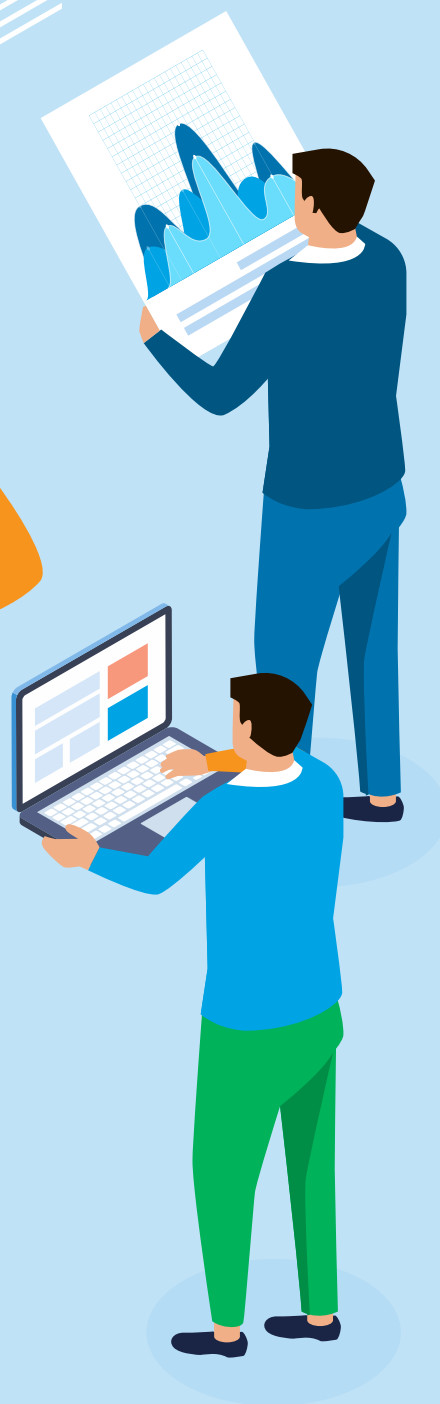


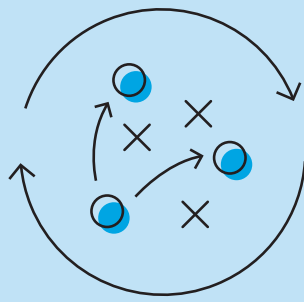
STRATEGIC SERIES



# Boost Your Key Retail Metrics

INSIGHTS FROM THE NORTH AMERICAN HARDWARE AND PAINT ASSOCIATION

April 2021



STRATEGIC SERIES

# Boost Your Key Retail Metrics

**THE NORTH AMERICAN HARDWARE AND PAINT ASSOCIATION** (NHPA) is committed to helping retailers excel. By exploring key retail metrics, independents can gain new insights into their businesses and see how targeted, focused change can produce dazzling results for their operation.

On the following pages, review a few key retail metrics to know in 2021. Alongside each metric, discover quick ways you can boost it to help your business gain new shoppers, increase sales and improve customer satisfaction.

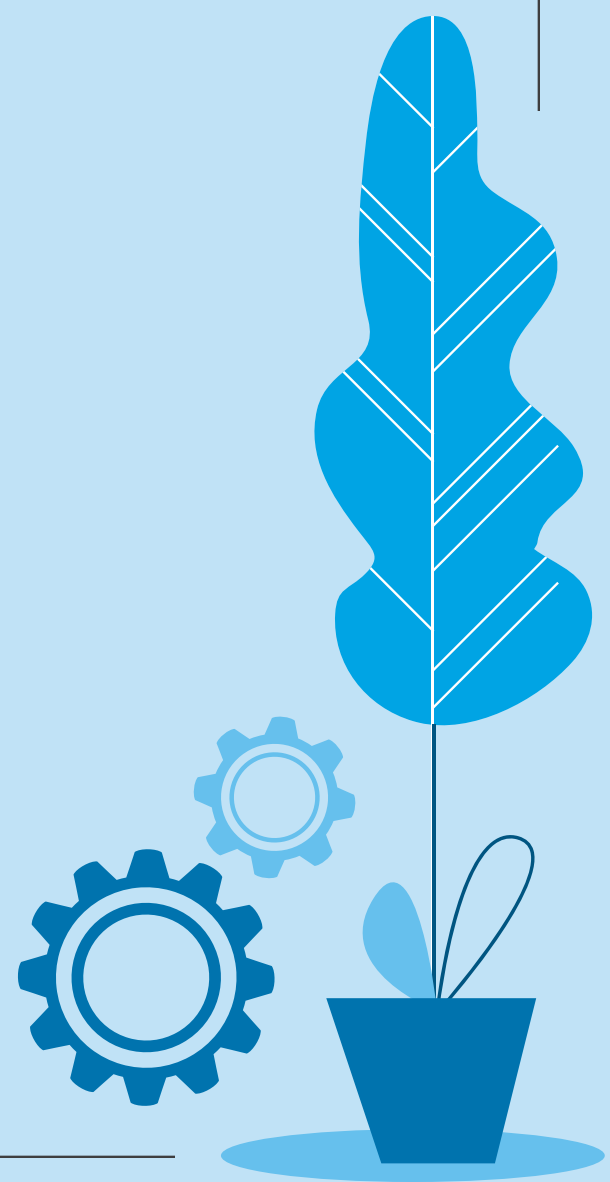




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## INTRODUCTION

# Tracking the Keys to Success



# W

hen it comes to running a successful retail operation, there are a lot of moving parts in the business that must work in concert. As you plan for growth, however, it is important to understand which of these parts requires the most attention. That's where retail metrics come in. Monitoring your retail metrics can give insight into everything from how well a particular category is performing to whether you're maximizing your payroll investment.

The challenging part for most retailers is understanding which metrics they should examine, why they're important and knowing what to compare their operation's performance against. Every year, NHPA provides retailers guidance on this topic in the form of the *Cost of Doing Business Study*. Use this guide to better understand how charting these metrics can help you become a more strategic-focused operator.

### Dan Tratensek

Chief Operating Officer & Publisher

NHPA



Dan Tratensek



[YourNHPA.org/tcb-pod](https://YourNHPA.org/tcb-pod)



**“ Monitoring your retail metrics can give insight into everything from how well a particular category is performing to whether you’re maximizing your payroll investment.”**

**—Dan Tratensek**

“

“The advantage of evaluating metrics is found by evaluating it more than once or twice. The value is finding a trendline that you can follow. It’s by observing change in any metric that helps you diagnose problems in your business and find ways to correct them.”

**JIM ROBISCH**

Senior Strategic Adviser  
The Farnsworth Group



NUMBER OF TRANSACTIONS  
÷ NUMBER OF CUSTOMERS  
= CONVERSION RATE

## CHAPTER ONE

# Conversion Rate

Conversion rate is a direct way of determining how many of your total shoppers are making purchases. Conversion rate can be determined for in-store traffic and on digital e-commerce destinations.

## Boost Your Conversion Rate



### Invest in Training

NHPA offers a wealth of training resources, including basic selling skills, resources geared to specific product categories, as well as advice on add-on selling and engaging customers, among other options. Become a Premier Member at [YourNHPA.org/membership](https://YourNHPA.org/membership) to access these resources and help your team boost conversion rates.



### Reward High-Performance Workers

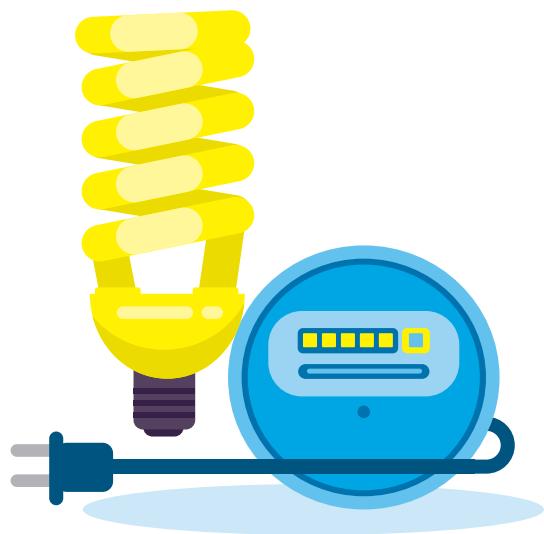
Start a friendly weeklong competition to track each employees' sales and conversion rates. Reward those who go above and beyond to strengthen your operation's overall conversion rate with monetary bonuses, an afternoon off or a free meal.



### Invest in POS Tech

Instituting mobile payments at your store can help customers skip lines and be one step closer to completing a purchase. By equipping your team with the tools to finalize a purchase instantly from anywhere in the store, you can help turn impulses into improved conversions.





RENT OR MORTGAGE  
+ UTILITIES  
+ BUILDING INSURANCE  
+ SECURITY  
= OCCUPANCY COSTS

## CHAPTER TWO

# Occupancy Costs

Occupancy costs reflect the day-to-day reality of doing business from your current location. This key retail metric generally lowers as years pass for retailers who own their property, but the metric represents a sliding scale: What you give up in one area of occupancy costs, you may have to repay elsewhere.

## Understand Your Occupancy Costs



### Check Your Insurance

High-performance retailers regularly evaluate every figure that constitutes their total occupancy costs, including their insurance. If it's been a few years since you scheduled a consultation with your insurance provider, now is the time. Update your insurer on your business and your plans for the future. Together, you can find ways to save money on insurance and lower your total occupancy costs.



### Explore Energy-Saving Solutions

Even small changes in your operation's energy footprint can have big results for its bottom line. Ensuring your business has appropriate insulation is one step. Other possibilities to consider are updating lighting fixtures, electrical components and HVAC units to modern, energy-efficient fixtures to lower your utilities.



### Make the Purchase

If you've rented one location, it may be time to consider buying that property or exploring other opportunities. By purchasing your property, you'll gradually accrue equity, which can help you stay flexible and invest in other areas of your business down the road. If buying isn't an option, make it a habit to speak to your property owner about options and opportunities to reduce costs.



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“Sharing the results of your key retail metrics performance can help get staff members engaged. Instead of hearing about a single figure anecdotally, you can invite them to see the wheels in motion. Tracking your metrics doesn't only help you, it motivates your entire team.”

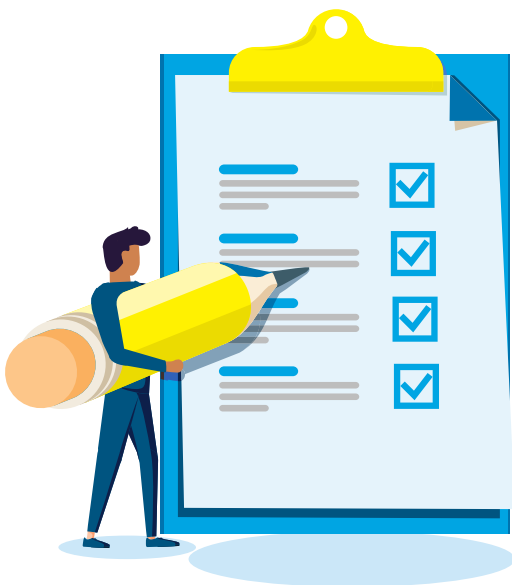
**JIM ROBISCH**

Senior Strategic Adviser  
The Farnsworth Group



TOTAL SALES  
÷ NUMBER OF  
EMPLOYEES  
= SALES PER EMPLOYEE

GROSS MARGIN  
÷ NUMBER OF EMPLOYEES  
= GROSS MARGIN  
PER EMPLOYEE



## CHAPTER THREE

# Employee Productivity

There are many ways to measure employee productivity, but each formula allows you to see how your staff is performing over a given period of time. Insight into employee productivity will allow you to solidify your scheduling and ensure you meet customers' needs.

## Increase Employee Productivity



### Set Sales Goals

In your next company meeting, lay out a new sales goal for your team to accomplish in the coming month. Make your goal realistic but ambitious, and aim to inspire less-engaged employees in the process by emphasizing the importance of truly assisting customers, not just aiming for a sale. Give regular updates on goal progress and reward your team if the goal is met successfully.



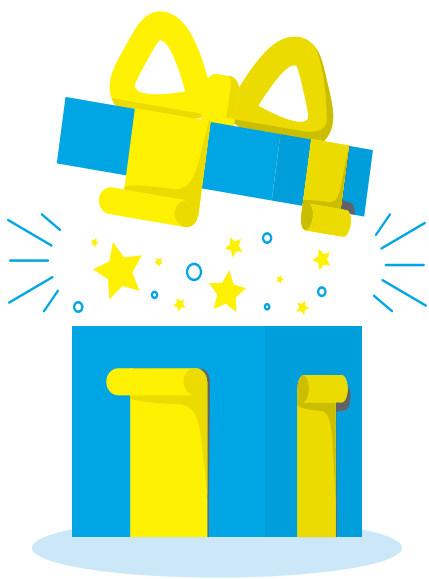
### Share Quick Training Tips

NHPA has numerous resources on ways salespeople can help close sales, calm difficult customers or recommend a suite of products for any specific project. Explore NHPA's training resources at [YourNHPA.org/training](https://YourNHPA.org/training) and use those sessions to motivate your team and train them to sell more.



### Review Your Schedule

If you regularly monitor employee productivity and notice the metric falling, even among top performers, it could be time to reconsider your staffing practices. It's possible you may be scheduling too many employees at once, or even too few. Keep track of how adjusting your scheduling affects employee productivity and find the balance for your business.



## CHAPTER FOUR

# Marketing & Loyalty Programs

Evaluating how effectively your marketing and loyalty programs engage your customer base is crucial for modern home improvement success. Beyond enticing customers to shop your store in person or online, these tools also deliver powerful customer data to guide your business.

## Increase Customer Engagement



### Explore Low-Cost Advertising Solutions

Your advertising shouldn't only be based in splashy promotions. Leverage talent on your team: Who on your staff has a knack for taking photos? Who can write content that speaks to your audience? Try adding a blog to your website to market not only your products, but also your brand. Blogs and social media can ingratiate your staff and your business to customers.



### Join a Loyalty Program

If you don't offer a loyalty program at your business, now is the time to consider it. Loyalty programs will not only help your customers save money and encourage them to shop again, they also deliver valuable data on your customers, helping you hone your future advertising and outreach.



### Say Thank You

Customers have numerous options for where to spend their money. Whenever someone shops your store, train your staff to say thank you for shopping an independent business. During special sales, slip a Shop Local sticker or pin into their checkout bag to give them an extra thanks. Visit [IndependentWeStand.org](https://IndependentWeStand.org) to download free Shop Local icons to share with customers.



CHAPTER FIVE

# Goals Journal

Once you understand how to calculate key retail metrics, the next step is to put that data to work. Take a moment not only to view where your key retail metrics currently stand, but also formulate a plan to improve those figures in the future.

For more resources on the power of tracking key retail metrics, visit [YourNHPA.org/key-retail-metrics](https://YourNHPA.org/key-retail-metrics).

## Evaluating Your Key Retail Metrics

Calculate the results of each key retail metric from the last quarter in the spaces below. Alongside each of those spaces, add a goal of where you would like to see the metric in the next quarter.

	Last Quarter	Goal for Next Quarter
Conversion Rate		
Occupancy Costs		
Sales Per Employee		
Marketing Outreach		

As you determine your key retail metric goals for the next quarter, make an action plan of steps to take to boost those metrics. Share key goals with applicable team members to help get everyone on your team invested in raising key retail metrics.

“

“With a resource like the *Cost of Doing Business Study*, you can see how well you’re doing compared to the industry. Tracking your metrics without something like the *Cost of Doing Business Study* is like having a map without a compass, no true sense of direction.”

**BRETT THORNE**

Operations Officer  
Thorne Lumber



## CHAPTER SIX

# Discover More

Strengthening your key retail metrics is a team effort that can start today and bring future success to your business. After reviewing the four key retail metrics, take some time to explore additional resources to help you and your team find new strategies to improve the business.

## Additional Resources NHPA Offers to Boost KRMs



### Zero In on Key Retail Metrics

There's much more to discover regarding how key retail metrics impact every facet of your organization. Visit [YourNHPA.org/key-retail-metrics](https://YourNHPA.org/key-retail-metrics) to find articles, podcasts and resources to help you understand the unparalleled value of regularly evaluating your business's key retail metrics.



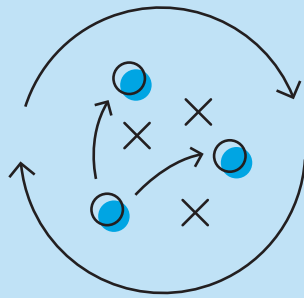
### Take Part in the *Cost of Doing Business Study*

The annual *Cost of Doing Business Study*, presented by NHPA, is a great way to find your place in the independent home improvement industry and identify quick wins for your business. To learn more about the study and to securely submit your data in order to receive a free, personalized copy of the 2021 *Cost of Doing Business Study*, visit [YourNHPA.org/codb](https://YourNHPA.org/codb).



### The Value of NHPA Training

Training your team is an important part of not only energizing your key retail metrics, but streamlining your entire operation. A well-trained team is eager to tackle new challenges and find quick wins for your business. To browse NHPA's full suite of free and premium training resources, visit [YourNHPA.org/training](https://YourNHPA.org/training).



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