conclusion	71

Step 1

Decide what products you're going to sell.

Your products are the cornerstone of your retail business. The question is, how do you pick the right ones?

Many factors come into play when you're deciding what to sell, but the top three things you need to consider are knowledge/interest, demand, and margin.

In this section, we'll discuss each of these factors in more detail so you can effectively decide what to sell.

1. Knowledge / Interest

While you don't have to know every little detail about what you're selling, you should have some knowledge or at least a genuine interest in it. Retail is already a challenging adventure as it is, so don't make it harder on yourself by trying to sell something that you don't like or that bores you to death.

On a more practical level, knowing your product well will help you make the right business decisions down the line. If you're already familiar with your goods, you'll find it easier to pick the right suppliers, find the best people, decide on pricing, etc.

Figuring out what to sell based on your knowledge or interests.

Here are some ways to generate product ideas based on what you know or what you're interested in:

A. Look at your hobbies

Start with something close to home. What are your personal hobbies and interests? Can you make money from them? For instance, if you like gardening in your free time, perhaps you can look into selling plants or gardening supplies.

Consider, for example, Tammy Biedeman, owner of the lifestyle store Sweet Elizabeth Jane in Ellicott City, Maryland. According to her profile on [Main Street Story of the Week](#), Tammy was a teacher turned stay-at-home mom who had a passion for refurbishing and repurposing items she picked up from flea markets.

Pretty soon, her house started to fill up with these things, so she decided to sell them through antique cooperatives and other retail outlets. And in 2011, Tammy made a choice to open her own retail store. She did the legwork, leased a space in downtown Ellicott City, and opened up her shop six weeks later.

B. Tap into your line of work

Do you have a day job? What about other business ventures? See if you can use your professional knowledge and skills in the retail world.

Check out the story of Adrienne Wiley, owner of chic fashion boutique [Covet](#). Before starting her retail store, Adrienne owned a wholesale jewelry line called Frolick in Atlanta, GA.

When she moved to San Francisco, she spent time at shared studio spaces so she could meet other designers. The studio space gradually transformed into a store and at that point, Adrienne moved to a better space where she could sell more accessories, apparel, and gift items.

C. Go out there and pique your interest

Sometimes, simply keeping an open mind can help you generate ideas. Talk to people. Visit marketplaces and attend trade shows. Look at the businesses that are out there and see if there is a gap that you can fill or if there's something you can do better.

That's what Harriet Vaight, owner of design shop [Chirpy](#) did. A former environmental scientist who was no longer satisfied in the corporate world, Harriet always liked arts and crafts and had a dream of opening her shop.

Her retail journey began after she attended various arts and design events. **"I went to craft fairs and art trails and saw so many local people making such lovely things,"** she said. Harriet then noticed that these individuals didn't have a permanent place to sell their creations, and that's when she saw the opportunity to establish her shop.

2. Demand

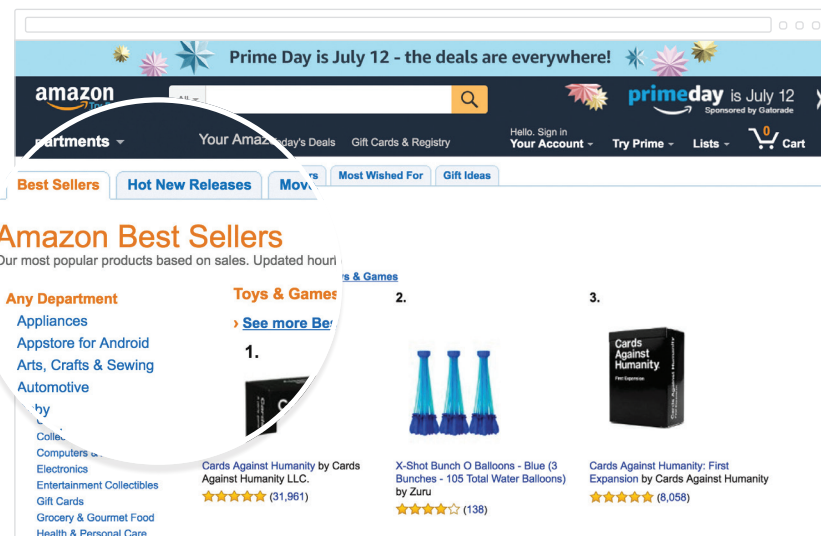
Let's get real here. Interest and passion by themselves won't be enough to build a successful business. You may have found products that you love, but if there isn't a real need or desire for them, the business probably isn't something you should pursue.

That's where product demand comes in. Validating whether or not people would purchase your products is something you should do early on. The last thing you want is to manufacture or buy merchandise only to find out that customers don't want it.

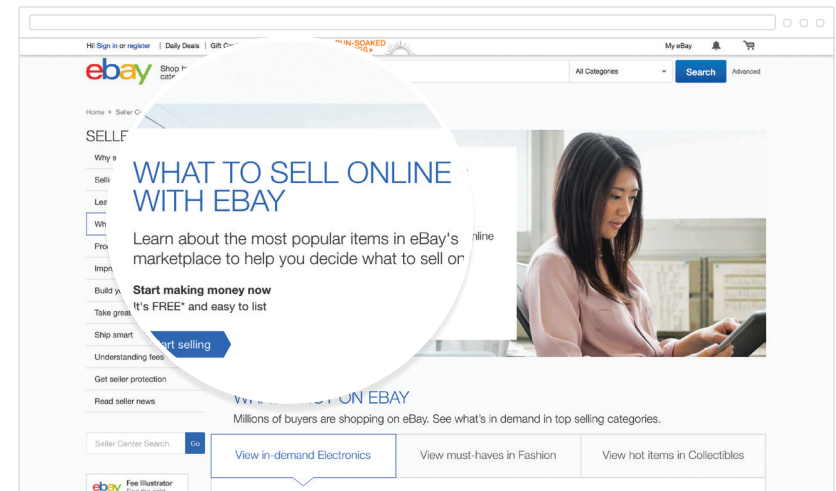
How can you gauge demand for your products? Take the following steps:

A. See if people are buying (or at least searching for) it

One of the easiest ways to gain insights into what people are buying is to check online marketplaces such as Amazon or eBay and finding their best sellers.



Head to [Amazon's Best Sellers page](#) and study the products. The items or brands on this list will likely be the ones that'll do well in your store. Also, pay attention to customer reviews, as they can give you insights when it comes to demand as well as shopper sentiment.



On eBay, you can gauge product demand by looking at how well items have performed at auctions. Find your product (or something similar to it), and determine how it did when it was auctioned off. How long did it take before it was sold? Was there a bidding war? How much did it sell for?

You can also peruse [eBay's popular listings](#) and see which items and brands are doing well on the site.

If you need something more automated, consider using [eBay research applications](#) that provide information on keywords, product demand, and more.

[Google Adwords Keyword Planner](#) can also come in handy. You can use this tool to see how many monthly searches are being conducted for your products and gauge demand accordingly.

Just type in keywords or phrases related to the merchandise you want to sell, then take note of the number of searches that come up. Naturally, the more people are searching for your products, the better.

For more thorough insights, be sure to take your research offline. Visit retail stores that carry the products you're thinking of selling and evaluate their performance. (e.g. If the store marked down a product's price, it could indicate a low demand for the item.)

Don't be afraid to take a more straightforward approach when doing research in brick-and-mortar stores. Talk to their proprietors or associates and ask them what their bestsellers are.

B. Look up facts, stats, and studies

Put your reading cap on, because this step involves perusing magazines, trade journals, and studies in your industry. While the practical measures mentioned above are very effective, reading up on the facts and figures surrounding your market is also essential and will enable you to get a well-rounded understanding of the demand for your products.

Some of the steps you should take include:

- **Grabbing relevant publications**

Read trade magazines or journals on your products, industry, or target audience. Doing so will enable you to get some insights into what's trending in your market.

Also, check if there are ads related to your products. Chances are, if other companies are investing ad dollars towards an item, then they probably know that there's a demand for it.

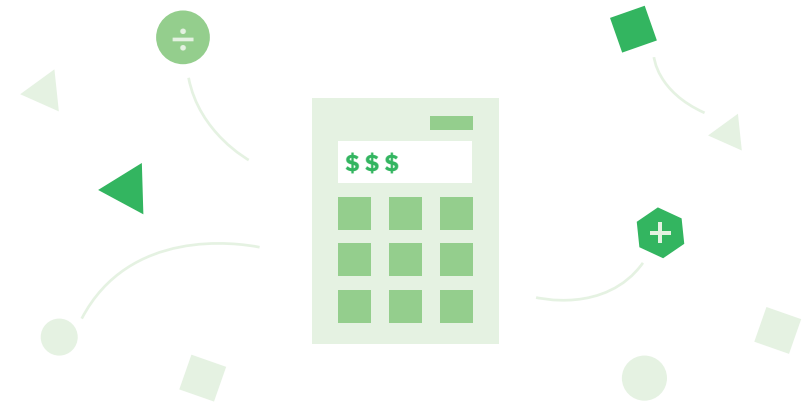
- **Finding facts and figures**

You'll need to get your hands on numbers surrounding your product or industry for two reasons: first, they can tell you whether or not there is a demand for what you're planning to sell; and second, these numbers can back you up in the future when you're looking to obtain financing (more on this later).

Fortunately, accessing industry data is usually easy and inexpensive. Your government's Census Bureau, for one, would likely have this information publicly available.

The US Census Bureau conducts [retail trade reports](#) every five years and makes the data available via a nifty Excel spreadsheet. The report lists the estimated sales of retail firms across various industries and can give you valuable insights on the sales trends of different fields and products.

You can also get your hands on industry data and statistics by joining trade organizations. For example, the [National Retail Federation has a Retail Insight Center](#) that lets members pull up industry and consumer data from government sources, NRF research, and consumer surveys.



3. Margin

Once you've determined that there's a demand for your products, you should figure out how much it would cost to make or purchase them and how much you can sell them for.

The first step to doing this is to get in touch with potential suppliers. You can find a lot of prospects through trade associations and directories. Also check out [ThomasNet.com](https://www.thomasnet.com), an online platform that lets buyers search for trusted suppliers. Additionally, if you know other retailers in the space, ask them if they can put you in touch with their contacts.

On top of that, you can find products and suppliers by attending events. Harriet of Chirpy mentioned that when she was figuring out what products to sell, she spent a lot of time at trade fairs and craft shows.

“I collected the names of people whose work I liked, then put them in a spreadsheet. I listed their wholesale information, trade prices, retail prices, and minimum order quantities,” she said. **“From there I worked out which products had the best value.”**

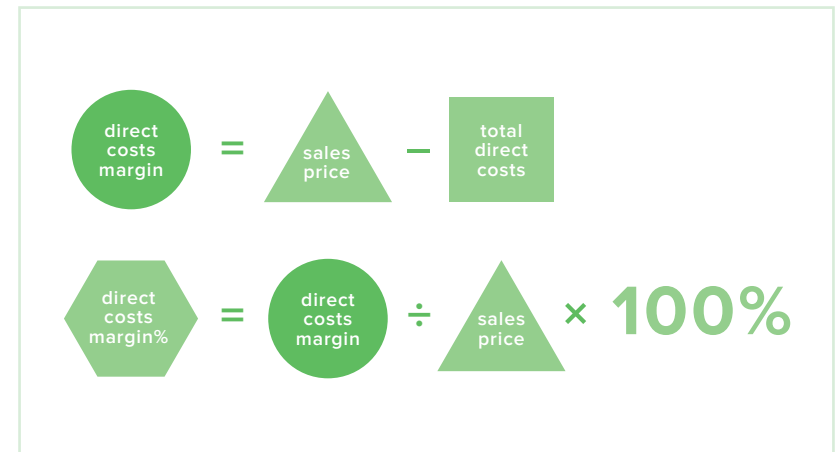
Touch base with these suppliers for a quote to get an idea of how much the product will cost you.

After you’ve completed this step, determine the item’s retail price by taking a look at how much other stores are selling it for. Do a quick search on Amazon or head to brick-and-mortar shops that carry that item to find its retail price.

Once you have these amounts, you should figure out how much money you can make from each sale.

Since you’re still at the business planning stage, you won’t have real sales or expenses to generate actual gross profit margins yet. What you can do at this point is get a general idea of how profitable a product can be by computing its direct costs margin. This is a measure of the revenue generated after paying for the expenses directly related to the product (manufacturing cost, wholesale price, etc.)

The formula for the direct costs margin is:



Simply put, you’ll need to determine the cost of the product, then subtract that amount from its selling price to find its margins.

e.g. If a widget costs you \$5 to make, and its retail price is \$20, your direct costs margin is \$15 or 75% margin.

Action Steps:

Time required: 1 - 2 weeks (Possibly more if you're attending events.)

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), mode of transport, phone, calculator, computer.

- ✓ Think about your hobbies, interests, and fields/industries that you know (and like).
- ✓ Create a list of products relevant to the above, and ask yourself: Can you see yourself selling these items in a retail environment? More important, would you like to?
- ✓ Once you know what products you'd like to sell, see if there is a demand for them by checking their popularity using sites like Amazon, eBay, and Google's Keyword Planner. Also check how popular they are by visiting brick-and-mortar stores selling those items.
- ✓ Further validate demand by doing additional research on your product or industry. Get your hands on Census data and research by trade organizations, and find numbers on product sales, growth, customers, etc.
- ✓ Figure out how much a product is going to cost by getting in touch with potential suppliers via directories and events.
- ✓ Then, find out how much you can sell it for by looking at the pricing of other retail stores.
- ✓ Determine if it makes financial sense to sell the product by calculating its direct cost margin using the formula above.

Step 2

Size up the market and your competition.

You've already decided on your goods and prices. The next step is to conduct market research and get insights into your industry, target audience, and competition. In other words, you have to see what's out there. This will help you identify opportunities and risks and will let you see if your business idea is viable.

1. Market Data

In this step, you'll determine if there is a place in the market for the type of store you want to set up. Questions like "How big is the market?", "How fast is it growing or shrinking?" and "What percentage of the market could you gain?" are just some of the matters you should address.

To answer these questions, you can turn to the following information sources:

A. Trade journals or magazines

Every industry has its own publications. Head to your local library or Google “[product/industry] trade publications” to get started.

B. Research firms / organizations

Check out studies conducted by research organizations such as Nielsen, Gartner, or the International Society for Business and Industrial Statistics.

C. Government

Visit your government’s Census office or website to get access to the latest data and reports. Also check out your city’s website or office and find out if they have any numbers on the population and local businesses.

D. Research hubs

You can gain access to industry data and statistics through websites like the [NRF Foundation’s Retail Insight Center](#), [Think with Google](#), and more.

Note: Be sure to pull data from multiple sources to determine the validity and accuracy of the numbers.

High-level market data (i.e. info from research hubs, organizations, and trade publications) should tell you what the state of your market is in general while the Census office and local government should give you an idea of the situation of the market in your particular area. Together, you can use the data to determine if it makes sense for you to enter the market.

2. Target audience

If you completed your product research, you should have at least a general idea of who your customers will be. The next step is turning those broad notions about your audience into something more concrete and specific.

Effectively starting a business requires that you get to know your customers at a deeper level.

- Who are they?
- What are they like?
- Do they have a strong need/desire for the products you’re planning to sell?
- How much are they willing to pay?
- What product features or store services are important to them?

Knowing the answers to such questions will allow you to affirm your business idea and will help you fine tune the concept, if necessary. It’ll also help you figure out the best way to market and sell your products.

For example, if your audience research tells you that the people most likely to buy your products are affluent, middle-aged women with kids, you can use that information to make decisions on your store’s location, design, and merchandise.

How can you figure out what makes your customers tick? Start with these three essential tasks:

A. Collect demographic information

This includes your customers' age, race, sex, income level, education level, and more. A lot of this data is publicly available through your country's Census office or your local government.

B. Collect psychographic information

Your customers' psychographic information pertains to their personality, beliefs, values, lifestyle, and more. You can obtain these through surveys, interviews, and focus groups.

C. Determine how much they need or want your product

Talk to your target customers to find out what they think and how they feel about your goods and the type of store you want to establish. Ask them questions about the last time they bought your products, where they bought them, and how much they paid.

After gathering the data above you should:

- Be able to validate your business idea.
- Have enough information to help you scout for locations and figure out a marketing plan.

3. Competition

If your market is large enough (and it should be if you're starting a business), there should already be a fair amount of players that are doing something similar. Your job at this stage is to search for those businesses and find out what they're about. This will enable you to identify their strengths and shortcomings so you can create a plan on how you're going to differentiate your store.

Finding your competitors

By now you should be able to name some of the businesses that you'll be up against. In addition to that, though, be sure to check out the following resources:

A. SizeUp by SBA.gov

If you're in the US, this nifty tool by the Small Business Administration can help you generate a solid list of competitors. Just enter the type of store you want to start and the city/state where you'll operate, then [SizeUp](#) will map out competing businesses. The tool also lets you compare your business to others based on revenue, year started, salaries, and more.

B. Google

Simply search for the type of store and your location/zip code to generate a list of competitors in your area.

C. Review sites and business directories

Yelp, Foursquare, and online yellow pages can help you create competitor lists.

D. Chamber of Commerce

Head to your Chamber of Commerce and grab a list of local businesses in the same market.

E. Target customers

Ask your target customers where they shop.

Scouting the competition

Once you have a list of your competitors, pay them a visit to get some intel on how they operate.

Chirpy's Harriet said that she did research on her competitors by visiting them personally and taking notes.

"I developed my own form, and I went down to other shops and took notice of how they displayed things, what their ticket prices were, what kind of bags they used, what the lighting was like, etc.," she shared. "It was just a matter of filling out my form to see what other people did, what worked and what didn't work."

Follow Harriet's lead and do the same thing when scouting your competitors.

Be sure to keep an eye out for:

A. The merchandise

Take note of the products they're selling (i.e. brands, quality, price, range of choices, etc.)

B. The staff

How many associates do they have? How knowledgeable are they? Also pay attention to the level of service that they provide (i.e. do they provide guidance or do they operate using a "self-service" model?)

C. Look and feel of the store

Pay attention to the design, layout, and overall feel of the stores. Are they easy to navigate? Can customers find the items they need quickly? How advanced are they in terms of equipment?

D. Marketing and advertising efforts

See how they market their stores. Where do they advertise? How do they draw people in? What offers or gimmicks do they have? Are there any channels or opportunities that they AREN'T utilizing?

Determining your differentiating factors

Based on the info above, you should be able to figure out the strengths and weaknesses of your competitors.

What are the things they do well and what can you offer that's different or better? Where do they fall short, and how can you ensure that your business doesn't make the same mistakes?

Most important, what is it that only your company can provide? For example, if you and your competitors sell similar products, perhaps you can make yourself distinct through personalized customer service. Or, you can make your store stand out through innovative efforts such as getting a [modern POS system](#), accepting mobile payments or offering online-to-offline services.

Conducting a SWOT analysis

You can also use the info above to do a [SWOT \(Strengths, Weaknesses, Opportunities, Threats\) analysis](#) on your business. A simple but powerful exercise, performing a SWOT analysis can raise your awareness when it comes to the internal and external factors affecting your company. What are the things you have going for you? What factors can negatively affect your business? These are just some of the questions that a SWOT analysis can answer.

Start by listing your company's strengths. These could include assets like a strong team, industry connections, etc.

Your weaknesses, on the other hand, are your company's vulnerabilities. Having a limited budget or being new to the market are examples of weaknesses.

Then we have opportunities. These pertain to favorable circumstances or factors that you can capitalize on. A gap in the market (i.e. an offer or service that no other business is providing) is a good example of an opportunity. Also note that your competitors' weaknesses can serve as opportunities for your business.

Finally, identify threats to your business. Threats are external factors that can negatively impact your company. Examples could include your competitors, political unrest, shifting shopping habits, and more.

Once you have your strengths, weaknesses, opportunities, and threats on paper, analyze them and determine a course of action for each one. Figure out how you can capitalize on your strengths and opportunities, and find ways to avoid or counter your weaknesses and threats.

Action Steps:

Time required: 1 - 2 weeks

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), mode of transport, phone, calculator, computer.

- ✓ Gather market data from trade publications, government websites, research firms, and other sources so you can answer the following questions:
 - How big is your market?
 - How fast is it growing or shrinking?
 - What percentage of that market could you gain?
- ✓ Get to know who your target customers are by obtaining their demographic information from your local government or Census office.
- ✓ To understand them at a deeper level, obtain psychographic information by conducting surveys, interviews, and focus groups.

✔ Generate a list of your competitors by tapping into these tools/resources:

- [SizeUp by SBA.gov](#)
- [Google](#)
- [review sites](#)
- [your local chamber of commerce](#)
- [your potential customers](#)

✔ Go through that list and pay your competitors a visit to see how they operate. Take note of:

- [their merchandise](#)
- [the staff](#)
- [the look and feel of their stores](#)
- [their marketing and advertising efforts](#)

✔ Make a list of the strengths and weaknesses of your competitors based on the information above, then figure out how you can be better and/or different. Ideally, your store would need to offer something unique (products, services, lifestyles, or even intangible values) that no other competitor can match.

✔ Conduct a SWOT analysis on your company and determine a course of action for each strength, weakness, opportunity, and threat.

Step 3

Zero in on the perfect location.

Location — as you know — is critical to the success of your store (hence the popular line “location, location, location”). That’s why you need to do your due diligence when figuring out where to set up shop.

Follow the steps in this chapter when identifying potential locations for your store.

1. Narrow down your location choices

At this point, you should already know which areas are most populated by your target customers, so you may want to set your sights on places where they live, work, and hang out.

You should also look at where your competitors are located; there could be a lot of potential in those areas. As Greg Kahn, founder and CEO of Kahn Research [told Entrepreneur.com](https://www.kahnresearch.com/), **“Quite simply, the best place to be is as close to your biggest competitor as you can be.”** Why? Because chances are, your competition has done their research, and they know which locations are good for business. Additionally, they have likely invested in driving traffic to their locations, so **“by being in close proximity to your competitors, you can benefit from their marketing efforts.”**



2. Find spaces for lease

Once you have an idea of the best towns, cities, and neighborhoods for your store, it's time to find vacant spaces you can move into. Fortunately, doing this is quite easy and there are plenty of tools you can use, such as:

- [Craigslist](https://www.craigslist.com/) (worldwide)
- [LoopNet](https://www.loopnet.com/) (only in the US)
- [Storefront](https://www.storefront.com/) (US, ideal for pop-up stores)
- [SpaceList](https://www.spacelist.com/) (Canada)
- [Trade Me](https://www.trade-me.co.nz/) (New Zealand)
- [realcommercial.com.au](https://www.realty.com.au/) (Australia)

Get in touch with the owners or leasing agents of potential spaces, then ask them about the rent and size of the property. Have them send you photos and a copy of the floorplan. If everything looks good, set up appointments to view the spaces you like.

3. Explore, take notes, ask questions

There are several factors to consider when evaluating a rental space. Below are some of the questions you should ask. (Hint: You may want to print this out.)

General Location

Is it easy to find?

Gauge the “findability” of the location. If you had a hard time finding it, some of your customers might have trouble doing so as well.

Is it safe?

Get the location's crime rate numbers. Needless to say, the lower, the better. A place with a low crime rate will attract more customers and potential employees.

How's the traffic in the area?

Take note of the number of people and cars in the vicinity. More individuals and motorists could give your store higher exposure, but they may not necessarily translate into more sales. That's why you should also look at traffic quality to ensure that the people and motorists in the area are the type of customers you want to have.

Immediate Surroundings

Is there ample parking?

This depends on your needs, but a good guideline is to have at least five spaces per 1,000 sq ft.

How are shopping conditions at night?

You should also visit the location at night (or other times of the day) so you can evaluate the site during different periods of the day or week.

What are the other businesses in the area?

Ideally, you'd want the establishments in the area to complement your store and cater to the same market.

Do you have competitors in the vicinity?

As mentioned above, having competitors in the area doesn't have to be a negative thing as long as you're able to compete successfully.

Building / Space

Does the building meet your store requirements?

You have to make sure that the space can accommodate the merchandise and equipment you plan to bring in. Is there enough room for everything? Can vendors conveniently make deliveries? If the location currently doesn't meet your needs, ask if you can make modifications to it.

How old is the building?

If the building is new (i.e. if it was built within the last 20 years) you probably won't encounter any major issues for several years. If it's an older building,

though, be sure to ask about the last time any upgrades or major renovations were done to the place. If a building is say, 40 years old and they've never done anything to the roof, chances are, it'll be due for an upgrade soon.

Do the current utilities, lighting, and HVAC system meet your needs? Will you have to do any re-wiring or plumbing work?

HVAC, light, and water are essential to your operations, so see to it that everything's up and running. (Or at least they should be before you move in.)

Is it accessible to people with disabilities?

The more accessible a building is, the better. Plus, most places now have laws that require certain levels of accessibility. See to it that the building complies with all these requirements to avoid run-ins with the government (or worse; lawsuits) in the future.

What types of signage are available?

Ask the landlord about their signage guidelines. How big should your signs be? Are lighted signs permitted? Get the answers to these questions and make sure they can accommodate the type of sign you want to set up.

Tech-Wise, Does It Suit Your Needs?

If you need wireless and high-speed internet, for instance, you'll want to make sure the space meets your connectivity requirements.

Lease Agreement

What type of lease will you have?

The five most common ones are gross, single net, double net, triple net, and percentage lease. The best lease will depend on the type of store you have, so talk to a leasing professional to determine your options.

How much is the rent?

It's good to be cost-effective, but remember that when it comes to rent, lower doesn't always mean better. Be sure to factor in traffic quantity and quality, neighboring establishments, as well as additional costs (i.e. maintenance, utilities, land rates/council tax, etc.) before deciding where to lease.

What is the length of the lease?

Like most things, the "right" answer to this question depends on your business. Generally speaking, though, you may be able to negotiate better rates if you opt for a long term lease.

Who's responsible for insurance?

Be sure to ask if your landlord is covering any insurance so you'll know which ones to get for your business.

What maintenance services, upgrades, or improvements are you entitled to?

Some landlords take care of a property's landscaping, repairs, and other maintenance tasks. Don't forget to ask them about these services so you know what you're responsible for.

Note: everything is negotiable.

If there is any part of the lease that you wish to modify, speak up. Haggle with prices and responsibilities and see to it that you're getting the best deal possible. See if you can find out how long the property has been on the market. If it's been vacant for a while, you might have a good chance at bargaining on the rent.

After looking at different spaces and gathering the property and leasing information, carefully weigh the advantages and disadvantages of the spaces. Discuss it with your business partners, and if possible, speak to a real estate professional or lawyer and ask for advice before you sign any documents.

Action Steps:

Time required: 1 - 3 weeks

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), mode of transport, phone, calculator, computer.

- ✓ Based on the demographic, Census, and competitor information you have, make a list of ideal cities, towns, or neighborhoods for your store.
- ✓ Find available spaces through tools like Craigslist, LoopNet (only in the US), Storefront, etc.
- ✓ Contact the owners or leasing agents of properties you're interested in and ask for more information. Have them send you photos and a copy of the floorplan.
- ✓ Make viewing appointments for the properties you're interested in.
- ✓ Print out the list of questions provided in this guide and bring your printouts when you're inspecting the locations.
- ✓ Go over your lease and negotiate if necessary.

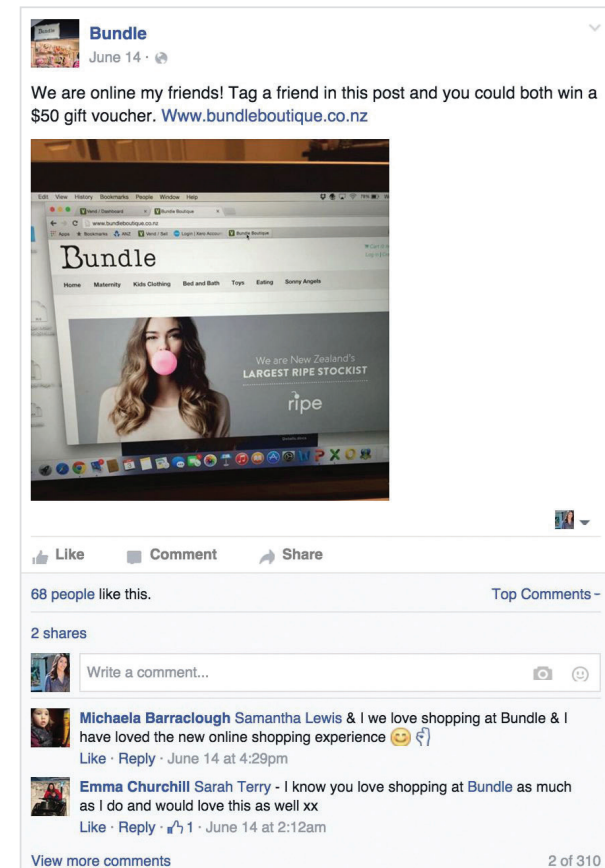
Step 4

Consider other retail channels.

Modern consumers use multiple methods and devices to shop, so if you're looking to establish a retail store, consider setting up shop in other channels. Let's have a look at the different sales channels you can set up for your business.

1. Ecommerce

Setting up an online store opens up another revenue stream and enables you to sell 24/7. Many retailers have found success by adding ecommerce to their brick-and-mortar operation.



Consider the story of Bundle Boutique in Christchurch, NZ. Bundle had been selling maternity and childrenswear for six years when they decided to set up an online store. This enabled them to reach a wider audience and helped them grow their customer base practically overnight.

According to Bundle Boutique's owner Eneka Burroughs, within just 72 hours of launching her ecommerce store, they received 46 orders — 80% of which were from new customers.

“This is money I never would’ve made otherwise,” Eneka [told us](#).



2. Online marketplaces

Other retailers choose to sell through online marketplaces such as Amazon, eBay, and Etsy.

Case in point: home and giftware store [Carrot Tomato](#). In addition to selling through a brick-and-mortar store and ecommerce site, they're also selling their products on eBay.

Founder Mai Wong says that some of their customers prefer marketplaces like eBay, so they decided to create accounts on the site. Doing so enables them to not only increase sales but also drive traffic to their branded ecommerce store since they enclose their business card in each eBay order they ship.

3. Mobile

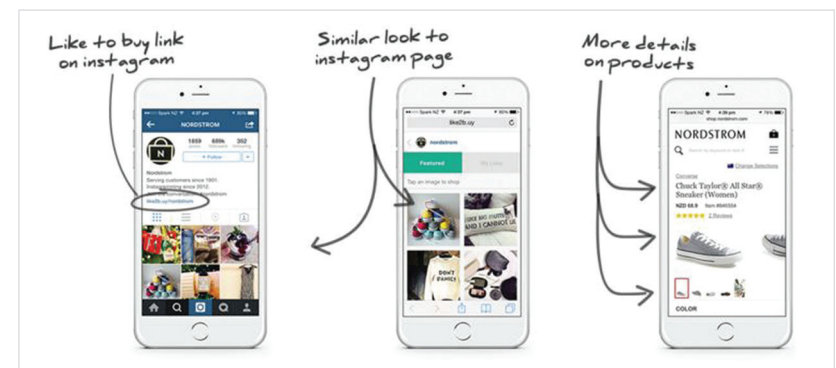
More and more consumers are shopping on the go. Expanding to the mobile realm gives you the ability to keep up.

Fortunately, if you already have an online store, going mobile may not be that difficult. Plenty of ecommerce platforms offer mobile capabilities, so you should be able to sell to your on-the-go customers with ease.

[Vend Ecommerce](#) for example, has mobile-friendly and responsive themes so your online store will look great on any device.

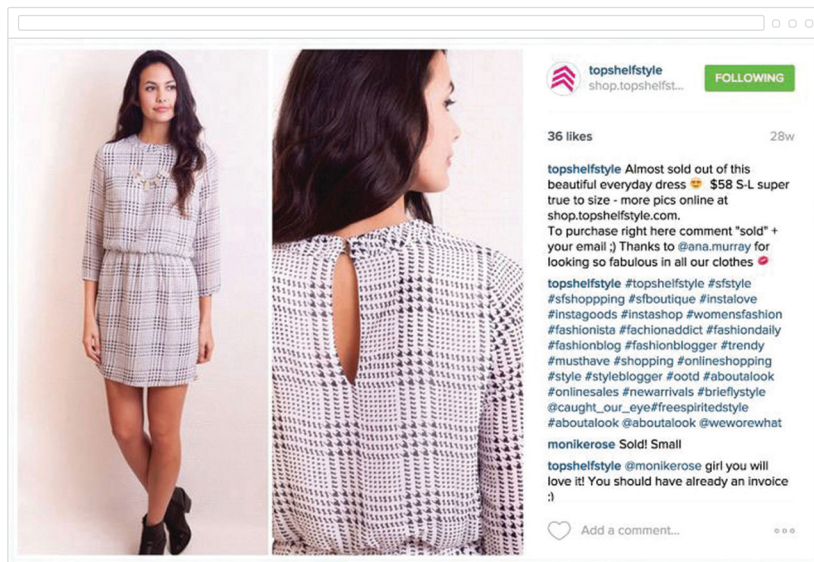
4. Social

Already got brick-and-mortar, ecommerce, and mobile covered? Consider expanding to the social media realm as well. If you have a large and engaged social following, it may be worth exploring social selling opportunities.



Have a look at Nordstrom's social commerce initiative. The apparel retailer integrated their Instagram account with a solution called Like2Buy, allowing them to make their Instagram feed more shoppable.

Customers who'd like to purchase the items they see on Nordstrom's Instagram account can head to the retailer's Like2Buy page, where they can quickly view product details and proceed to checkout.



Or look at what Vend customer TopShelf Boutique is doing. TopShelf uses a service called Soldsie to engage in Instagram selling. Shoppers simply need to comment “sold” when they see a photo of an item they want to buy, and Soldsie will generate an invoice for the transaction and send it to the customer.

Step 5

Figure out your finances.

This chapter is all about how you can optimize your spending and ensure that you're getting the most bang for your buck.

1. Determine how much money you need

First things first. Figure out how much capital you need by calculating your startup costs. The table in this chapter lists some of the expenses you should consider.

	Amount
RENT AND OPERATIONS	
Rent (first/last month, security deposit)	
Utilities	
Staffing	
Other	
Total	
PROPERTY AND STORE IMPROVEMENTS OR CUSTOMIZATIONS	
Construction costs	
Furniture and fixtures (shelves, counters, racks)	
Equipment	
Office supplies	
Other	
Total	
TECHNOLOGY AND COMMUNICATIONS	
Computers	
Phones	
Internet	
POS terminals	
Card readers	

Scanners	
Printers	
Other	
Total	
INVENTORY	
Inventory	
Total	
MARKETING, ADVERTISING, PUBLICITY	
Advertising (print, online, tv, radio)	
Grand opening expenses	
Posters, flyers, coupons, and other print marketing collateral	
Design work (logo, website, etc.)	
Other	
Total	
OTHER REQUIRED FEES	
Licenses	
Permits	
Taxes	
Registration	

Legal fees	
Accounting fees	
Other	
Total	
GRAND TOTAL	

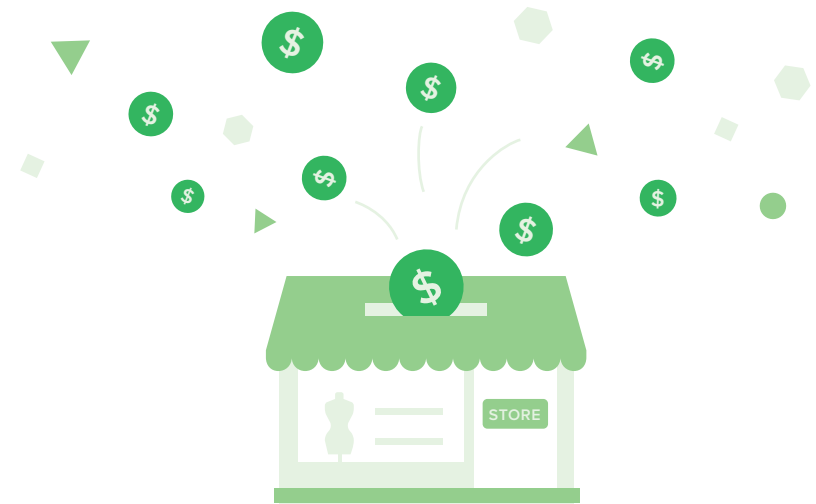


TIP:

It's better to shoot for an amount higher than the original quote or budget.

Phil Potter, owner of The Heritage Kitchen Garden in Sydney, advises retailers to “always add more to your estimates than you think you should.” The cafe owner cautioned that there might be a lot of red tape, processes, and people to deal with; proprietors should factor in such things, as well as any potential mishaps that could happen when setting their budget.

Most experts agree that it's best to add 10 to 20 percent to your quoted prices or estimates, so you can have a budget “buffer” in case anything doesn't go according to plan.



2. Obtaining funds

Already have an idea of how much you'll need to get your business up and running? The next step is finding ways to finance your venture.

Some of the options you should consider are:

A. Personal funds / assets

Tap into your personal savings and assets (like your 401(k), retirement accounts, inheritance, etc.) and use them to finance your venture. If you have enough funds, this method will enable you to start your business without getting into too much debt or giving away chunks of your company.

B. Family and friends

Consider asking your network for the funds to start your business. Depending on your agreement, your friends and relatives can either loan you the amount or take on the role of the investor in exchange for some stake in your company.

C. Bank / credit union loan

Another option is to turn to a bank or credit union for a business loan. The terms and requirements will vary depending on the financial institution, but generally speaking, a bank or credit union will require that applicants provide their credit history, financial statements, a business plan, projections, and personal guarantees.

D. Credit cards

Known as one of the most popular options to finance a business, plastic can be an easy way to access funds for your venture. But don't forget that swiping those cards comes with certain risks. Most credit card companies tack on large interest rates when you don't pay your balance in full, and your credit score can take a serious hit if you fall behind even once. That said, if you have a plan and you're confident that you'll be able to stay on top of your payments, then go ahead and swipe... with care, of course.

E. Angel investors

You can also approach angel investors to fund your venture in exchange for a percentage of your company. You will be required to pitch your idea, provide a business plan, projections, competitive analysis, and more.

F. Business organizations / government assistance

Some organizations and government institutions (such as the Small Business Administration) provide financial support to eligible businesses.

3. Lowering costs

On a tight budget? You can lower costs by negotiating better deals with your vendors, asking for help from people in your network, and by going the DIY route whenever possible.

For example, if you or someone you know has a good eye for design, perhaps you can skip the professional decorator. With a little DIY magic, you can create a store look that you and your customers will love.

Don't have the budget to hire a publicist? [Do your own PR](#) by reaching out to bloggers and writers yourself. Also connect with local journalists. Invite them to your opening or give them an exclusive scoop on your plans to open a retail store.

When it comes to software, we highly recommend that you opt for cloud-based solutions. These services usually come with flexible pricing options so you won't end up paying for things you don't need. And like we said in our [POS Buyer's Guide](#), SaaS solutions **“can be upgraded, downgraded, or canceled at any time, making it more ideal for businesses that are growing or constantly changing.”**

Also, see if you can get your hands on free or used materials. Doing so won't just lower your costs, but if you're creative enough, these materials can give your store more charm or character.

Consider what Phil did. The service counter at The Heritage Kitchen Garden was made from a recycled fence from his parents' old house. He got it for free, installed it at his location, and it fit in beautifully, adding to the rustic feel of his cafe.

“That was one of the best decisions I made,” said Phil. **“And it didn't cost me anything.”**

Meanwhile, the lights in his cafe came from an old farm. **“They weren’t useful to the farm anymore, and I got a good deal.”**

“They were perfect,” he added. **“I looked everywhere for new lights, but none of them had character, and none of them told a story.”** Those lights not only contributed to the charm of The Heritage Kitchen Garden, but they also gave Phil a chance to talk to customers who noticed them.

Consider taking a leaf from Phil’s playbook and seek out perfectly reusable materials for your store. You’ll save money, and the items you reuse can end up making your store unique and can even serve as conversation starters with your customers.

Action Steps:

Time required: 1 - 3 days

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), phone, computer, calculator, mode of transport.

- ✔ Decide how you’re going to finance your business.
- ✔ Prepare the documents required for your funding option.
For instance, if you choose to obtain a bank loan, then you’re going to have to prepare your financial statements, credit history, a business plan, and other things they might ask for.
- ✔ Find ways to lower costs. Look for materials on daily deal sites or contact people in your network.

Step 6

Comply with the laws, rules, and regulations in your area.

Discussing business regulations, licenses, and taxation can be tricky because these things vary depending on your location and type of business. The laws for specialty retailers are quite different from those for food retailers. And a retail store in say, New York would face different regulations than a business in London.

Generally speaking, though, there are a handful of things that every retail store owner should consider. This chapter will shed light on these factors so you can prepare for your store’s launch. *(Please note that a lot of the information below only applies to retailers in the US. For the most up-to-date and accurate information on starting a business, refer to resources from your local government / country.)*

A. Business structure

Are you a sole proprietor, a corporation, or a limited liability company? Different taxation laws and permits are required for each business type so figure this one out early on.

B. Federal Tax ID

Also known as an Employer Identification Number, a Federal Tax ID is used to identify a business entity.

C. D-U-N-S number

This is a unique, nine-digit ID for each physical location of your business.

D. Licenses, permits, and certificates

If you're in retail, you'll need a business license and a seller's permit. You may also need the following:

- Resale Certificate
- Health Permit
- Fire Department Permit
- Certificate of Occupancy
- Building Construction Permit
- Zoning and Land Use Permits
- Sign Permit
- Air and Water Pollution Control Permit

E. OSHA Bulletins

You may be mandated to post certain bulletins in your location to inform internal staff and the public of significant occupational safety and health issues.



F. Compliance with laws concerning:

- Consumer protection
- Privacy
- Retail pricing
- Advertising and marketing
- Employment laws
- Trading hours
- Safety
- Labeling and packaging

Note: While it's OK to ask other retailers about the hoops they had to jump through, don't rely on their words alone. The most trusted source of information would still be your government, so visit the necessary federal, state, and city offices or websites and obtain the requirements for setting up a retail store in your area.

Action Steps:

Time required: Varies, depending on the location and nature of the business.

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), phone, computer, calculator, mode of transport.

- ✔ Visit the necessary government websites/offices and grab a list of the permits, fees, laws, etc. required to get your business off the ground.
- ✔ Some government offices make it easier for you by providing checklists, contact lists, and pricing sheets so get copies of these documents if they're available.
- ✔ Get in touch with the people who can help you comply with the requirements for your business. They can include accountants, contractors, government officials, etc.

Step 7

Hire superstars.

Hiring people to help get your store up and running can put a significant dent in your budget, so if you can manage to take care of things on your own (or with the help of your family and friends), then by all means, do so.

If you do decide to take on additional help, below are some pointers on how to do it successfully:

When starting and running a store, you'll likely need to hire two kinds of people: those who will help you build it (i.e. general contractors) and those who will help you man it (i.e. sales associates).

1. Hiring people to help build your store

When looking for contractors or builders, your best bet would be to ask people in your network. It's cost-effective, and you'll end up working with people you know and trust.

If you know anyone who can give you a hand with your building and design needs, get in touch and see if you can work out an agreement.

Case in point: Phil of The Heritage Kitchen Garden. He was fortunate to have a brother who was a builder, so Phil was able to seek his help in setting up the cafe.

Phil used his experience in a cafe project he worked on in the past, and his brother provided input on materials and construction. They did everything themselves and together were able to build and design a quaint cafe that Phil (and his customers) love.

If you don't have direct connections with builders and designers, see if you know anyone who can refer you to the right people. Turn to your friends and relatives who have had work done in their house or business and ask them about the contractors they hired.

Another option is to use Google and sites like [Yelp](#), [Angie's List](#), or [Trade Me](#) (New Zealand) to find contractors. Read their reviews, look at the photos posted by users, and contact the ones you like.

Some of the things you should consider when hiring a contractor include:

A. Location

It's best to pick someone who has completed projects near your store's location because they would likely have sufficient knowledge of any permits and regulations in your city.

B. Bid / Estimate

Carefully review each of the bids submitted by the contractors and check that they cover everything you want to be done. This could include construction, landscaping, plumbing, as well as the clean up of the site. Compare the scope of each bid along with their estimates so you can determine the best price.

C. References

Get in touch with their references. Ask to see pictures or even head to the stores that they have worked on so you can get a first-hand look at what they've done.

D. Licenses and insurance certificates

Make sure you're doing business with someone who has all their legal requirements covered. Ask for each contractor's license number as well insurance certificates for worker's compensation, liability, etc.

2. Hiring people to help man your store

Your store staff is just as important as your products, so choose your workers wisely. Before scouring for new employees, though, you first have to determine your needs.

For one, is it necessary to have extra sets of hands in your store or can you manage on your own? If hiring is a must, how many employees do you need? What would each person's role, hours, and responsibilities be?



TIP: Opt for more shifts and hours, rather than more people.

[According to Retail Doctor Bob Phibbs](#), retailers shouldn't hire too many part-time employees. **“While most retailers think they should hire lots of part-timers to maximize their flexibility, that often means you have more**

employees who are disengaged from your brand’s success. That’s because if they are working two, three, or four jobs, they don’t have the time to settle into your culture,” he writes.

You should also craft a job description detailing the employee’s duties, as well as the skills and qualifications required for the role.

If you’re looking for a retail associate or salesperson, for instance, you can take a look at the sample job description below and revise it depending on your needs. (Source: [monster.com](https://www.monster.com))

Retail Salesperson Job Duties:

- Welcomes customers by greeting them; offering them assistance.
- Directs customers by escorting them to racks and counters; suggesting items.
- Advises customers by providing information on products.
- Helps customer make selections by building customer confidence; offering suggestions and opinions.
- Documents sale by creating or updating customer profile records.
- Processes payments by totaling purchases; processing checks, cash, and store or other credit cards.
- Keeps clientele informed by notifying them of preferred customer sales and future merchandise of potential interest.
- Contributes to team effort by accomplishing related results as needed.

Skills/Qualifications: Listening, Customer Service, Meeting Sales Goals, Selling to Customer Needs, Product Knowledge, People Skills, Energy Level, Dependability, General Math Skills, Verbal Communication, Job Knowledge.

3. Searching for prospects

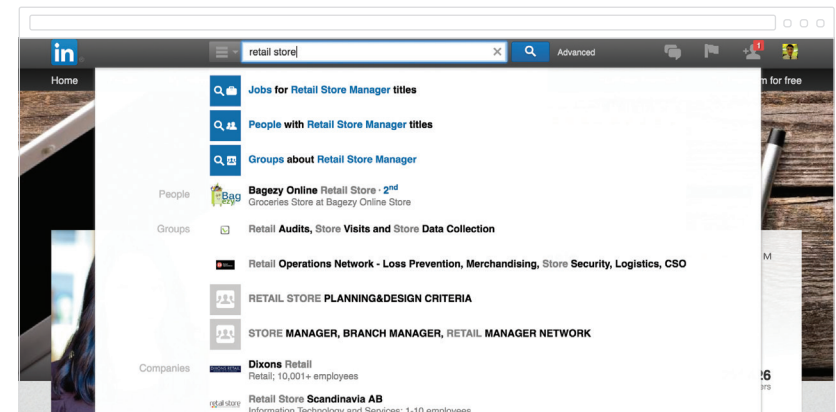
Once you’ve sorted out your store’s staffing requirements, it’s time to start finding and vetting candidates. Here are some tips on how to do this:

A. Start with people you know

Get in touch with friends, relatives, and professional colleagues and see if they could refer anyone who would be a good fit for your store.

Tapping into your own network for referrals is not only inexpensive, but it’s also the most effective way to find and keep potential hires. Research has shown that referral candidates are easier to recruit and have better retention rates compared to candidates who came from other sources.

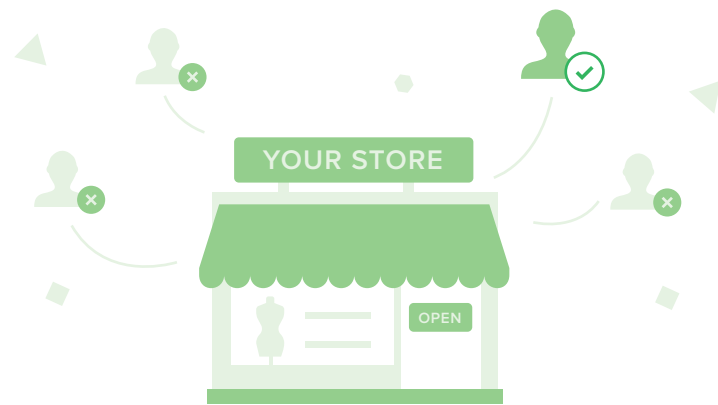
B. Utilize LinkedIn



LinkedIn has excellent recruitment tools that’ll enable you to find, vet, and contact candidates. Start by entering a relevant job title into the site’s search box, and LinkedIn will generate a list of members who match your search. View their profiles then check their experience, recommendations, and skills. If they have potential, send them a message.

c. Turn to job boards

Another option is to post listings on job sites such as the NRF Job Board, Craigslist, CareerBuilder, Monster, Seek/TradeMe, etc. The biggest pro of using these services is that they can put your listing in front of thousands of job seekers. One downside is that you'll likely get tons of responses so you'll need a lot of time (and patience) when sifting through applications.



4. Interviewing applicants

After reviewing resumes and profiles, create a shortlist of people who seem like a good fit for your business, then schedule interviews to determine if they're as good in person as they are on paper.

Stay organized and pay attention to details. Make a list of the questions and take notes so you can objectively evaluate each person at the end of the process.

Below is an applicant evaluation form that you can use during your interviews. Again, feel free to print this out. (Source: about.com)

Applicant Name:	Position:			
	Exceeds requirements	Meets requirements	Needs a little more training	Doesn't meet requirements
EDUCATION / TRAINING				
The candidate has the necessary education and/or training required by the job.				
WORK EXPERIENCE				
The candidate has prior work experience that is related to the position.				
SKILLS (TECHNICAL)				
The candidate demonstrated to your satisfaction that he/she had the necessary technical skills to perform the job successfully.				
LEADERSHIP SKILLS				
The candidate demonstrated to your satisfaction that he/she had the necessary leadership skills to perform the job successfully.				

INTERPERSONAL SKILLS				
Communication: articulated ideas clearly both written and orally.				
CUSTOMER SERVICE				
Demonstrated the ability to be customer-focused.				
MOTIVATION FOR THE JOB				
The candidate expressed interest and excitement about the job.				
PROBLEM SOLVING				
Demonstrated the ability to design innovative solutions and solve problems.				
SKILL NEEDED - <i>List an additional skill specific to the job you are filling</i>				
Demonstrated the ability to:				
1.				
2.				
3.				
4.				
5.				

OVERALL				
Overall Recommendation				

COMMENTS

And here are some best practices on successfully interviewing candidates:

A. Don't just interview in your office, take them to your store

Ideally, you should conduct the interview in your store so you can take a walk with the applicant on the sales floor and see how they interact with your merchandise, other staff members, and customers (if you're already up and running).

B. Be honest about the job

See to it that the candidate has a realistic idea of what it's like to work for you. Make it clear that you're a startup, and be honest about the demands of the job. For example, if the position requires that employees wear a lot of hats, or stay late now and then, be upfront about it, so you're both on the same page.

C. Include other people in the interview process

Also have your business partners or advisors conduct interviews. Business consultant Amanda Taylor says this will allow you to get multiple perspectives and vet an applicant more efficiently.

"You can do this by creating an interviewing team," [says Taylor](#). "Usually, this will be comprised of the people this candidate will be interacting with the most."

D. Role-play

[Brian Drescher](#), a former retail operations and category manager in the retail grocery and specialty industries, recommends that interviewers role-play with candidates by pretending to be customers. "You learn quite a bit and get to see if they were friendly or standoffish," he added.

Action Steps:

Time required: 1 - 2 weeks

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), phone, computer.

- ✓ Get in touch with your personal and professional contacts. Tell them you're looking for people to help you out in your store, then ask for referrals.
- ✓ If necessary, search for prospects on LinkedIn and submit job postings on career websites.
- ✓ Evaluate applications then schedule interviews with qualified candidates.
- ✓ Meet up with candidates (preferably on-site) and start interviewing. Take notes using the assessment template provided in this guide.
- ✓ If possible, have other people (advisors, managers, investors) interview candidates so you can get different perspectives.
- ✓ Contact the references of each applicant to get more insights into their qualifications, experience, and work ethic.
- ✓ Make a decision based on the information you gathered then formally send an offer to the people you want to hire.

Step 8

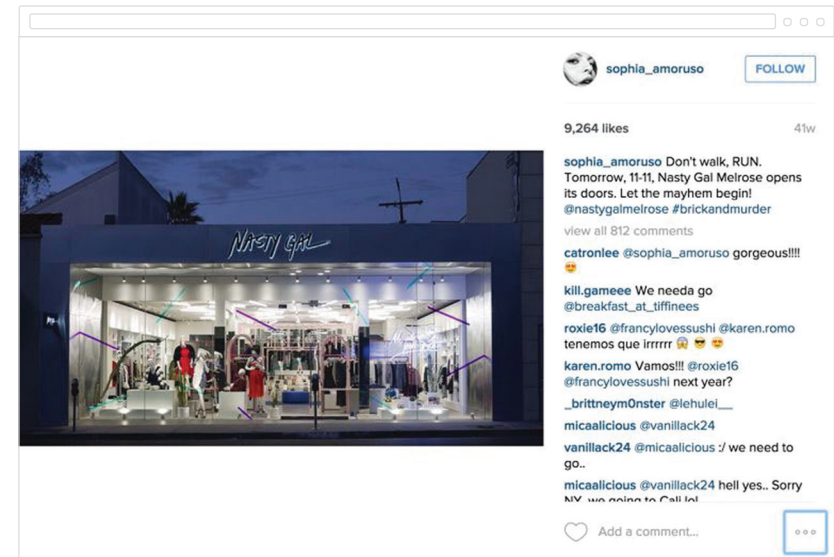
Gear up for your grand opening.

You've done the research, jumped through several hoops, and completed all the work to set up your business. Now you're just about ready for your grand opening. In this chapter, we'll discuss the steps you can take to drive traffic and awareness to your store.

Build up excitement before opening day

Talk up your retail store to everyone you know well before your grand opening. Share your plans with your network, see if you can garner media attention, and keep people posted.

Social media makes it extremely easy to update everyone on your plans. Post updates and photos of your soon-to-open store on social sites, so your fans and followers know what's up. Why not publish behind-the-scenes posts and give people a peek at what's in store?



One retailer that did this well is Nasty Gal. During the weeks leading up to the opening of their first brick-and-mortar store, founder Sophia Amoruso posted several Instagram photos of the store to build up hype.

Make a splash on opening day

Your grand opening should be a significant event, so invest the time to plan it. What's your budget? What theme will your event have? Aside from purchasing merchandise, what other activities can guests do at the event? These are just some of the questions you should answer when cooking up ideas for your grand opening.

There are plenty of logistics involved here, so you may want to create checklists and timelines to ensure that things go off without a hitch. Some of the items you should include are:

- Financing the event
- Drawing traffic and interest (e.g. invitations, PR, marketing, advertising)
- Aesthetics (e.g. themes, décor, window displays, fixtures)
- Staffing
- Activities and experiences (e.g. photobooths, fashion shows, meet-and-greet local celebrities)
- Documenting the event (photographer, videographer)

Get some press coverage

Try to get some press coverage around your new store opening. Your best bet here would be to get in touch with local media outlets and tell them that you're opening up a new store in the area.

Having some trouble grabbing the attention of the press? You may want to rethink your pitch. Perhaps the "new store" angle isn't enough. If this is the case, you need to come up with a compelling story to pique the media's interest.

If you have an interesting story behind your business, consider sharing it. You could also emphasize all the great things that your store is bringing to the community. Are you creating jobs and reinvigorating the town? Make sure the media knows about it.

Action Steps:

Time required: 1 - 2 weeks

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), phone, computer, mode of transport.

- ✓ Promote your store prior to the grand opening by spreading the word to your network and using social media.
- ✓ Plan your grand opening. Take care of all the logistical needs to ensure that you'll make a splash at the event.
- ✓ Try to get press coverage for the event. Reach out to reporters or bloggers with an interesting angle and see if they'd like to cover your grand opening.

Step 9

Get real with the challenges of retailing.

Retail, while rewarding, also comes with its fair share of tribulations. That's why it's important that you honestly evaluate your situation to determine if you're up for the challenge.

For one thing, you'll be investing a lot of money into the business, and you likely won't see an immediate return. Some stores could take years before turning a profit, so you need to be prepared to lose your savings and/or lower your standard of living while you build your business.

And unlike a typical 9-to-5 job, running a retail business requires longer hours, especially in the beginning. Store owners are hard at work even before the first customer walks into the shop, and they continue to work long after the last shopper leaves.

We're not bringing up these things to discourage you. We just want you to be acutely aware of the realities of retail so you can make a truly informed decision. To help you do this, here are some questions you should ask yourself:

1. Be honest — why do you want to start a retail business?
2. Are you prepared to lose your savings in the process?
3. Are you willing to temporarily lower your standard of living while building your business? Is your family willing to do so?
4. Are you willing to work 12-hour days, including weekends and holidays, for the sake of your business?
5. Do you have a backup plan in case your venture doesn't take off?

It may not be fun to face these questions, but it's something you have to do. Also remember that taking this step doesn't make you negative or pessimistic — it makes you prepared.

The good news is if you get through these questions (and the other measures outlined in this guide), and you're still passionate about retail, chances are you're on the right path towards retail success.

Action Steps:

Time required: 1 - 2 weeks

Materials: Your favorite note-taking device (smartphone, pen & paper, etc.), phone, mode of transport.

- ✓ Spend some time — a few hours, or even a few days — to think about your decision to start a retail store. Take the time to truthfully answer the questions in this chapter.
- ✓ Talk to your family and the people who will be most affected by your decision to venture into retail and ask for their input.
- ✓ Talk to other retailers and ask them how they've dealt with the challenges of owning and running a store.

Resources

We want you to learn as much as you can about starting your own store. That's why we've compiled some resources that can further your retail education. The links in this roundup, combined with the info in this guide, will bring you several steps closer to setting up your retail shop.

Happy reading!

General

- [How to Start a Retail Business; A Step-by-Step Guide](#)
- [The Store Starters](#)
- [How to Start a Retail Business](#)
- [Small Business Centre - The Ultimate Guide to Running Your Small Business](#)

Products

- [Choosing Products to Sell](#)
- [Picking Profitable Product](#)
- [ThomasNet—Product Sourcing and Supplier Directory Platform](#)
- [How to Price Your Product for Retail, Distributor, and Direct to Consumer Sales](#)

Market Research

- [How to Do Market Research—The Basics](#)
- [How to Conduct Market Research](#)
- [Monthly & Annual Retail Trade \(Census.gov\)](#)
- [SizeUp—Analyze Your Business](#)
- [Do-It-Yourself Market Research](#)
- [NRF Retail Insight Center](#)
- [SWOT Analysis for Retail](#)

Location-Hunting

- [How to Find the Best Location](#)
- [20 Questions to Help Find the Best Location for Your Business](#)
- [Choosing A Business Location For Your Retail Store Or Restaurant](#)
- [Types of Commercial Real Estate Leases](#)
- [Negotiating Your Shopping Center Lease](#)
- [Commercial Leases: Negotiate the Best Terms](#)

Finances

- [Finance Your Business](#)
- [5 Ways to Fund Your Small Business](#)
- [Startup Cost Calculator](#)
- [Access Financing Wizard \(Business.usa.gov\)](#)
- [Loans and Grants \(SBA.gov\)](#)
- [How to Find Investors for a Small Business](#)
- [Securing a Small Business Loan Quickly](#)
- [Tips, Tricks, and Accounting Essentials for Business Success](#)

Laws and Regulations

- [Business Law & Regulations \(SBA.gov\)](#)
- [Business Forms \(SBA.gov\)](#)
- [A Guide to Retail Pricing Laws and Regulations](#)
- [U.S. Retail Pricing Laws and Regulations by State](#)
- [Government Regulations That Affect Marketing in Retail](#)
- [State Retail and Food Service Codes and Regulations by State](#)
- [Retail Business Licenses and Permits](#)

Hiring

- [How to Run a One-Person Business](#)
- [Getting Help: Should Your Hire? — Staffing Your Retail Store](#)
- [How to Select a Commercial Developer/General Contractor](#)
- [Time to Hire a Store Manager?](#)
- [Job Candidate Evaluation Form](#)
- [Recruiting and Hiring Advice](#)

Further Reading: A Quick Guide to the Different Types of Retail Stores

While you may already know the type of store you want to have, it wouldn't hurt to learn about the other "breeds" of retail stores. Not only will it increase your understanding of retail in general, but it can also give you a better idea of how you can position and market your business.

Here are some of the most common types of retail stores out there. Check them out and see if you can pick up insights to improve your own shop:

Specialty Stores

These retailers focus on selling merchandise in a particular category. Examples of these establishments include office supplies stores (Staples), toy stores (Toys R Us), or sporting good stores (Sport Chalet).

Pros: Specialty stores have considerably more depth in the class of product they specialize in, and this enables them to draw enthusiasts who can't find what they're looking for at general stores. They are also in a better position to provide a higher quality of service and offer expert advice to shoppers. For these reasons, specialty store customers are more willing to pay premium prices.

Cons: The success of a specialty store greatly depends on the state of its specific market. So if say, the gaming industry suddenly hits the rocks, then there's a good chance that stores specializing in video games and consoles would suffer as well. Specialty stores cannot be as nimble as general stores, and would find it difficult — and costly — to pivot into a different market.

General Stores

These stores are typically located in small towns or rural areas. They sell a variety of merchandise in different categories to cater to the general needs of the town's residents.

Pros: General stores can attract all kinds of customers thanks to the variety of their merchandise. And since they carry various products, these shops don't have to rely on a single industry to thrive.

Cons: Because they're usually located in small, rural areas, general stores tend to have a limited customer base. They also face serious competition from department stores, convenience stores, and big box retailers.

Convenience Stores

Convenience stores are establishments that people can turn to at any time (even during the wee hours of the morning) they need essential day-to-day items. They are small corner stores that have extended operating hours and carry everyday items (toiletries, groceries, etc.). Examples of convenience stores include 7-Eleven, Family Mart, and Ministop.

Pros: Similar to general stores, convenience stores carry various items, enabling them to attract a broad range of customers. And because of their extended operating hours, these stores draw in busy consumers and after hours crowds who don't mind paying higher prices for the price of convenience.

Cons: Because they're usually small and are open late, convenience stores are more prone to robberies.

Boutiques

Boutiques are a smaller and more specialized version of specialty stores. They focus on one niche or aspect of a larger industry. While boutiques are usually small and independent, the term can also be used to refer to chains that specialize in specific markets. For instance, Soma Intimates is a popular store that concentrates on lingerie, which is part of the larger apparel industry.

Pros: Boutiques have more depth with their merchandise, and they can provide higher levels of knowledge and service. Like specialty shops, this allows them to draw high-end consumers who are more willing to pay top dollar. Additionally, because boutique store employees only have to learn about one type of product, they're relatively easier to train.

Cons: Boutiques operate in a small market, so it's not going to appeal to everyone. This also means that a boutique relies heavily on its specific niche, so if its market isn't doing well, the store could follow suit.

Franchise

A franchise is a type of business that's granted a right by another company to sell its products. Merchandise and marketing collateral are typically purchased from the franchise, and it operates under a "blueprint" set by the company. Examples of franchises include McDonald's, The UPS Store, and 7-Eleven.

Pros: A franchise is essentially a turnkey business; the plans, materials, and merchandise required for it to operate can usually be obtained from the corporate office. And if a franchise is already a well-known brand, its proprietors will have an easier time establishing themselves, since they won't have to worry about building an identity or reputation.

Cons: Most franchises operate under a strict agreement, so owners won't have the freedom to run the store on their own terms. Starting and running a franchise can also get pretty expensive. Proprietors will need to shell out quite a bit of capital to cover franchise fees, royalties, opening costs, and more. Not to mention, some companies require franchisees to pay a percentage of their revenue.

Dealerships

Similar to a franchise, a dealership is a business that's authorized by a company to sell its products. One key difference is that dealerships can have more flexibility with how they run the business. Most dealerships don't operate under an exclusive agreement with their company, and they're allowed to carry other brands in their store. Car dealerships are perhaps the most common example of this type of business, but the model can also be applied to other products, such as electronics, appliances, and more.

Pros: The costs to become a dealer are lower than a franchise, as companies don't require as many licensing or royalty fees. Most of the startup costs that you'll incur will come from actually purchasing the merchandise. Similar to franchises, owners of dealerships that are under well-known brands find it easier to build their reputation and won't have to educate consumers on what they're all about.

Cons: Running and maintaining a dealership can get expensive as many companies require owners to meet annual purchases and complete certain requirements for them to retain their dealership status.

Pop-up Stores

These are temporary shops that “pop up” in various locations, such as vacant retail spaces, malls, and even airports. Pop-up shops come in many forms, including booths, kiosks, store spaces, trucks, and more. Target’s Christmas pop-up in New York or Nike’s Fuel Station in London are great examples of retailers in the pop-up space.

Pros: Pop-ups are great for testing concepts, markets, or products. They’re relatively easier and faster to set up (it takes some merchants less than a week) and people looking to venture into pop-up retail will find that there are a lot of cost-effective ways to make it work.

Cons: A pop-up store isn’t as established as a traditional brick-and-mortar shop. It doesn’t have a permanent address and it’s not on Google Maps so it can be difficult to raise the awareness and “findability” of the store. Additionally, pop-up stores that come in the form of trucks or booths have limited space, so customers can find them cramped or difficult to shop in.

Conclusion

If you made it this far then congratulations; you’ve soaked up enough information to start a brick-and-mortar store. Now put your knowledge to good use by going out there and taking action.

Good luck and happy retailing!

About Vend

Vend is a cloud-based retail software platform that enables retailers to accept payments, manage their inventories, reward customer loyalty and garner insights into their business in real time. Vend is simple to set up, works with a wide range of point of sale devices and operates on any web-capable device with a browser.

Whether it's simplifying the inventory process, cutting 30 minutes from their end-of-day bookkeeping or making it simpler for them to sell their products on multiple channels, Vend's mission is to make retailers' lives easier.

With Vend, retailers are able to focus less on transaction and inventory concerns and more on creating that relationship with their customers. Vend aims to empower merchants by putting the right data and tools into retailers' hands and enabling them to do things themselves – and succeed.



Run the world's best retail.

www.vendhq.com