

FRONT-END OVERHAUL



A nearby empty storefront is not a reason to expand

by Gabe Trahan

I'm getting a little concerned. The phone has been ringing, and the email inbox has been filling, both with a similar message. *"Hey Gabe, there is an empty storefront next door to me, and the landlord said now is a perfect time for me to expand. Any ideas what I can do with the new space?"*

This so-called new opportunity being peddled around is caused by an increasing number of empty storefronts. Let's face it, how many business owners out there other than a community pharmacist could run a store with 2,000 square feet and still be around to celebrate the next new year? A strip mall can have only so many pizza shops, nail salons and used bookstores. My first reply to "What can I do to the new space?" is with my own question: "What did you have in mind?" The answer almost always is, "I didn't have anything in mind. That's why I called you."

Let's first think about what happens when someone decides to lease the 2,000 square-foot store next door. Assuming that the rent is \$12 per foot, you now have the challenge to place something in that space that will **net** out to pay the new lease fee of \$2,000

a month. With that new 2,000 square feet, you will get an extra bathroom, back entrance, front entrance, utility bills, and taxes. There is nothing on that list that you really can't live without. My old wise boss would constantly remind me that offices, backrooms, storage, bathrooms, and break rooms cost the same to rent as the pharmacy area and front end. The difference is none of those rooms bring in revenue. *"Gabe, make sure you do not make them any bigger than they have to be."*

The fact that you can make your store larger does not mean it's going to be better. I know of one store owner who spent more than \$100,000 to double the size of his store. One year after completion, retail sales went up less than 1 percent. The owner simply doubled the size of the gifts, cards, and OTC departments. The store went from 8 feet of hair care to 16 feet, and so on. He remodeled, bought more inventory, and bought more fixtures to display the inventory and all he could say was his sales went up a little. Good reasons that you may want to expand are to add profitable categories such as compression stockings, offer durable medical equipment as cash sales,

sell natural products, pet medications and wellness items, wound care, and, if needed, have a small room that could double as a fitting or consulting room. Notice I didn't suggest a dollar section, school supplies, cosmetics, coffee counter, or a soda fountain. Every category I didn't recommend has been at one time recommended by a landlord. If the landlord thinks opening up a soda fountain is a great idea, then suggest he or she do it.

Two words of caution before you sign on the lease dotted line. First, if you need to "punch a hole through a wall" instead of taking down a wall to connect the two locations, then walk away. Do not end up with two entrances. When you have two entrances, one is for shopping, and the other is for stealing. Next, always counteroffer because the list of tenants looking for 2,000 square feet of retail space is tiny at best. I'm a big fan of asking for the first six months free.

If you have a great reason for expanding, remember to enter your new remodel into NCPA's NICE Awards! Happy Holidays and thank you for being a member of NCPA. ■

Gabe Trahan is NCPA's senior director of store operations and marketing. Gabe uses more than 40 years of front-end merchandising experience to help NCPA members increase store traffic and improve profits. Visit www.ncpanet.org/feo to watch videos, read tips, and view galleries of photo examples by Gabe. Follow him on Twitter @NCPAGabe for additional tips.