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Fast Sellers - The Rest of the Story ...

By Mary Galeski

We are seeing more and more jewelers that have a handle on reordering Fast Sellers and even dealing with aged inventory. Some of them have stock turns in the 1.5 to 2.0 range (turning the entire inventory at cost every 6-8 months). Many jewelers would be green with envy and think that life must be grand with that kind of return on investment. And yet, some of these businesses are stagnant and others actually have declining sales. Why? Inventory is being “managed,” right?

Perhaps there is more to the story than meets the eye. I have taught hundreds of jewelers, buyers, and managers about reordering Fast Sellers. A colleague who taught seminars with me actually had them put their left hand on their stack of sales report, raise their right hand and solemnly swear to reorder them! Thirty, 40, even 50% of our sales come from Fast Sellers – so reordering them is an absolutely excellent idea. If you are not already doing so, start! There’s nothing at all wrong with ordering Fast Sellers. It is not a wrong inventory strategy, but it *is* an incomplete inventory strategy.

Why? Because not everything you need in your store is a Fast Seller! There are many compelling reasons to look beyond Fast Sellers. And by the way, the least of them is fancy window dressing.

First, what kind of story are you telling? Can you expect people to come to you for diamond pendants if all you have are hearts? Of course not. You know this part. Customers will not come into the store unless you provide reasonable choices. How much and which choices are dictated by your market.

Second, sometimes supporting merchandise is necessary to sell the fast sellers. The best example is the diamond stud programs in which two or three of six price points sell and the others take a year or more. The determining factor here is the success of the overall program or collection, not the individual pieces within it.

Third, we tend to buy lower price points in bulk (lower is defined differently in every store). That is, we buy an entire selection at once because the investment isn’t painful and we “know” we will sell through it. The problem here is you are deliberately causing items not to be fast sellers. And then those that are; you don’t reorder because you know you bought a large number and you’ll get them next show or store visit. It is not that you should not buy in bulk; you just need to manage the selection more than just in November. You might sell 15 diamond pendants between \$300 and \$400 in a year, but only three of them were “fast” and none of them were re-ordered!!! This one area could cost you \$2000 just being out of stock for 4 months. Multiply that by the different price points in every major category in your store and it quickly represents hundreds of thousands of dollars.

So what is the right strategy? Fast Sellers are a big part of managed inventory. But just like baking a cake with no eggs in it, you’ll fall flat if you only use part of the recipe. The question that must be answered is; where is the balance between too thin a selection and too much inventory? In order to answer that, you must understand your consumer’s behavior. That includes who they are and how they spend in your store, and you must stock your store like a merchandiser, not a buyer (but that is a whole different newsletter).

Like Abe always says, no one will shop in a shoe store that only carries black pumps. So, by all means, reorder your Fast Sellers. But do not for a second believe that just because a piece of jewelry is not one, that it has no place in your store. It just might be part of the rest of the story.