

What's the maximum number of categories I should carry?  
And how should I decide what to add and what to drop?

### **By Barbara Crowhurst**

There is no magic number I can share with you. Each retail store is unique.

I'm finding that most retailers don't have their products organized into categories or accurate sales reports to review. That's not negotiable that's a must. There is not enough space in this article to go into listing all the possible category mixes for each business model.

But here is an example:

A Floral Store with these main categories- finished arrangements, fresh cut, candles, home décor, silks, glassware, and spa. Tried plush - didn't work, personal care a new line just in, is keeping it's own. Largest percentages of customers are woman with a disposable income, this retailer wanted to add more categories. What I recommended is Jewelry not precious but with a fashion forward look and affordable price points. For the retailer this new category has become a strong enough performer to keep in the store mix.

What I'm also seeing is that retailers are over stocking their stores. This is key because an over crowded store is hard to shop in. Not good. Retailers have a hard time letting go of products that don't perform. They take the failure personally. Meanwhile money is tied up and the business grinds to a crawl waiting to buy new. Part of the category mix is being sure who you are as a retailer, what your customers wants are and what your competition is

selling. Also, having strong and effective suppliers who know consumer trends and have the product you need.

Review your sales in each category quarterly. That's enough time to decide strategies on what selling and what's not.

Drop categories that haven't performed for you within a calendar year.

Seasonal categories come in at the beginning of the season and leave at the end. Do not repack product that has not sold. Reduce it get rid of it. It's costing you money to hold on to it. You will get better at buying or promoting if you see that you always have more on clearance than you sold at full price.

Good luck you have a big job ahead of you.

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