21 STEPS to STARTING a RETAIL STORE
IF YOU dream of opening a retail store, you’re in good company. Some 99 percent of U.S. retail stores are small businesses. Retail accounts for 29 million jobs and contributes $2.6 trillion to the U.S. GDP each year. And while e-commerce sales are growing rapidly, almost 90 percent of all retail sales still take place at brick-and-mortar stores.

With so much competition, both online and off, retailers must start smart if they hope to survive and thrive. If you’re ready for the exciting world of retailing, these 21 steps will prepare your store for success.

**STEP 1** CONDUCT MARKET RESEARCH. Is there a market for what you want to sell? Market research will tell you. Who are your target customers—including their age, income, marital status, lifestyles, location and other demographic factors? Is this market growing or shrinking? Research your competition, both brick-and-mortar and online stores. How big are they, how do they price their products, and what are their unique selling points? Find market research information online, via industry associations and publications, and from government sources such as the SBA, the Census Bureau and FedStats.

**STEP 2** DEFINE YOUR NICHE. Use your market research to fine-tune your vision for your store. To compete with national chains, discount retailers and Amazon, you must offer unique products and a memorable customer experience. Upscale, customized, or hard-to-find products can give you an edge, as can locally made or artisanal wares. It also helps to sell products consumers prefer to see, touch and buy in person, not online.

**STEP 3** DEVELOP YOUR BRAND. When customers think of your store, is its “personality” earthy and organic, or sleek and modern? Work with a local graphic designer, or find designers on sites such as 99Designs, Logoworks or DesignCrowd, to create a logo and other visual branding elements for use on signage, hang tags and bags. Be sure to trademark your store name and logo.

**STEP 4** CHOOSE YOUR FORMAT. Retailing includes everything from kiosks to strip centers, from “Main Street” retailers to enclosed or open-air malls. Your niche, target market and budget will help determine your best option. For example, if young mothers are your target market, an open-air mall that attracts stay-at-home moms and children is a good choice. If you target tourists, a shop on a scenic tourist strip would work better.
STEP 5 PLAN YOUR E-COMMERCE STRATEGY. Shoppers want to buy products whenever and however they choose, whether online, in-store or purchasing online and collecting the order at a store. Even a brick-and-mortar retailer needs an e-commerce plan. You don’t have to sell all your in-store products online, nor start right away. However, you should choose a web hosting platform that gives you lots of e-commerce options, such as Shopify, Weebly or SquareSpace.

STEP 6 WRITE A BUSINESS PLAN. Your business plan explains your retail store’s target market, competition and competitive advantage, sales and marketing plans, management team, operations and financial projections. It’s an essential document for finding financing—and for guiding you through startup.

STEP 7 SELECT A LEGAL STRUCTURE. Talk to an attorney, or visit websites such as RocketLawyer, Nolo or LegalZoom to determine which legal structure works best for your retail store and what paperwork you need to complete to select that form of business.

STEP 8 FIND FINANCING. Most startups are funded with the owner’s personal savings or loans or investments from friends and family. You can also network with local bankers, accountants and other professionals to find an “angel investor”—an individual, often a business owner, who invests in independent startups. Ask your local economic development department about incentives for opening a business or hiring employees in certain areas.

STEP 9 LOOK FOR A LOCATION. Your location should be convenient for your target market, have plenty of parking and be easily accessible for deliveries. Look for nearby businesses that complement your store instead of competing with it. Shoppers want entertainment and excitement when they visit brick-and-mortar stores. A shopping center with a variety of tenants, including entertainment venues such as movie theaters and restaurants, can generate excitement and attract more shoppers. Work with a landlord’s leasing representative or commercial real estate broker to find the perfect space. If you use a retail property management company that provides services such as facility maintenance and vendor discounts, you’ll have more time to focus on growing your store.

STEP 10 GET NECESSARY LICENSES AND PERMITS. You’ll need a business license. To hire employees, you must get an Employer Identification Number (EIN, or Federal Tax Identification Number) from the IRS. A resale license lets you buy products for resale without paying sales tax. Check with state and local government websites for information about specific licenses and permits in your area, such as permits for signage.
STEP 14 **PRICE YOUR PRODUCTS.** Industry associations can provide average markup percentages for different types of retail products. Be sure your price also covers the costs of doing business, such as payroll, rent and inventory. Consider your competitors’ prices—does it make sense for yours to be higher, lower or comparable? “Prestige pricing” (higher than the competition) can add cachet to premium products. Allow enough margin to offer discounts and still make a profit.

STEP 15 **PURCHASE EQUIPMENT AND FIXTURES** such as shelving, clothing racks, point-of-purchase and display cases, pricing guns, mirrors, counters and dressing rooms. You also need office furniture, office supplies, computers, a printer and a point-of-sale system (see Step 16). Depending on your location, you may need to install your own sound system, lighting, fire alarm and security system.

STEP 16 **PURCHASE A POINT-OF-SALE SYSTEM.** Retail POS systems include both software and hardware and do more than just ring up sales. A good POS system can accept a wide variety of payment methods and complies with payment card industry data security standards (PCI DSS). It also maintains inventory records, generates reports, automates purchasing, integrates with your accounting software, manages customer loyalty programs, and tracks employee attendance. Select your POS software first; it dictates your hardware needs. Consider setup and ongoing costs, ease of use, and whether the POS can grow with your business. Square Point of Sale, ShopKeep, Lightspeed and Vend are popular POS options.

STEP 11 **PLAN YOUR STORE LAYOUT AND VISUAL MERCHANDISING.** Effective store layout draws shoppers into your store and guides them smoothly through the merchandise. Visual merchandising is the look and feel of your store, such as signage, décor and how products are displayed. Consulting an interior designer with retail experience to plan your layout and look can help you make the most of your space.

STEP 12 **PUT UP SIGNAGE.** Outdoor signage should be eye-catching and easy to read from a distance. Before having signs made, check with your landlord or property management company and local zoning authorities for signage regulations, such as limits on size or color. Consider durability, cost, maintenance and installation when choosing signs.

STEP 13 **FIND SUPPLIERS.** Sources of inventory include manufacturers, wholesalers, distributors, importers and liquidators. You can find suppliers online, via industry publications or at buyers’ markets and trade shows. If you want to sell locally made products, ask local chambers of commerce to connect you with sources. TSNN and EventsInAmerica have listings of retail and wholesale trade shows. Websites such as Alibaba, AliExpress and WholesaleCentral let you connect with suppliers worldwide.
STEP 17  **BUY BUSINESS INSURANCE.** Retail stores face risks like shoplifting, employee theft and burglary, not to mention customers tripping and falling. Protect your hard work and investment by purchasing insurance designed for a retail store’s needs. These may include coverage for inventory stolen in transit, employee dishonesty or product liability.

STEP 18  **CREATE STORE POLICIES AND PROCEDURES.** Develop an operations manual that details your store policies and all tasks required to run the store: hours of operation, acceptable methods of payment, processing returns and exchanges, accepting inventory shipments, managing inventory, and opening and closing procedures. Create an employee handbook detailing employee policies and your expectations, making sure it complies with both federal and state labor laws.

STEP 19  **HIRE AND TRAIN EMPLOYEES.** Posting job listings on retail-specific sites like AllRetailJobs, WorkInRetail and HireRetail can increase your odds of finding experienced retail employees or people seeking a career in retail. You can also find candidates by networking with personal and business contacts. Keep in mind that attitude is more important than experience when hiring for retail. Look for energetic, friendly employees who enjoy working with people. Train new employees in your systems and procedures, and educate them about the products you sell. Consumers expect expertise from salespeople, so knowledgeable staff can give your store an edge.

STEP 20  **START MARKETING.** To get shoppers in the door, build buzz about your new store before you open for business. Start by putting up a website; then create a social media presence on the sites your target customers use most (for retail, typically Instagram, Pinterest and Facebook). List your store in local search directories such as Google, Bing and Yelp. Send local residents in your target market postcards with a discount, special offer or free gift.

STEP 21  **PLAN YOUR GRAND OPENING.** Start with a “soft opening” that you don’t promote heavily so you have time to work out any kinks before your grand opening. Choose your grand opening date, and let local media know about the event. (Be sure to check with your landlord or property management company and your city’s business office for any restrictions on signage, parking or noise that might affect your plans.) Be prepared with plenty of inventory, extra staff and fun activities or special gifts. Once you get your first customers in the door, ask them to join your email list to receive future offers from your store.