



SUPPORTING THE GIFT AND  
HOME INDUSTRY SINCE 1947

## OPENING A GIFT SHOP, CRUCIAL FACTORS TO CONSIDER FOR SUCCESS

### Qualities of a retailer

- It is essential to be yourself. You don't have to follow the multiples to succeed, the opposite is often true. Plough your own furrow to create a difference.
- Confidence in yourself and be positive.
- Know what you want to do and work out the ways to do it.
- If you have a problem don't sit on it – deal with it.

### Finance / start up costs

- **Stock:** A crude measure for start up stock ranges from £25K (at wholesale prices), preferably allow £30K to £40K.
- **Premises:** Preferably rent monthly. Consider alterations, professional shop fit is likely to be a minimum of £15K but £20K to £25K is preferable. Add running costs including electricity, heating, water etc. So overall a min £50K to £60K investment is required.
- **Cashflow solutions / tips:** Keep costs down on overheads. Think about credit cards – The GA can help with credit card processing rates.

### How to access grants

- Contact your local Chambers of Commerce and local authority.

### How do I manage tax and payroll

- Use a book keeper.

### Do I need to be vat registered?

- **VAT threshold is £73,000.** If turnover is above this you must register for VAT. VAT returns are submitted quarterly and the bills are invariably are more than you expect.



THE NATIONAL TRADE ASSOCIATION FOR THE UK GIFT AND HOME INDUSTRY  
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## How should I calculate my wage

- This depends what your priorities. Don't expect to take a salary within the first 2 years or longer if you want to grow a good and sustainable business.

## Legal

- Stay informed on employment law legislation.
- Trading Standards, Health and safety and other regulations.
- Music licence is required if you play music, you will need both a **PRS** and **PPL** licence.

## Selling online

- Consider the Consumer Protection (Distance Selling) Regulations.
- Data Protection Act.
- The E-commerce Regulations.

## Property and insurance

- Get advise on typical rents and rates in your desired location and what to expect in a legal contract.
- Insurance is essential.

## Location, location, location

- It's true what they say location is the key to success.
- Adequate parking space close by is absolutely crucial.
- Don't be unsettled by recent changes in the environment. Change always brings opportunities as well as threats.
- Always make sure you spend time to get the feel for the whole marketplace, not just your own section within it.





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## Competitors

- Get to know your competition, there will often be a few shops selling somewhat similar products to yourself (whether directly or indirectly).
- If your competitors are closing you need to consider if this opens up a new opportunity for you. Alternatively if new competitors are opening nearby you need to understand how this is going to impact on your business and how you are going to react to counter the change
- Don't underestimate the competition. If you get it right others will copy you immediately.

## Products

- Have confidence in the quality of the products you sell.
- In the current climate you have to react to what your customer wants.
- Find the time to seek out the new and the different- there is a huge temptation to visit only those suppliers you know, but there often exciting new things tucked away in unexpected places.
- Follow your instincts and not your personal taste. Think about the people who will be buying your products and buy for them – not yourself.
- Choose if you would prefer to sell to a select niche market or whether you believe in the safety of diversity.
- Every shop is different and you have to treat each accordingly and nurture their individual needs. Some may have the requirement of traditional 'China shop' products, others are gift orientated and the product mix is different.
- Make sure your product offer is consistent. Your customers' need to know what they can buy from you and how much it will cost.
- If you sell jewellery, Christmas is King! Some retailers will do at least 30% of their sales during this period so it is essential to plan ahead.
- Take notice of fashion for trends, colours and themes which may affect consumer choice





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## Stock control

- Statistics. If you have multiple retail outlets or a large shop it may be worth investing in an epos system which you may poll overnight.
- This will also help you calculate the return on each product in proportion of the space it takes. Does each product 'earn it's keep'?
- Have a warehouse / or a store room that keeps good stock and core products which are replenished on a weekly basis.

## Price / Promotions

- Consider your mark up carefully by taking into account how much your competition sells similar products. Consumers are looking for a fair price.
- Analyse what your customers buy. It is easier to start off high quality and slowly move down to the right level than the other way round.
- By achieving volume selling on promotions more doors open, this is also great to get first time customers to your shop.

## Employees

- Make sure you have staff that are well trained and informed, excellent and knowledgeable service is key to selling.
- Customer service is crucial, ensure your staff are friendly and approachable.
- Find creative ways of keeping them motivated, their enthusiasm will have an immediate impact on your customers.
- It may sound cliché but it is important to look after your staff. A loyal staff is vital to your continued success.





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## Customers

- Know your target market, their demographics and motivations for buying.
- Get to know your clientele and show your appreciation, in some cases retailers build special relationships by getting to know them by name.
- React according to your customers' wants and get sound understanding of how much they are willing to pay for your products.

## Dealing with Suppliers

- Consider their product most importantly followed by the reliability and lead time of supplier.
- Source products and find reputable suppliers via The GA website [www.ga-uk.org](http://www.ga-uk.org), attend trade fairs, browse the internet and most importantly get recommendations.
- If possible avoid paying by cheque and pro-forma, you will build higher trust and confidence when paying by credit cad, preferably after 20 days.
- Be aware of minimum order values, a reasonable amount is £80 to £100.
- Make friends with your suppliers, show them respect and pay them to term.

## Visual merchandising

- See through windows are controversial, ultimately people need to have an overview of your product selection at a snap shot. If they don't need your products now, chances are they are more aware of where to buy it.
- Windows are your advertising 24/7. It is essential to make your shop feel different every time your customers walk past.
- Never underestimate the importance of creative visual merchandising, great aesthetics are important.
- Your windows must be simple, eye-catching and compelling. Avoid clutter, clarity of offers is important. Be clear on your statement and displays.
- Don't give too many options at once, this might confuse the costumer.
- Make sure your displays always tell a story.



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- Ensure product groups within the store are kept distinct – you don't want customers getting mental indigestion.
- Create an ambience around your shop with suitable music and lighting.

## Marketing

- Remember the three P's – products, price and packaging is vital. Introduce a marketing strategy around each if necessary.
- Hold in store events in the run up to key trading times and seasons, especially Christmas.
- A few GA members have considered celebrity endorsement to generate interest and more visibility on the high street.
- Take advantage of all available PR opportunities that come your way, both within the industry and also from the consumer end. This will allow you to drive the message to a wider audience.
- Withstanding budget consider a magazine style brochure to be sent to your database of customers.
- Get involved locally and give back to your community, this will make your name known. Free articles in the local paper are as good as advertising.
- Have a Christmas preview and send personalised invitations to your customers; dress up the shop and have products at all price ranges.
- Embrace social media, firstly find out if your target market is using it. This is the marketing tool of this generation – ignore it at your peril.
- Don't skimp on the pictures, if you're using social media you need to look good as well as sound good.
- Have a mailing list to communicate with your members and prospects.

## Adding value

- Free giftwrapping works well for some retailers. You may let your customer choose their own paper to make even the lower end products look fabulous; ensure the style of the wrapping is recognisable.



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