

The **PATH**  **FORWARD**
Engaging in Partnerships



October 15-17, 2019

Hospitality Retail Best Practices

Eric Flanigan



Local



Sustainable



Environments



Pricing



Sales

Retail Hospitality Best Practices

Local



Hospitality Retail Best Practices

Local

Local/Epicurean

- Start 50 miles radius from your location (Up to 250 miles) and research the artisans and vendors. Make sure they are just not a distributor.
- Meet the owner.
- Focus Areas:
 - Gourmet Food
 - Beer/Wine/Coffee/Tea
 - Sweets
 - Jewelry/Gifts



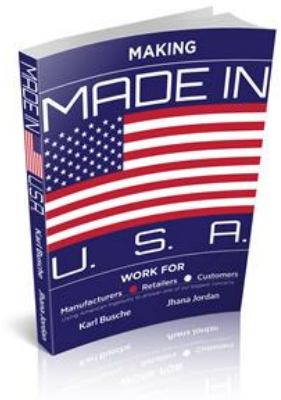
Native American

- Do research...what tribes are in your region?
- Create Areas in your stores to highlight and promote these products.
- Have a meet the artist day.
- Attend local Pow Wows and Shows.
- Understand and be compliant with the Indian Arts and Crafts Act:
<https://www.doi.gov/iacb>



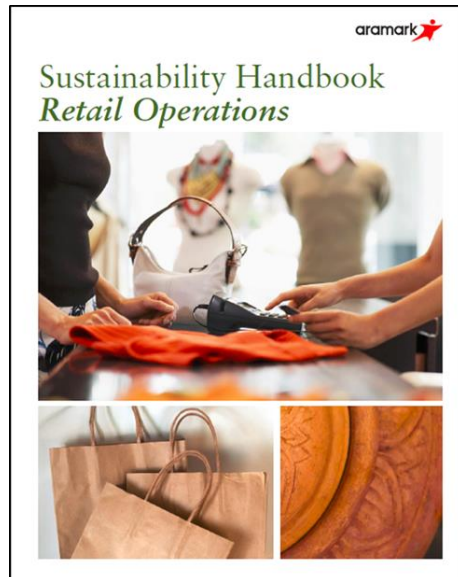
Made in USA

- What is our commitment in our contract?
- Start with local product from your region and State.
- Most vendors will have a Made in USA assortment.
- Read:
<http://www.karlbusche.com/#home>



Hospitality Retail Best Practices

Sustainable



Hospitality Retail Best Practices

Sustainable

Products

- All parts are coming from or assembled within 250 miles of your location.
- Focus on justly compensating workers. Third party certification body is Fair Trade USA: (www.fairtradeusa.org).
- Do not do business with companies that produce or assemble products using child labor.
- Focus is on support of the tribal local to your operation. Please see the Indian Arts and Crafts Board website for a list of federally recognized tribes in your area.
- This refers to any and all claims of sustainability within our product base. This would include organic, Fair Trade, shade grown, bird friendly, humanely raised, antibiotic free, etc. All products that have these claims must be certified by a third party such as Fair Trade USA, USDA, etc.
- The RSPO, or the Round Table on Sustainable Palm Oil, is an organization that develops and promotes strategies on sustainable palm oil procurement. Mission is to be able to trace palm oil to specific suppliers. Products come from companies that are members and take the pledge (ex: Hershey's, Mars).
- BPA: It is important to message products that are made from other products.



Materials/Shipping/Packaging

- Focus should be on reduction or elimination at the source. If the elimination of packaging would compromise the protection of the product, recyclable materials are preferred.
- *Most packaging reduction efforts should occur at the vendor, long before the product gets to our stores. Once the extraneous packaging has been eliminated, we can focus on ways to reuse/recycle on site.*
- In support of the overall reduction in beverage packaging, installing and promotion of bottle refill stations..
- No polystyrene. Recyclable packaging is preferred. Even if shipping materials are designed to be disposable/recyclable, is there a way that they can be reused, either for home shipping or given back to the vendor to ship product several times before being disposed of (resulting in a cost savings to the vendor).
- Use shipping materials from vendors to ship products to guests. Focus is on the elimination of one-use plastic water bottles.
- Never accept from a vendor or supplier or use Styrofoam in your operation.
- Be cautious with items or packaging labeled Biodegradable as it is often from “greenwashing”.



Hospitality Retail Best Practices

Sustainable

➤ CASE STUDY: UPCYCLE VENDOR



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Refried Apparel is an ingeniously fashionable blend of style, comfort and sustainability. Designed and handcrafted in America, Refried's first-of-a-kind products include a variety of stylish garments and fashion accessories.

Refried Apparel is a refreshing new category and a solutions-based model. With upcycling at its core, Refried Apparel presents two distinct offerings – *Once-Baked™* and *Twice-baked™*.

A Refreshing New Category with a Unique Twist

Refried Apparel's Once-baked product line is created using surplus material for a refreshing new offering. With its distinctive features and custom printed graphics, Refried's innovative styles and upcycled component adds a new dimension to branded apparel.

Dead-stock re-imagined

Refried turns dead-stock/surplus inventory into revenue by helping retailers, wholesalers and manufactures cycle unsellable inventory back into the marketplace. With its innovative design process and upcycling methods, Refried transforms already printed/decorated and damaged soft goods into handcrafted apparel with one-of-a-kind appeal.



➤ CASE STUDY: 100% Sustainable Apparel

Trash. Shred. Spin. Wear.™ Our trademark to the process. It starts with collecting recycled plastic bottles. These recyclables are stripped of their labels and washed, and then shredded into tiny pieces. The tiny pieces are then melted down and turned into recycled polyester fibers. These recycled polyester fibers are blended with cotton and spun into our ring-spun yarn.

Jerry Wheeler: jwheeler@ecocentricbrands.com



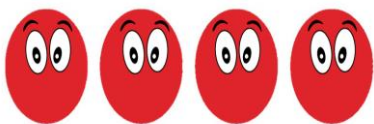
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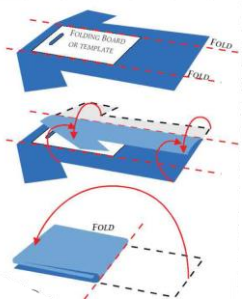
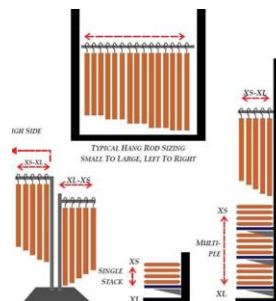
Hospitality Retail Best Practices

Environments

Standards!



WELCOME. ENGAGE. SMILE. THANK YOU.



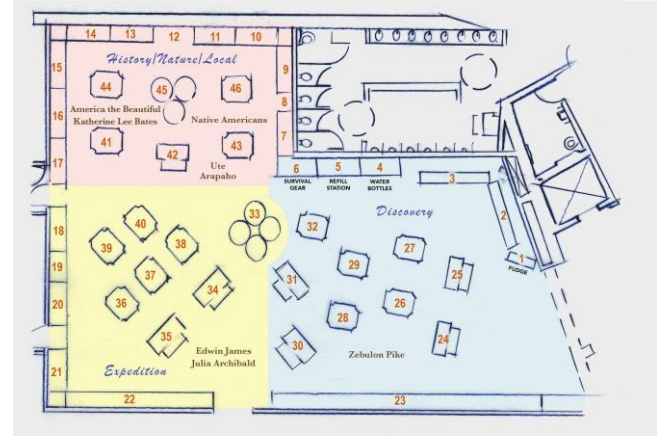
Hospitality Retail Best Practices

Merchandising to Color/Themes/Demographics/Departments



Store Planning

- Fixtures should match: color, material and style.
- Create a store layout (planogram).
- NEVER USE A VENDOR FIXTURE UNLESS IT MATCHES YOUR DÉCOR AND MATERIALS.



Hospitality Retail Best Practices

Environments

Props/Signage



Hospitality Retail Best Practices

When it all comes together!

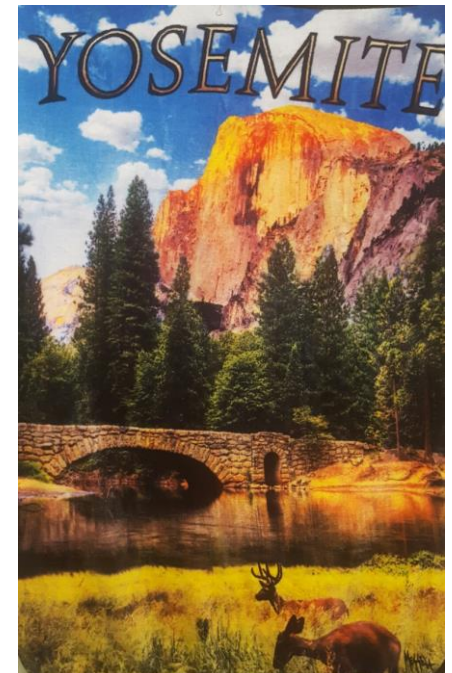


POS Add-Ons

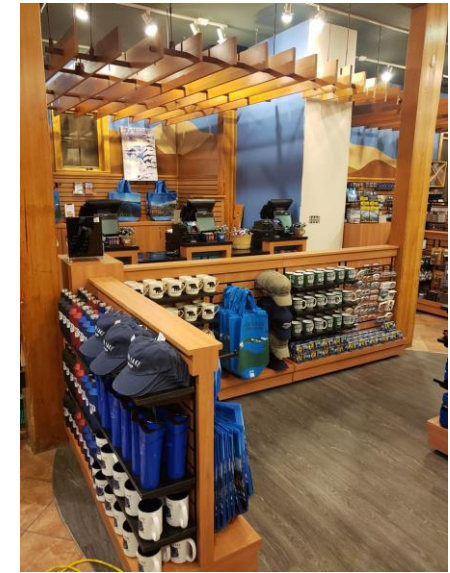
- Cost \$.53
- Retail \$ 1.99
- Units Projected 5,000



- Retail Everyday: is \$39.99
- Spend \$50.00 and you can buy Blanket for \$30.00



Promo/Value



Hospitality Retail Best Practices

Pricing/Inventory

Pricing

Mark-Up by Cost (4 Tiers):

1. **Promo/Value (Under \$ 8 Cost): 4 times Mark-Up**
 2. **Good (\$ 8 to \$ 20 Cost): 3.5 times Mark-up**
 3. **Better (\$ 20 to \$ 30 Cost): 3 times Mark-up**
 4. **Best (\$ 30 to X\$ Cost): 2 times Mark-up depending on perceived value or custom designed.**
- **State or National Park Contractual Mark-Ups: See your Concessions Specialist.**
 - Try to compare at least 3 vendors from the same category.
 - Know how much you have to spend and how much inventory you can buy.
 - Ask vendor for free freight, no set-up or art charges.
 - Ask for free ticketing, tags and folding.
 - Ask for fees (if any) to be included in landed cost. Then you will set retails correctly.
 - Ask Vendors to move China items to other countries to avoid the Tariff. Many have operations in Central American and other Asian Countries..
 - ✓ Cost + Shipping. Retails are adjusted whenever shipping increases or there is a manufacturer's price increase. Receiving discipline can catch errors in COS and Retail Pricing.
 - ✓ Perceived Value of the item – Always a major factor in pricing as I can get a better mark-up when the perception of value is high
 - ✓ Location Demographics and who is the targeted guest (income level, tourist, etc.) for the item.



Inventory

Planning:

- Create a sales budget off of history and attendance trends.
- Target at least a 2 plus inventory turn (2-4 is a good range, anything higher then 4 you are missing product lines, less then 2 you have too much on hand of certain items).
EXAMPLE: \$500,000 in sales divided by \$250,000 worth of inventory = 2
Their inventory turnover is 2, meaning they had to replenish their full inventory twice over the past year. This number shows that products are selling at a profitable rate.
- Set an open to buy plan and follow it.
- KPI's (Avg. Sale, Margin, Sales to LY, COS to LY, etc.)
- Set a breakdown of sales by percentage by product department
 - Apparel (25%), Souvenir (20%),

Inventory Turnover:

Total cost of sales dollars divided by average inventory.

For instance, if your cost of sales for the year was \$500,000 and your average inventory \$250,000, your inventory turnover is 2.0. In other words you would have turned over your inventory 2 times

Average inventory formula is:

Inventory Level Planning:

Example:

\$450,000	Beginning of Oct inventory (which is ending inventory for Sept)
-\$56,063	Planned COS for Oct (\$195,000 sales at a 28.8% COS)
\$393,937	Inventory level at end Oct if no new merchandise was received.

Desired ending inventory for Oct - \$420,000.







In order to end Oct's inventory at \$420,000, purchases for the month need to be \$26,063

Hospitality Retail Best Practices

Blended COS/Margin

Department	% of Sales	% Mark-Up of Cost	COS %	COS \$
Apparel (Name Drop/Logo)	25.00%	78%	22%	\$308,000
Accessories	7.50%	78%	22%	\$92,400
Souvenir (Import-Name Drop/Logo)	10.00%	84%	16%	\$89,600
Souvenir (Domestic/Made in USA)	2.50%	70%	30%	\$42,000
Name Programs	7.50%	84%	16%	\$67,200
Plush	7.50%	76%	24%	\$100,800
Toy	7.50%	76%	24%	\$100,800
Jewelry (Name Drop/Souvenir)	2.50%	72%	28%	\$39,200
Gift (General)	2.50%	65%	35%	\$49,000
Native American Handicrafts (Local Tribes)	2.50%	55%	45%	\$63,000
Sustainable	2.50%	65%	35%	\$49,000
Gift (Local: Colorado Springs-within 250 mile radius)	2.50%	65%	35%	\$49,000
Candy (Souvenir)	5.00%	74%	26%	\$72,800
Fudge/Nuts	7.50%	84%	16%	\$67,200
Books/Media	2.50%	55%	45%	\$63,000
Other	5.00%	72%	28%	\$78,400
Total	100.00%	76%	24%	\$1,331,400
	\$5,600,000			

Hospitality Retail Best Practices

	Description	DOMESTIC PRICE	MOQ	IMPORT PRICE	MOQ	SET UP FEE	Domestic price with set up fee	Import price with set up fee	Cost difference between domestic and import
	LIGHT UP YO-YO	\$ 1.15	300	\$ 1.08	900	\$ 50.00	\$ 1.32	\$ 1.14	\$ 0.18
	JUMBO PLAYING CARDS BLUE	\$ 3.15	150	\$ 2.25	750	\$ 60.00	\$ 3.55	\$ 2.33	\$ 1.22
	PICK UP STICKS IN WOOD BOX	\$ 1.80	150	\$ 1.30	750	\$ 60.00	\$ 2.20	\$ 1.38	\$ 0.82
	WOODEN DICE IN BOX	\$ 2.15	150	\$ 1.90	750	\$ 60.00	\$ 2.55	\$ 1.98	\$ 0.57
	LARGE DOMINOS IN BOX	\$ 2.60	150	\$ 2.35	750	\$ 60.00	\$ 3.00	\$ 2.43	\$ 0.57
	LIQUID MOTION BUBBLER	\$ 2.58	150	\$ 2.35	750	\$ 60.00	\$ 2.98	\$ 2.43	\$ 0.55

Hospitality Retail Best Practices



“It’s time to get back in front of the customer.”

<https://www.karlbusch.com/>

Hospitality Retail Best Practices



THANK YOU!

QUESTIONS?

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