

Five Ways to **Keep Inventory Fresh & Improve Sell-Through**



From the SPRINGBOARD RETAIL CULTURAL COLLECTION

Proper inventory management is essential for any retail business, but museum shops have the added challenge of constantly rotating exhibits. On top of having to plan at least a few shows ahead, there's essentially a looming deadline, forcing you to move through the bulk of your related inventory before the current show's wrap. Stale, deeply discounted merchandise is the enemy here; we're aiming for a high sell-through at a high margin.

Your point of sale should be able to easily run a sell-through report (filtered by brand, category, product, or any other custom fields you've tagged the item with), but sell-through can also be calculated manually:

$$\text{Sell-Through} = \left(\frac{\text{UNITS SOLD}}{\text{STOCK ON HAND}} \right) \times 100$$

Just because a product or category is experiencing a low sell-through doesn't necessarily mean it was a poor choice on your buyer's part. It may be hidden in the store, priced too high or even too low — tricking the customer into thinking it's of a lower quality than it really is (the *too-good-to-be-true* syndrome). Here are five ways to correct the course and improve that merchandise's sell-through.

1 Re-merchandising

Re-merchandising is often an overlooked mechanism for keeping a store fresh and appealing to customers. By using data to understand customers, retailers can see, for instance, what merchandise they buy in tandem and then act to co-locate items. People respond to fresh, stimulating experiences, so engaging all the senses, including sound and smell, as well as grouping products around a theme — like artists, exhibits, and/or seasons — can all be highly effective.



2 Transfers

If you have multiple locations, or even multiple shops within one museum location, consider making a transfer. When a retail business has multiple channels or stores, it's crucial to understand how inventory performs at each and act accordingly. Leveraging a POS system's ability to initiate transfer requests between stores and the warehouse ensures that stores stay balanced and well stocked.

3 Reorder Points and Target Quantities

As retailers better understand their sell-through rates, they can begin to use POS software to set up reorder triggers to prevent bottlenecks. This is a mechanism best suited for merchandise that continually performs well over longer periods of time.

4 Renegotiate with vendors

Retailers who have data have proof, and the smart ones will use it. They can share everything from their traffic and conversion rate to their sell-through for each of their brands. Armed with this data, they can push vendors for better terms, margin or pricing. Requesting merchandise exchanges or returns when an item or brand is not meeting expectations is another tactic.

5 Markdowns

Although they are a quick way to improve retail inventory turnover, create cash, keep fresh goods flowing and correct buying mistakes, markdowns should solve problems, not create new ones. Retailers need to thoroughly understand



margin before “flipping” this switch so as not to create cash flow issues. So before you start doing mass markdowns at a percentage that sounds attractive to you, be sure you’re calculating just how much of a hit your margin is going to take once it’s stickered with a sale number. According to Marc Weiss, retail expert and CEO of Management One, “a 2% reduction in markdowns adds almost a 1% increase to your profit.”



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