



South East Museum
DEVELOPMENT PROGRAMME

Effective Retail for Small Museums

Small Museum Shops that are Profitable

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The most profitable museum shops are those that successfully combine culture with commerce, offering a product range with clear connections to the themes of the museum. They successfully target the museum's audience and measure and monitor performance, creating an inviting shop environment and offering excellent customer service.

1. Product Range

The product range needs be carefully planned taking into consideration:

- The themes of the museum exhibition spaces, historical eras linked to the museum, museum location, characters linked to the museum and possibly architectural features of the museum
- The visitor demographic including age range and spending power of the audience
- The product category mix ensuring there is a selection of product types e.g. cards and postcards, stationery, books (including a guide book), educational toys and adult gifts
- Product sourcing including bespoke products, wholesale products and unique products produced by designer makers
- The price points, ensuring a balance between pocket-money items, mid-priced merchandise and more expensive higher quality gifts
- Available space and display limitations

2. Performance

Measuring Sales

The sales information should be regularly reviewed and shop performance analysed as this information can be used to inform future buying decisions and determine changes to shop layout. For example:

- Measure daily, weekly, monthly and annual sales figures alongside a calendar of events that may have influenced sales
- Ensure best-sellers are identified as they should be given more display space
- Measure **Spend per Visitor – SPV**

e.g. £15,000 sales / 10,000 visitors = £1.50 SPV

This information can be useful for comparing year on year figures, for forecasting sales and for benchmarking against similar sites. Be aware when comparing with other sites that they may collect their visitor data in a different way and that as a result the comparison may not be like-for-like

Aim to increase the SPV year on year

- Measure the **Average Transaction Value - ATV**

e.g. £15,000 sales / 3000 transactions = £5 ATV

This information can be used to encourage upselling by the team e.g. suggest selling a bookmark with every publication, or a tote bag with every purchase

- Measure the **Conversion Rate**

E.g. 3000 transactions / 10,000 visitors x 100 = 30% conversion rate

The conversion rate can be influenced by the visitor flow e.g. do all museum visitors 'exit through the gift shop', suitability of product to the visitor profile and customer service

You can motivate the team by sharing sales figures and using targets to encourage good levels of customer service

Measuring Profit

While the focus is often on maximising sales, attention should also be given to maximising profit as this is what will contribute to the running costs of the museum.

Gross Profit

This is calculated as:

Sales – Cost of sales = **Gross Profit**

e.g. Net selling price £10 – Cost Price £4 = Gross profit £6

Profit of £6 / Selling Price £10 x 100 = 60% Gross profit

When planning the product range there should be a balance between lower and higher margin items with the objective of achieving an overall margin of 50%

Don't make the mistake of hanging on to slow moving stock - slow moving lines should be identified and marked down to clear. Although applying a price reduction will impact on the gross profit margin this will speed up the rate of sales and free up budget to spend on new stock.

Net Profit

This is calculated as:

Gross profit – Overheads = **Net profit**

The overheads can be a major factor in determining the net profit and include for example the following costs:

- Point of sale materials e.g. paper bags, tissue paper and other associated costs of gift wrapping
- Display materials, including display props and the cost of acrylic sign
- Labelling costs including a labelling gun and associated stickers
- Shop repairs and general maintenance for example replacing damaged product containers
- The cost of any damaged stock caused by breakages and the cost of display samples.
- Cost of theft of products
- Staff costs

Stock Control

A tight control should be kept on buying to ensure that stock levels don't become excessive and the amount of stock required will vary depending on shop turnover and space available. Stock requirements can be calculated based on future sales forecasts. As a guide it will be in the region of the equivalent of a 13 – 26 week stock holding in a small museum with low turnover.

If your museum has committed to large quantities of bespoke products, guide books and postcards it may be difficult to work within this guideline overall.

The amount of stock needed can be calculated as follows:
e.g. Annual sales forecast £15,000 / 52 weeks = £288 per week therefore
£288 x 13 weeks cover = £3750* stock holding required

* Stock holding at retail prices

3. Presentation

Shop Layout

A well designed shop layout with attractive displays will encourage customers to browse and will increase 'dwell' time which will lead to more sales.

- A logical shop layout is essential, for example someone browsing the more academic books may be distracted if these publications are located next to the children's toy section. Ensure the shop is easy to navigate for wheelchair users and that large fixtures don't spoil the site-lines through the shop. Check that all the light bulbs are working and properly focused on products as this can really enhance their appearance. Do make sure that shelves and products are regularly dusted
- Pay special attention to the till point which should be clutter free. Items that can be displayed at the till point include small souvenir items, a tote bag which can be offered as an alternative to a paper or plastic bag, the museum guide book and a small donation box for loose change
- When arranging products on the shelves remember that 'eye-level is buy-level' and that your best sellers should be displayed in a prominent

position and allocated more space than slow selling lines, perhaps giving this item multiple locations throughout the shop

- Laying out the products in vertical blocks, using simple repetition, symmetry and triangular grouping is very effective, and products usually look more appealing when displayed in groups of 3's or 5's.
- Planning a calendar of seasonal displays around events will prompt visitors to buy gifts, for example for Mothering Sunday, Easter and Christmas. Special merchandise doesn't need to be purchased for these events, but by bringing together suitable items from the existing range with a few relevant props can make an interesting 'story'.

Signs and Labelling

- Avoid handwritten signs as these look unprofessional. A simple solution is to produce product labels in-house using the museum font and incorporating the museum logo printed onto paper or card and inserted into purpose made acrylic signs
- Product signs can be used to explain the special features of individual items and their provenance and the connection with the museum collection
- A sign reminding customers that profits from their purchase will support the work of the museum will add that 'feel good factor'
- Indicate to your customer your 'best seller' sign as this instils confidence in the purchase
- Book reviews written by the curator or other museum staff, or indeed taken from the book jacket can add to the appeal of publications
- Price labelling should be to a consistent standard, and applied using a ticketing gun rather than handwritten labels

4. Promotion

Every opportunity should be made to market the shop at the museum site as well as external communication. Some examples are listed below.

In-house

- Ensure that all the museum visitors are aware that there is a museum gift shop if the visitor route doesn't pass automatically through the shop. This can be communicated using clear signposting though out the site and verbally during staff interaction with visitors
- Have examples of products available from the gift shop displayed in the exhibition spaces especially where there are clear links with collection e.g. replicas
- Signs can be displayed on the back of the loo doors
- Table toppers can be displayed on the café tables illustrating some of the merchandise for sale

External Communication

- To whet the appetite of visitors, a dedicated 'shop' page on the museum website should include photographs of the museum shop
- All museum promotional literature should contain information about the shop and the products available including attractive images of both
- Regularly post details of new products or displays on Social Media especially focusing on seasonal events where people are actively looking for gift items to purchase
- Include a feature about the shop in Newsletters sent to 'Friends' of the museum and other subscribers and consider special offers that could be made to your loyal customers
- Invite the local press team to visit the shop to make a feature in their publication, perhaps offering a discount voucher to readers to be used in the museum shop
- Raise the profile of the shop by hosting a book signing or Christmas shopping event

5. Customer Service

To deliver good customer service it is vital that the team are trained to be customer focused and that they understand the products that they are selling.

- Staff should be informed about the provenance of products and their benefits and features during regular training events
- Staff should be encouraged to engage with customers when they enter the shop as this not only create a welcoming atmosphere but will act as a deterrent to theft
- Staff should 'sell' to the customer and understand that this means listening and suggesting suitable products, and that the more sales they make the more the museum will benefit
- The team should be motivated by having sales targets set for them
- The team should be encouraged to 'up-sell' e.g. a greeting card with a gift, and a bookmark with every book sale
- Remind staff that when completing the transaction that this is often the final opportunity to create a positive, lasting impression of the museum