

"Vision is the art of seeing the invisible. Leadership is the capacity to translate vision into reality."

SPECIALTY RETAILER: THE DEFINITION

During a recent gathering of some industry types, which I felt lucky to attend, someone brought up the idea of specialty retailers. The context was, what specialty retailers and suppliers expect from each other. I thought it might be informative to learn how some of these folks defined "specialty retail". The answers were what one might expect... Independently owned. Brick & mortar. Smaller shops. Know products and services well. More personal relationship with consumer. Etc... Someone even took offense at the question suggesting it was disingenuous because "we all generally know what a specialty retailer is".

Yeah well... I don't think any of the responses to the question were incorrect. Indeed many specialty retailers exhibit many of the "definition points" identified by the members of this group. That said I feel it might be useful for suppliers and retailers who seek to engage in business with each other to have a clear and predictable set of expectations about what a specialty retailer is. This is especially true when these two parties are building business plans that include each other's products and services.

Just for fun; Wall Street considers Best Buy, Big 5 Sporting Goods and Fry's Electronics to be specialty retailers. I am confident that the people in this group did not mean to include these fine institutions in the "we all generally know what a specialty retailer is" set. Nordstrom's, Bass Pro & REI on the other hand...?

In the October 1993 Signal Path I set out to establish what I believe is a clear and concise definition of what a retailer must do to be considered a "specialty retailer". The three essentials. It boils down as follows.

A specialty retailer is one who creates demand among his consumers for products and services which the retailer chooses to stock and provide. A specialty retailer fills this demand profitably.

creates demand: (Sells) Educates the consumer about important products, features and/or services of which the consumer is not yet aware. Ideally these important products, features and/or services are available to the consumer at places and prices that the specialty retailer can accurately predict, in effort to position them as a part of his identity which compels the consumer to "buy here".

retailer chooses: Follow me on this one, it's a little bit scary. The retailer has to choose which products and/or services to promote and sell. Of course it's the consumer who ultimately "chooses what to buy and how much to pay". It is however important for the retailer to help the consumer understand why what he has chosen to stock and sell is the best possible solution for the consumer. The alternative... DIG THIS: Someone is teaching the consumer what to want. It is not likely the stereo fairy doing the teaching. If you are just meeting consumer demand when he walks in the door, if you are not doing the teaching, it is more likely YOUR COMPETITION doing the teaching (demand creation). I assure you that your competition does not have your best interest at heart. Your competition wants your consumer to buy from him not you, stuff he has and likely at a lower price than you can afford. Deliver a compelling education and experience to the consumer which your competition cannot hope to meet.

fills this demand profitably: Profit is the oxygen that provides the specialty retailer with the ability to teach many consumers for many tomorrows and keeps their friends coming back for more. When you are creating demand for the stuff you know will deliver better satisfaction over the long haul (happy consumer) you'll develop the long term consumer relationships which are the word of mouth foundation of a strong business. When you sell these products and services for a little more money than the common stuff, you are not gouging, you are establishing and creating value.

I contend this definition of specialty retail is not confined to the size, location, staff quantity, business channel, product and/or service category, ownership, brick & mortar, Internet or other standard definitions we all know. It is rather about the ability to identify consumer needs, educate consumers about better, create value, write profitable business and repeat this simple process with every consumer every time.

At your service,



Ray Windsor