

Boost your Profitability

**Best Practices for Hospital
Gift Shops**



Today's Topics

- **The value of volunteer labor**
- **Buying tips**
- **Develop Loyal (repeat) customers**
- **Pricing strategies**
- **8 Ways to increase profits**
- **Sales and markdowns**
- **Special events**

Turning Sales into Profit

- **Hospital Gift Shops benefit from a captive clientele, but they also have the tough task of merchandising to repeat customers, replenishing stock and operating largely on a volunteer staff.**
- **Hospital gift shops play a large role in the healing culture in a hospital, it's bright, colorful, friendly, warm - a great place to disappear to for retail therapy or to purchase a unique gift to brighten someone's day.**

Gift Shops boost the bottom line

- **The value of volunteer labor – most hospitals rely heavily on volunteers to staff the shop and some are entirely run by volunteers. People donating their time certainly allows you to support the hospital with the income from the gift shop to a much greater degree.**
- **What day(s) of the week are busier than others? High surgery days mean more team members are working plus more visitors and guests visit the hospital.**
- **Close at 5pm? Consider staying open late one day per week...Thursdays until 7pm.**
- **To increase the hours your shop may be open as well as increase your daily sales, consider hiring a PT clerk for nights and weekends.**

Gift Shop Buyers

- *Attend major Gift Market at least once per year (ATL – January or July)**
- *Attend local gift shows (Orlando – Surf Expo, Spring or Fall)**
- *ALWAYS – try to find at least 4 NEW vendors to buy from when at market. Temporaries are great margin builders.**
- *Temps give you low cost, low minimums, trends, try something new – outside the box.**
- *NEVER run out of stock on your best sellers.**
- *Introduce an assortment of NEW merchandise quarterly.**
- *Have enough seasonal merchandise to make a statement throughout the year – specialize in one item such as Nativities, have a themed tree, small gift items for secret Santa's.**

Great Finds!

- **Visit other Hospital Gift Shops in your market.**
- **Visit local boutiques.**
- **Jot down brand names of items you may want to add.**
- **Take photos of merchandise or displays.**
- **Research online – trends, colors.**
- **Why do we buy – to increase sales. Order what our customers want, create a following, customers will come back again and again.**

Develop Loyal Customers

- **Greeting, make eye contact and smile, say “Hello” or “Good Morning”. Simple gestures make them feel comfortable.**
- **Approach and explain, provide alternatives, share/demonstrate most popular items in shop or your personal favorites. Enthusiasm sells.**
- **When I see a team member leaving without making a purchase I might say something like “What brought you in today? Were you looking for something special we may not have out?” Offer to special order for them the next time we order from that vendor. Or...Let me show you, this just came in...now that I know what you’re looking for I’ll let you know as soon as it comes in.**
- **When you see your loyal customers throughout the hospital tell them you have an item you know they’ll like and to stop by. Builds rapport, trust...she’s always looking out for me. Makes them feel special.**
- **Think of the places you visit on a regular basis (bank, dry cleaners, grocery store, drug store) and when the sales people remember your name, your likes and your needs how does that make you feel?**

Keep them Coming back

- **Make sure to have NEW items arriving on a regular basis. Keeps the shop looking current and fresh.**
- **Have constant movement of merchandise around the shop...how many times have you heard someone ask if an item is NEW and you just moved it over a couple of shelves.**
- **Keep customer favorites in the same place.**
- **Have a loyalty program in place such as frequent shopper cards.**

Margin Builders

- **PPP – Purchasing Power Plus gift shop membership program.**
- **PPP vendor list**
- **Jewelry, Watches, Apparel**
- **Brand recognition – Fossil, CORKCICLE, Simply Southern**
- **High Ticket items**

PPP Program

- **Annual membership fee at \$675.00 per shipping location.**
- **Current vendor list provided. Highlight vendors you currently buy from, research possible margin boost, cover cost of membership fee. Complimentary hotel night during buying trip to Atlanta.**
- **Some of these vendors will do additional discounts during markets like an extra 5 or 10% on top of the everyday discount.**
- **Use this to increase profit margins...Mark up the goods to cover the original cost and not the discounted cost.**
- **Regular cost is \$5.00 – sell for \$10.95
PPP cost is \$4.50 – sell for \$10.95 instead of \$9.95**
- **Regular cost is \$10.00 – sell for \$20.95
PPP cost is \$9.00 – sell for \$20.95 instead of \$18.95**

Pricing strategies

- **Keystone** – a pricing method of marking merchandise for resale to an amount that is **DOUBLE** the wholesale price or cost of the item.
- **When a business sells merchandise to customers it must charge a price higher than the cost of goods in order to earn a PROFIT.**
- **Pass on freight costs to your customers.**

Adding Freight Costs

- **There are two ways to add freight costs to the price of an item:**
 - 1. Add a set amount to each item such as .95 cents. Keystone pricing of an item that costs \$10.00 wholesale will be sold for \$20.95.**
 - 2. Divide total freight costs by the number of items on the shipment and add to your wholesale cost. Keystone pricing of an item that costs \$10.00 wholesale could be sold at a lower retail price of \$20.25 or at a higher retail price of \$22.50 all based on the dollar amount of freight costs of this particular shipment.**

8 Ways to ^ Profits

- **Increase Prices – Raise the price of your most popular items. You don't have to increase prices across the board. Remember, no one knows the price you pay but you.**
- **Narrow your focus – you can't be all things to all people. Become known for “something”: apparel, specific brands, nativities.**
- **Limit discounting – have QTRly promotions, special events, seasonal sales and clearance.**
- **Cut Waste – look at supply costs. Research, reduce, change vendors.**
- **Perform annual inventory. Be sure to record theft and damages on a monthly basis.**

8 Ways to ^ Profits

- **Make buying decisions based on future sell-thru's – minimum is 24, that's 24 customers to buy that one item in a 30, 60, 90 day period? You may have to pass when minimums are too high, even if the Rep insists it's a top seller. YOU know you're customer better than they do.**
- **Take advantage of free freight promotions.**
- **Take advantage of group buying programs like PPP.**

Timely Markdowns

A neglected secret weapon!

- *Old merchandise clogs your stock room and open to buy.**
- *Old merchandise bores customers.**
- *Old merchandise makes the shop feel irrelevant.**
- *Mark down merchandise to make room for new goods arriving (25%-50%).**
- *Mark down merchandise over a year old (50%-75%)
No exceptions! If merchandise still has not sold consider donating it.**
- *Follow your local department store sale timelines.**

Increase sales 25K in 2019

- **Shop Size:**

Small 500 to 1000 sq. ft.

Medium 1000 to 1500 sq. ft.

Large 1500 to 2000 sq. ft.

- Determine cost per square foot
- Annual sales divided by total square feet
- \$375K divided by 675 sq. ft. = \$555
- Where are you right now?
- Increase sales in 2019 by 25K (Add just \$80.00 per day to goal)
- Daily sales goals – know/share your numbers
- 2017 Regional Mall average price per sq. ft. was \$325

Know Your Numbers

- **Daily Sales Goals**
- **Monthly**
- **YTD – Year To Date**
- **Vs. LY 2017**
- **Number of Customers**
- **Number of Deliveries**
- **Average Sales Price**
- **Share with volunteers working in the gift shop.**
- **Create sense of ownership.**

Special Events & Coupons

Happy customers are your best marketing tool!

- *Use simple flyers and coupons, with an expiration date**
- *Have special shopping events (Holiday kick offs, employee days) – Serve refreshments!**
- *Buy one get one free**
- *Frequent shopper cards**
- *Coupons for those that shop at your fundraisers**
- *Offer special services (special order fragrances)**

Signage

- *Give customers a cause to participate in:**
 - *Your purchase makes it possible for...who/what are your profits benefitting.**
 - *Give customers a reason to choose you...merchandise selection, special orders.**
 - *Gift Shop proceeds paid for...what have you recently purchased for the benefit of your hospital.**
 - *In your back office – volunteer recognition and sales promotions.**
 - *Announce “new arrivals”, “best seller”, first markdowns 25%, sale markdowns 50% or clearance 75%. BOGO’s.**

Fundraising Opportunities

- **Gift Shop trunk shows – Tervis**
- **Nothing Bundt Cakes** – reach out to franchise in your area.
- **Krispy Kreme - 4 sales = \$2100**
 - Goal – sell 100 dozen at \$10.00 each
 - Cost is \$4.75 per dozen
 - \$475 investment yields \$525 profits

Profitability Report

Provided to the St. Joseph's Hospitals Foundation
by the Women's Hospital Auxiliary

- *Labor & Delivery Renovation Pledge (2013-2016) \$500,000
 - *Surgical Waiting Room Furniture (2014) \$42,000
 - *LDR Pledge Additional Renovations (2015) \$30,000
 - *14 Wheelchairs (2016) \$3,500
 - *LDR Nitrous Oxide Machines (2016) \$19,500
 - *Breast Center Radiography Fluoroscopy System (2017) \$125,000
 - *Electronic Signage Waiting Rooms (2017) \$4000
 - *Breast Center Radiography Fluoroscopy System (2018) \$125,000
 - *Serenity Garden Renovation Pledge (2018-2019) - \$85,000
- *Actual donations totaled \$849,000 in the past 6 years

Wrapping Up

- *Retail, like volunteer leadership, is equal parts dedication, commitment and FUN!**
- *Volunteer leaders strike a fine balance in everything they do.**
- *Thank you for using your gift of leadership to guide volunteers in your hospital gift shops**
- *Questions?**

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