



The Pros and Cons of Starting Your Own Retail Store

THRIVE BY DESIGN WITH TRACY MATTHEWS

“So, that also makes a difference, where you’re located, and if you’re in a very trafficy area, foot traffic-wise where people are walking by, it can really boost your brand experience.”

You’re listening to Thrive-By-Design business marketing and lifestyle strategies for your jewelry brand to flourish and thrive. Let’s get started.

Intro: You're listening to Thrive by Design, business, marketing, and lifestyle strategies for your jewelry brand to Flourish & Thrive. . Let's get started.

Tracy: Welcome to the Thrive By Design podcast episode 145. Hey there, it is Tracy Matthews here, the Chief Visionary Officer over at Flourish and Thrive Academy and your host for today's show, and I'm excited because it has been a Robin snow storm, or maybe we should say like a rain shower since it's kind of spring/summer starting, lots of rain here in New York City, and I'm just excited to have Robin, my cofounder of Flourish and Thrive, Robin Kramer, on the show today with me, and today we're going to be talking about a topic that sort of seeded on our last episode. If you haven't listened to or checked out episode #151, we were talking all about wholesale and how to navigate the crazy changes going on with wholesale. So make sure that you check out that episode. It was Robin's birthday episode, and the thing that I was really excited about to talk to her, we were just talking about retail stores on that episode, so right away we booked another time to chat to record this podcast.

You are in for a great treat today because we're talking about some of the pros and cons of starting your own retail store. It is not all sunshine and roses, but it is a great opportunity for you to build brand awareness and also build that trifecta business that we're always supporting over here at Flourish and Thrive for emerging brands and emerging designers because we really want to support you reaching your dreams and having a local business where you can actually meet people in person. It's a great way to build your brand, make sales, and reach your dreams. We will walk you through the pros and cons today, and it is going to be awesome.





Speaking of local, I wanted to take a word from our sponsor today. Today's sponsor is Halstead Inc. Halstead is an amazing company. We love working with them because they are so committed to supporting local, small businesses, not just local in our area, but I say local because they really are big supporters of small businesses who are working in local areas, and one of the things that I love the most about Halstead is that they are so committed to supporting emerging brands. Every year they run basically a grant contest where you can win \$7500 to invest in your business. Hello! Raise your hand if that is something that you would love for your business, an infusion of cash like that. Plus, the grand prize winner also wins \$1000 in materials from Halstead. That is not only great seed money, but it is a great way to invest in your business and help get more exposure with that investment.

Here are some of the parameters, but make sure that you check out all of the details over at www.flourishthriveacademy.com/HalsteadGrant. That will take you right to the grant page, and here are the details. If you are a US-based company, you've been in business for 3 years or less, and you work primarily in sterling silver, those are the initial qualifiers. So make sure that you check it out!

Also, if you are new to Halstead Bead, and you haven't shopped with them before, head on over to www.halsteadbead.com. They have amazing supplies for wholesale jewelry brands who are trying to really come up with great and innovative amazing designs. They are giving \$10 off to new purchasers by entering the code THRIVE, all caps, at checkout. We will definitely have that over at the show notes. The only caveat is that you need to shop before July 30th. So make sure you head on over to www.halsteadbead.com, grab some chain, grab some bindings, pick up your sterling silver stuff, and get your designs super rockin' because we know that they have some of the best things. In fact, so many of our designers say that Halstead has the best chains in the industry, so make sure that you check out what they got going on for them! Head on over the www.halsteadbead.com. We will have the discount code and all the links to what I've mentioned here from our sponsor today in the Show Notes. Make sure you check it out!

Alright! Let's dive into episode 154, all about the pros and cons of starting your own retail shop.





- Tracy: Robin! It is so great to have you back on Thrive By Design, talking about the pros and cons of starting your own brick and mortar retail store. I'm excited about this! Thanks for being here today!
- Robin: Thanks, Tracy! I am thrilled to be here talking about stores, brick and mortars. I really, really love them! [laughter]
- Tracy: Yeah, I know, it's super amazing! So, here's the thing. We have a lot of designers in our community who are thinking about and/or have started their own workshop, their own studio, their own retail store, front-facing retail store. We also have got a lot of friends who are jewelry designers who have done their own retail stores but also have created them into lifestyle stores. This is an awesome, awesome conversation that we're having today about when is the right time, what are some of the pros and cons of doing this, and is it actually like a viable business model for you. Is this something that you want to do? We always talk about some of our favorite designers like Melissa Joy Manning, Philippa Roberts, Viv & Ingrid. These are all brands who have trifecta businesses. They're selling online, they're selling wholesale, and they're also selling in their own retail stores, which is pretty insanely amazing. Right Robin?
- Robin: Oh, my gosh! Absolutely! And they're doing well, and they're loving it. Some of the actually have a couple stores.
- Tracy: Well let's talk a little bit about that. Why don't we dive in to this just by talking about why you love this idea or why we love it, and I'm going to let you lead this conversation, why you love this idea, and then we're going to dive into some of the pros of starting it, and then some of the cons of starting it. How does that sound?
- Robin: Oh, I think that sounds great. One of the things I love about this is that you really get that interaction with the customer, and I'll go in a little bit more about, but I love being able to have... My favorite ones are when the studio is in the back and the retail area is in the front, and you'll see that with Colleen Mauer, Philippa Roberts. I think even Melissa Joy Manning has, in her Berkeley store, production in the back of the store in different sections. I think Ingrid and Sarah Swell does as well so it really utilizes the space really nicely, and I want to dive





in... Actually, could I dive into some of the pros? Because this is a great segue into that.

Tracy: Yeah, sure. I mean, I think, I love... I was thinking about starting my own retail store at one point, and then I was just like... I was actually looking at space on Christopher Street. I remember that. I'm like, maybe I can find like a store that has front-end retail and then back-end...

Robin: Um hmm.

Tracy: ... Whatever. I never ended up doing it. I'm glad I didn't do it when I was thinking about it because right after that [laughter] the economy crashed, but it was something that was really top of mind had I continued to do the type of business model that I had back then. I would definitely do it. I even consider it today, but the one thing that holds me back from having a studio space or a workshop is because I don't want to be tied to one specific place. I want the flexibility of being able to move around. I have chosen, instead, to work, be more of a private jeweler, where I meet with clients individually, and I can meet with them at their convenience or they can meet with me here at my space and decide what we're going to design together. There are just so many pros and cons. Let's dive into some of the pros. Let's do it, Robin.

Robin: I will, and I just want to mention too that some of these designers who have brick and mortar, they carry other people's products too. It becomes either a lifestyle store or they... I know Philippa Roberts carries other jewelry designers as well. Sarah Swell does as well. Hers is strictly jewelry, but she also carries other designers, so they're all a little different. I want to mention also Esqueleto because it's a very successful retail store that Lauren Wolf, who is a jewelry designer, has, and she has quite a few different designers that she has in her store and online as well. It's very exciting.

Well, my biggest thing is that you get to create the atmosphere and a company culture that really gets to be carried through in your store, so I would say that's a big pro, that you have that control, and you get that brand recognition is another thing, and...

Tracy: Yeah, but let's talk a little bit about those things before... [laughter]

Robin: [laughter] Okay, I get so jazzed about it!





- Tracy: Wait, wait, hold on! Let's circle back! [laughter]
- Robin: [laughter] Okay, so let's talk about creating that company culture, that brand...
- Tracy: I love the... I think these are kind of almost 2 things and tell me if I'm wrong...
- Robin: Um hmm.
- Tracy: But the atmosphere is kind of like how you want to create the visual aspect of your brand, like the look, the feel, the vibe, and what's going on, but then when you're having a store, more than likely you're not going to always need a front-facing person, and it's an opportunity for you to have people that you're working in the same space with to create a culture around the brand. It's a way to kind of build your tribe, build your team, and create that energy around what it is that you're doing. It's also a great way, I think, to communicate core values in what you stand for as a business and a brand and a company, and this is a great opportunity for you to capture that local market, right?
- Robin: Absolutely.
- Tracy: And with that comes a lot of brand recognition, which was the next thing that you were going to dive right into, right?
- Robin: Um hmm. That has been... In fact, I'm going to use an example with Warby Parker, which is an eyeglass brand, but they were strictly online, and now they have stores because they wanted to grow more of their brand recognition, and they saw the opportunity there, and that's just one example. Alex and Ani has grown tremendously because of that, and I can tell you based on not only their stores being in quite few places but also their marketing. Pandora is another one. Those are big companies...
- Tracy: Robin, you're talking about the biggest companies out there!
- Robin: But they also have that brand recognition. When you walk by a store and you can see that even with the smaller stores, and you walk by it, and it has like great windows, and it has a great presence...
- Tracy: That's one of the things that I want to just interject there with...
- Robin: Okay.





Tracy: The brand recognition thing. I definitely think it's brand recognition, but I don't want you to forget that people actually like... I think this is also what you're trying to say... People actually like walking into stores to buy things. They still like it. I definitely buy a lot online, but I buy a lot online because in New York City, the rent is so expensive, and the landlords here, I hate to sound... are nasty and greedy. That came out the wrong way. I hate to sound negative towards them, but there are a lot of nasty and greedy landlords here who are putting small businesses out, in particular in this city, because of some of the tax laws. It's better for them, in certain cases, to have an empty lot then have a filled spot, which I think is really odd, and that law needs to change right away because it's ruining...

Robin: Um hmm.

Tracy: ... some of the shopping streets, and one of the things that I absolutely... You mentioned Warby Parker earlier, so sadly, I had to start wearing glasses this year... [laughter]

Robin: [laughter]

Tracy: And I really struggle putting them on [laughter], let's just put it that way, but they're cute, and I'm like, I need to get some glasses so I walked into a Warby Parker store. I would have never bought them online. I would have probably gone to another, like a department store of something and found something there just so I could test the things because I don't know exactly what I need, but I got the cutest glasses. They have gray rims, and they make me feel sort of cute wearing glasses. I'm just not used to it because I've never worn glasses in my life, and I would have probably never done it had I not walked into their Meat Packing District store, and it was a really great experience. I had the glasses in like 2 days, and people still want to do that. In fact, I love shopping for clothes. I don't really buy a lot of jewelry outside of... because I wear my own, but I love shopping for clothes and accessories and shoes and handbags in person. It is becoming increasingly harder. There are a lot of people who want to buy from independent retailers and independent brands and go shopping at their stores, and I think, with that, it creates this huge brand recognition, and people actually want to buy local from you.





- Robin: I just want to add to, a designer comes to mind just here in Dallas who is in a very trafficy area, lots of foot traffic. He is by a great restaurant here called True Foods, and there is also kind of a line, and he's got the corner spot, and his name is Matthew Trent, and he does custom work, and his... I would say, he once told me his average price for something, like the average sale, is \$11,000. Now he does really high-end work but being in that store and being in that location has been incredible for him, and he is quite well known now. He has been in business 35 years, but he is really well known to the community because of that, because people can see and recognize his brand being in that particular area, so really being able to showcase his work in front of a lot of people.
- Tracy: That also moves into our next topic, too, is that you get to see or meet existing customers, and also meet the new ones. I'm sure Matthew's business is great because people are walking in there, and he is developing a relationship, designer-customer relationship.
- Robin: Absolutely, he is, and the whole shopping area has changed over the years, and different places have come and gone, so he has got some really great traffic right there. That also makes a difference, where you're located, and if you're in a very trafficy area, foot traffic-wise, where people are walking by, it can really boost your brand experience. I know I have another designer who, you know – Monserat De Lucca – which is a handbag line, and our friend, Stephanie, who owns Monserat, actually opened a store in Los Angeles on Third Street, and it did so well that she has a second store now in Lincoln, in the kind of Venice-Santa Monica area, and it's surpassing her expectations, but what's been great for her is that she has seen her social media grow because of it...
- Tracy: Yeah.
- Robin: People are getting to know her brand a lot better because of having those stores.
- Tracy: Absolutely. I feel like that creates like a stake in the ground for your business.
- Robin: Yes! Absolutely.
- Tracy: Absolutely. But this is really great because you get to... You're seeing your existing customers, you get to meet new customers, which brings us to the next step, which is really about creating a special relationship with those customers and given them exceptional experiences, and helping people actually in person,





which is something I feel like there is so much buying online, that people really miss that sort of personal touch and human interaction.

Robin: Oh, my gosh! When was the last time you walked into a store, and they're like, hey, Tracy! Oh, my gosh! It's so great to see you, how are you sister's twins, what's going on, where are you traveling too? I mean, it's like...

Tracy: My sister's twins are really cute! [laughter]

Robin: [laughter]

Tracy: Charlotte won't stop crying when she sees me, but other than that... [laughter] Apparently she's afraid of me now...

Robin: [laughter]

Tracy: Archer loves me, which is awesome! [laughter]

Robin: [laughter] But you know, how fun is it when you walk in a place and people know you?

Tracy: Yup.

Robin: They know not just like, hey, how's it going, but like, oh, my gosh, it's great to see you! Oh, my goodness, you've got to try this on! I saw it, and I immediately thought of you. It would look great with a ring that you already have... It's just so nice to create these wonderful relationships that really can turn into great buying experiences on both sides.

Tracy: Absolutely! So this is another thing that we need to remember, one of the biggest pros of starting a local business and starting a brick and mortar is that you're creating jobs for your local community, and one of my passions about being an entrepreneur is to be able to employ people, like we're fueling the economy when we have our own businesses, when we hire people, and we build a sustainable business that can actually employ people. This is a great way for you to support your local community and create jobs in your community as well.

Robin: Woo hoo! We love that, right? In a time...

Tracy: Yeah.





- Robin: ... where jobs sometimes are a little hard to come by, but what you can do for your community, how amazing, and also it's great if you're working with interns and those young people... [laughter] to help educate them, and I think that... I love... I had a job in high school, I had a job through college, I always worked, and it taught me just so much, and I loved being connected that way, and also, too, you can become part of the fabric of your community by being involved, getting to be connected. If you have a store, you should be part of the other stores in the area. There is the Chamber of Commerce and really staying connected to the community, and it expands your network of people too, so it's just... it's wonderful to be thought of as a pillar in community.
- Tracy: Absolutely, yeah, so becoming kind of like sort of the fabric of the local community and really being able to support that broader vision with your civic sector, as you said Robin.
- Robin: [laughter]
- Tracy: The civic sector! [laughter]
- Robin: Isn't that very... [laughter] It makes you sit up a little bit straighter! [laughter]
- Tracy: [laughter] So, let's talk about some of the cons, like... Robin, is like let's just talk about the positives!
- Robin: [laughter]
- Tracy: And I'm like, let's talk about the negatives!
- Robin: [laughter]
- Tracy: Not that I'm a negative person, but I think that it adds value when we can look at both sides because I'm really good at looking, for the most part, looking at both sides of the equation. I also, when I want something really bad, have a tendency to only look at the positive side, but it is important to think of the downside because we have to be prepared for that. Part of it is, you're tied to a store location. Robin, you wrote, what about vacations? [laughter]
- Robin: I know, [laughter], I wanted to make sure we stated, you've got... If you have a vacation, you have a store, you might be restricted, depending on where you are





and who you're renting from, or, if it's in a kind of a mall area, if you have to stay open, or do you...

Tracy: But what if you have staff, right?

Robin: Yeah, or what if you have staff?

Tracy: No, but I mean the staff could take care of the store while you're gone, right?

Robin: Exactly, but these are things you have to think about too, and this is where you've got to have good staff so when you are away, you can actually enjoy your vacation.

Tracy: Why I think this is really important is that being consistent with the time and the location are going to be key for keeping this going and keeping it on track, you know what I mean?

Robin: Um hmm.

Tracy: Because if you don't, if you're like one of those, I cannot... There is nothing that drives me more crazy when I have 10 minutes to go pick up something, and I go to a store, and they're not open because they're open late or they decided to just loosey-goose the hours, only open 12 to 3 today, and you're just like, what the heck? Your hours say 10 to 6, and I wanted to come at 10, and you just lost a customer. I think consistency is really important, but you have to remember that you have to be tied to those hours.

Now let's talk about the other thing, is the investment in actually starting up because you have to buy fixtures, displays, probably do some build-outs. It could be anything from \$10,000 to \$100,000 to build-out a store, and I know many designers who have done cute starters and stuff like that to actually pay for the build-out. What are your thoughts on that, Robin?

Robin: It's a large financial investment so don't be willy-nilly about it. Make sure you know what you're getting into.

Tracy: And you do a solid sales and revenue plan and also profitability plan so that you're really thinking strategically about how much money the business is actually going to make, which brings us to the next point, is profitability. Robin,





you came up with a statistic. I don't want to say it because I don't know that's it true, but...

Robin: It was pretty standard. I don't know nowadays, but when I was working in the retail and restaurant industries that is usually, they say it takes 5 years to really turn a profit and be solid in your business. Now that may change. It may vary depending on your business, absolutely, that can happen, but you have to know that it's very rare for a retail store to turn a profit, especially their first year. You're learning a lot. That's why that business plan comes in handy that you're really going to need to rely on that to prove me wrong... [laughter]. But it is a big investment.

Tracy: Awesome! Okay, so the next thing is that just like having any type of business, you're going to have to wear a lot of hats, and this requires you to wear more hats, depending on how you're running your business. I mean, if this is your primary business model, not so much; but if you are doing the trifecta model, it's a lot of different hats, right?

Robin: Yes. It's a lot of different hats, and that's why having those systems and processes in place are really important. I actually wrote a manual when I was doing all the openings, closing, remodels, and relocations for the Williams Sonoma, Pottery Barn, and Hold Everything stores. We were like, you can't just go in and open a store. You need to have rules and regulations and systems, and so that was something that I actually really super enjoyed doing because it made things easier, but yes, you will have to be wearing more hats. You've got to take a look; do you want to do that?

Tracy: And it also requires you to have really strong SOPs because you want... I remember when I first started... I found this old resume. Sarah, my assistant, and I were cleaning out my receipt drawer because we started using a service called Shoebox because I got tired of storing all these receipts, and I found, when I moved, I found one of my resumes. I thought it was a resume that I was using to actually find a job teaching yoga. It was a resume that I used to actually try to find a job after I was working in Nordstrom, right before I was starting my first business, and I was laughing, like oh, my honey child, you need some work to... [laughter] ... to sell yourself a little bit better, but I was laughing so hard because one of the things that was on there, was my experience at the Cheesecake Factory, and I learned a lot about customer service at that job and at





Nordstrom, both of those positions, and one of the things that we had to do, they had this really robust employee manual, and they talked about exactly how you were expected to greet the customers, how you have to smile when you talk, because that was one of the most important things...

Robin: [laughter]

Tracy: ... and all of that, because they called it something, like smile-something. I can't remember. But that experience actually like... You just think like a simple hostess job, but I was so good at that job, I became a... I was like one of the people who called out the names. If anyone has ever been to a Cheesecake Factory, I was one of those girls who called out the names, and I trained people at the new locations. I only worked there for 2 years, but I had that down because they had a good SOP system. It was amazing.

Robin: SOP, for those of you who don't know, is standard operating procedure.
[laughter]

Tracy: Absolutely, and so you're also going to probably hire people to work in your shop, and that's a physical location so that means that they would be employees, pretty much under any legal standards, and that comes with other ramifications, too. Different tax structures, benefits for your employees depending on if they're working full or part-time, managing them, training them, having to deal with security systems, alarm systems, making sure that your employees aren't stealing from you if you have fine jewelry and stuff in there so that you want to be thinking about all those shrinkage things and safeguards to make sure that you're hiring trusted people and doing background checks, especially in a jewelry company, which is really important.

Robin: And I love... The pro is you get to hire employees; the con is you have to hire employees... [laughter]

Tracy: [laughter]

Robin: And here's something that not everybody looks at in a positive light, and that's why I put it in a con, is dealing with unpleasant customers because that's inevitable. In our business, at some point, you're dealing with somebody who's unhappy, and you have... I always look at a difficult customer situation as





actually an opportunity so I always like to change that around, but it happens, y'all. It definitely happens, so that is under cons. [laughter]

Tracy: Cons and pros. [laughter]

Robin: Yes! [laughter]

Tracy: Yeah, dealing with unpleasant customers, but it's great because you have an opportunity to win people over as well.

Robin: Um hmm.

Tracy: If you handle the situation amazingly, you have a really amazing opportunity here, which is awesome.

So the nuts and the bolts is know what you're dealing with, and I think if you have a great solid plan in place, and you can open up store with good foot traffic and use it as a tool to actually get customers into your shop, then opening a store can be a really good idea even in this light of feeling like, is it a good idea because everyone's buying online. I mean, I think it's actually like a great leveraging point to utilize your E-commerce as well because you have multiple sources of revenue, and if you can combine those two, it can work out really well. I know that people that combine three using the wholesale, E-com, and retail are crushing it.

Robin: Yeah.

Tracy: Because you have all these different trifecta points to kind of bounce off each other. It's not just one source of revenue, so if one's down, another can pick up, etc., etc., and if you're selling with E-commerce, you have a place for people to go if they actually want to try stuff on.

Robin: And that's a great point, that if you have E-commerce and you've got a store, that if somebody is like, oh, looking for this, and there's a way that you've asked them a questionnaire of where they're from, and let's say they're in a location near your store, you can say, hey, and you can visit our store or stores at such and such, and we can show you this in person. So, you could even leverage your online to help boost people coming into the store.





Tracy: Absolutely! Alright, Robin, as usual, this is so fun. I'm so glad we got to record this episode. Thanks for being here, my friend!

Robin: You are so welcome! Always fun, always a treat.

Tracy: Alright! We'll have all the links... Actually we didn't talk about links, but we'll have a link to our sponsors... [laughter]

Robin: [laughter]

Tracy: And we're excited for you if you decide to start your store. Thanks so much for being here today. Take care till next time, everyone!

Robin: Bye everyone!

Tracy: Thank you so much for listening to today's episode. I love having Robin on the show. I also love supporting some of our amazing sponsors, so if you haven't done it yet, make sure that you check out our sponsor today, www.halsteadbead.com and do some shopping by entering the code, THRIVE, in all caps at checkout and get \$10 off your order by July 30th, 2018.

All right, thanks so much for listening today. If you haven't done it yet, we'd love for you to give us a little rating and review over on iTunes or on the Google Play or wherever you're listening. Give us a review. Let us know how we're doing. Share with us your experience, and we hope it's a 5-star review, but we're open to feedback, so if you don't think it's a 5-star review, then let us know because we're always trying to be better, and we just so appreciate you. We adore you, and we love supporting the jewelry industry and the jewelry community over here.

Thanks for listening today. Take care until next time.

