



Positioned for Success

Considering all of the efficiencies that point-of-sale systems can offer in areas such as product selection and inventory management, retailers can ill afford not to incorporate this technology into their businesses.

By Mark Kalaygian

Evolve or die—there is probably no truer mantra in the world of business. Of course, this can be applied to identifying and reacting to the newest product trends, incorporating the hottest new services or even adjusting store hours to offer convenience to increasingly busy shoppers. But as the retail world moves deeper into the 21st century, it should come as no surprise that this concept has become irrevocably tied to technology. Businesses must be able to leverage the latest innovations in technology in order to thrive, or else they risk being left behind.

This concept holds particular importance for small,

independent pet specialty retailers, who often face competitors that are equipped with far superior resources. Most local neighborhood pet shops do not have the space to merchandise the breadth of products that a mass merchandiser or pet superstore can, nor do they have the same financial wherewithal to weather major mistakes in inventory management. Luckily, technology—in the form of point-of-sale (POS) systems—has done much to level the playing field for the mom-and-pops.

Unfortunately, some experts estimate that only about 50 percent of independent pet specialty retailers are utilizing POS technology in their stores. And for those stores that have been hesitant to move into the modern age of retailing, that choice could be fatal.

What is POS?

While point-of-sale technology has been around for decades, these systems have gone through quite a bit of their own evolution over the years. In addition to becoming more affordable, POS systems are now in more shapes and sizes than ever before, making it easier than ever to customize the technology for a specific business.

Simply put, “a POS system includes computers, software that runs on the computers, and POS specialty devices such as bar-code scanners, receipt printers, display poles, electronic scales, credit card devices and other hardware to help move and track products in and out of the store,” says Eric Mirell, president of Island Business Group, a Center Moriches, N.Y.-based computer systems consulting and implementation firm that specializes in the pet industry (www.islandbusinessgroup.com).

By tracking that product movement, POS technology can help retailers in a number of areas, such as culling poor performers from their merchandise mix, targeting promotions to the right customers, loss prevention and price optimization.

For franchises such as Chillicothe, Ohio-based Petland Inc., POS systems offer the added benefit of providing and analyzing information on a wider scope. “Being able to take that 200-store buying power and find out trends in the market—and then to be able to filter that down to each and every fran-

chisee—is obviously huge for us,” says Tony Neff, director of merchandising services for the chain.

Richard Jay Kann, president and CEO of Comp-Ware Systems Inc., a Christmas, Fla.-based POS system supplier that also specializes in the pet industry (www.compware.net), goes a step further and explains that, in addition to tracking inventory, POS technology can also handle accounting and marketing functions. “It’s basically a management tool that helps retailers run their businesses efficiently and increase their profits,” he says.

Mirell agrees, “The list of benefits of using a POS system is huge. It is as beneficial as a good location and good store management. Your business is a living, breathing entity, and a good POS system is one of the best tools to gauge your business health.”

What’s the Cost?

As mentioned, probably one of the most important ways in which POS systems have evolved has been in terms of cost. While early generations of this technology were largely cost-prohibitive to small, independent retailers, modern systems have significantly come down in price. Of course, prices will vary, depending on the specific capabilities that a retailer wants, as well as the vendor from which the system is purchased.

According to the experts, POS systems can cost anywhere from \$5,000 to \$50,000. Realistically, however, pet specialty retailers should expect to spend somewhere around \$12,000 for a well-balanced system that will provide real benefits to the business. Of course, continual support from the vendor that supplied the technology will cost a retailer a bit more. “Yearly support and maintenance will vary, but you can budget 10 to 20 percent of the purchase price for yearly updates and support,” says Mirell.

Of course, it would be a mistake to discuss the cost of a point-of-sale system without talking about the money it will save a retailer.

The bottom line is that cost should not be the overriding factor in making a choice between systems. Often, retailers will find that they get what they pay for.

“While you can purchase relatively inexpensive software and hardware, cost should not be the



primary consideration," says Mirell. "Your store is important enough to invest in a system that will grow as you grow, and offers rich features while still remaining simple for the users."

"The price is not the important thing," agrees Kann. "The lower-end systems will do your basic functions, but they're not going to do your mar-

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keting, they're not going to optimize your pricing and all that. So, what your looking at is a \$5,000 investment that's going to cost you \$5,000. Let's say that a \$12,000 or \$20,000 system can actually increase your profits by \$30,000 the first year—which I've seen in a number of cases—it's actually costing you less than the \$5,000 system did."

Choosing a Vendor

For retailers who are shopping POS systems for their stores, selecting the right vendor is crucial. As one might assume, the prevalence of this technology in retail outlets all over the world has attracted a pool of suppliers that varies as widely as the systems themselves. Store owners can choose from a long list of large company's that provide general POS solutions, or a narrower list of smaller vendors that specialize in pet specialty retailing. Many pet stores opt for the latter for

two reasons—knowledge and support.

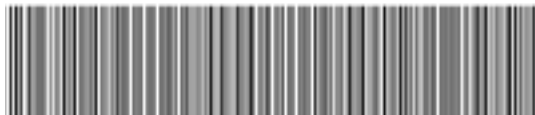
Because there is such a wide variety of options available in POS systems, a vendor that focuses on pet stores can be a great source of guidance in designing a system that addresses the

shop's specific needs.

For Bill Trufant, owner of B&B Pet Stop in Mobile, Ala., finding a supplier that understood pet specialty retailing was one of the keys to the success he's enjoyed with his store's POS system. "I

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can call up my supplier with a problem like, 'Hey, I need these fish to come up on sale, and he knows exactly what we're trying to do and helps make it happen. It has really worked because he's familiar with the industry.'

Smaller vendors that specialize in developing point-of-sale technology

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for pet stores are also often an attractive choice because of the high level of service they can provide. Conversely, many retailers fear that they will be lost in the mix if they go with a large, corporate POS system supplier.

"Besides finding a system that works, of course, our main concern was finding a vendor that would give us continual support," says Brian Flanahan, owner of Brians Aquarium & Pets in Rocky Point, N.Y.

According to Flanhan, that continual support has come in quite handy since he purchased his POS system 15 years ago. Over that period, his store has expanded twice: first from 800 to 4,000 square feet, and then from 4,000 to 8,000 square feet. Of course, upgrades were done to the system during that time.

Even among the vendors that specialize in pet specialty retailing, there is a fair amount of choice out there, and deciding on the right partner shouldn't be done haphazardly. "Check your trade magazines, talk to other pet shops, and look at all the options available,' suggests Mirell. "Spend the time up front talking to the

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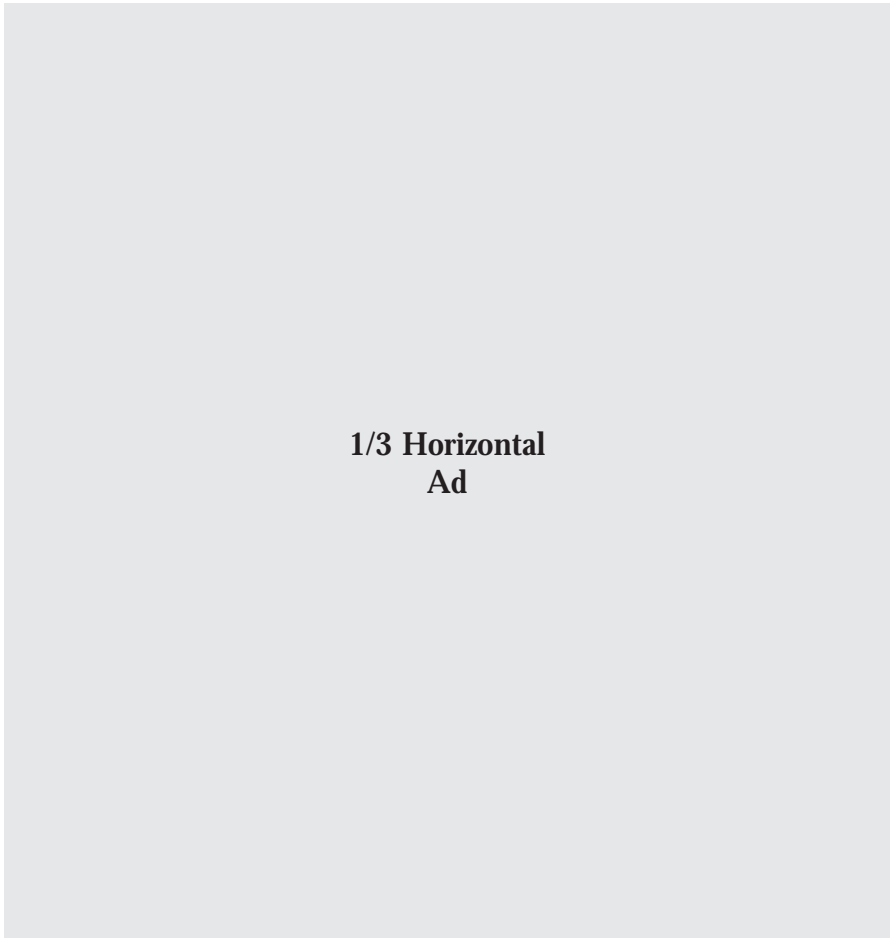
system provider. Let them demo their system for you, and don't be afraid to ask questions or have multiple demos. Look at their track record in your industry."

Ric Hutchens, owner of Pet Owners' Warehouse in Port Charlotte,

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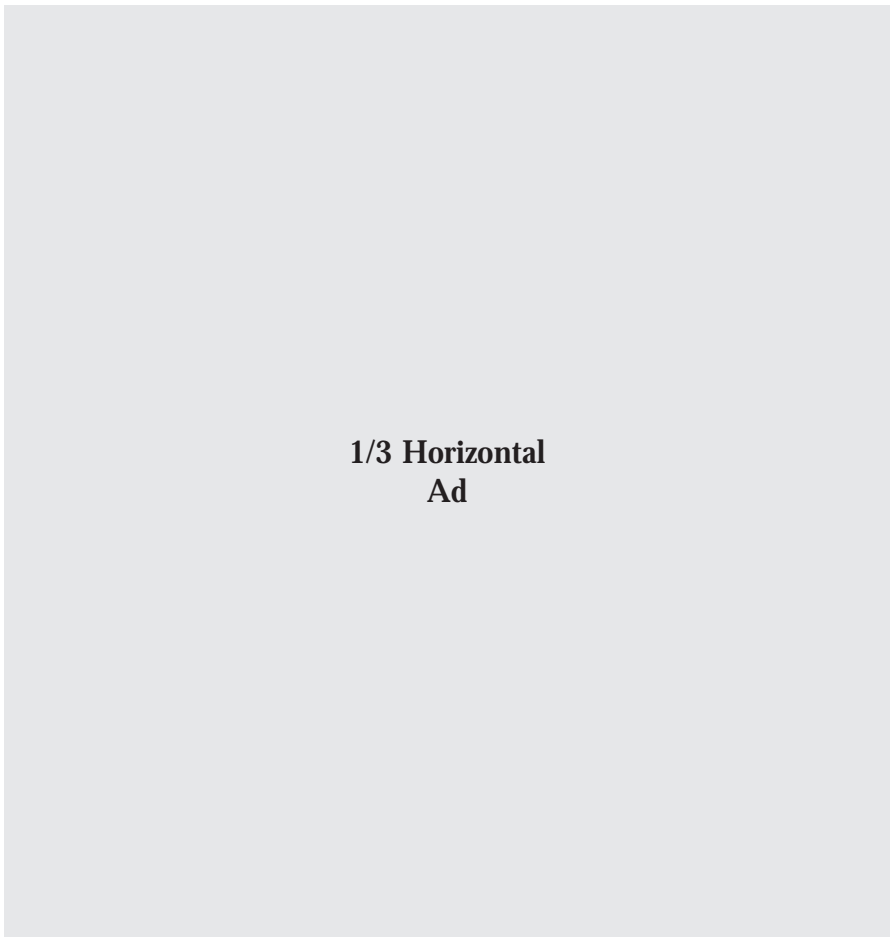
Fla., did his due diligence before selecting a supplier of POS technology. "I spent about three years researching this, so it's not something I did lightly. I looked at many systems, and not many had a track record of a lot of users, and not many of them were geared towards my business."

Kann is also a big proponent of doing the legwork necessary to find the right supplier, and suggests that retailers should choose one that offers all-in-one solutions. "The good POS suppliers will supply you with all of the equipment that you need, as well as the software," he says. "They'll help you run your business around the computer, to make your life easier and make you more money." **PB**



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