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MEDIA RELEASE

Planning and good customer servicing essential to improve summer retail sales

Retail sales are expected to improve in November and December, but retailers need to lift their training of floor staff to provide effective customer servicing, according to KPMG.

Electronic spending figures released today by Statistics New Zealand show that core retail spending in New Zealand remained flat for October, with transactions in the core retail industries down 0.4 percent.

KPMG Business Advisory Partner Mark Kippenberger says that planning for the Christmas retail season remains a vital time of year for retailers.

“Retail sales statistics improve as Christmas approaches. In the current environment where cash flow is tight, retailers need to plan ahead and implement strategies that can convert browsers to customers. Training their staff to provide a friendly, but effective service is vital for this to occur and must not be underestimated.”

Mr Kippenberger says that while many companies have efficient advertising campaigns that get people into their doors, they struggle to increase the transaction volume through the traffic generated by advertising.

“The final sale happens at the store and owners need to focus their staff resource on making the most of every potential customer that visits their store.

“The obligation to train staff lies with owners or managers. Owners cannot assume that staff will think and act in a similar way to them. Owners need to put time and effort into equipping staff with suitable product knowledge. Retail staff knowledge on the 'selling process' can be limited, with some staff more adept at 'order taking' than effectively selling.”

He recommends that it will be beneficial for retail owners to set time aside for daily staff meetings throughout the December trading period to reinforce the customer servicing message to staff.

Liquidity is another major issue facing retailers during this period, says Mr Kippenberger.

“As liquidity remains paramount, retailers will face a natural tension between making the most of margin per item that comes from Christmas shopping and being caught with unsold stock. The post Christmas period is a highly competitive sale season where stock must be sold at or around cost to make room for new orders.

“For some, a compromise strategy may be to lift the 'average sale per transaction' through volume incentives. i.e., Buy 2, get 1 free is now common.”

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