



By Lonnie Lemco

## Raise Your Average Selling Price

**T**hese are tough times for the wall decor industry. Driving positive year over year sales and profitability in the midst of an economic recession, depressed real estate market, and financial crisis is most challenging, to say the least. On top of that, we have rising material, labor, and shipping costs, regardless of where the product is being manufactured.

Compounding the challenge for many is the deflationary pricing environment in wall decor due to commodity-type merchandising and pricing. Selling art by the pound has certainly driven volume for many a publisher, framer, and retailer these last few years. Unfortunately, as a single merchandise strategy, it does not work. Declining prices for the same product in subsequent seasons and markets results in a lower average ticket. The result: year over year, volume drops unless there's an increase in unit volume.

The current scenario of lower volume and lower average ticket is wreaking havoc on comparable store sales and profitability. The notion of making it up on volume is difficult, if not impossible, in a soft market. So what are some solutions aside from cutting costs?

One way is developing a good/better/best merchandising strategy of offering a broader assortment of price points and value added products. Whether it's product innovation or just better quality components and/or construction, offering step-up products within each category of merchandise gives your clients a way to spend more per transaction. It will also raise your average ticket. You see it everywhere, in every product category—from generic, entry-level products to designer brands for anything and everything. So why not wall decor?

The customer does not walk into a department store or browse online knowing or thinking that art is sold by the pound or by finish size. Time and again, the proof shows that if customers like the art and the frame, they will buy it, even if it is \$50 or \$100 more than the

same size piece right next to it. Granted, it may require some combination of merchandising, store location, signage, branding, labels, romance copy, or sales associate knowledge to help explain why one product is more expensive than another. But it's done in virtually every other consumer product, so why not framed art.

Raising the average ticket per transaction is a way to grow comparable year over year sales for production framers and retailers alike. More importantly, it's a way to become more profitable. A production framer or retailer can sell one piece for \$100 or two pieces for \$50. The result is the same: \$100 in sales. The difference is in cost and gross margin. The labor cost is virtually the same on both larger and smaller pieces. Packaging, materials, freight, and warehousing all go down as a percentage of sales. Raising your average ticket by even 10 to 20 percent will have a significantly positive effect on your sales and profits.

Another way to raise average ticket is to use analyses of existing products to make decisions. Businesses that run their bestseller reports and make decisions based solely on unit volume are missing half the equation—and significant potential dollar volume. Running bestseller reports based on dollar volume and sorting accordingly will also make a difference in your bottom line.

Expanding price point assortments within a category becomes more critical to store growth, and a good/better/best merchandise strategy is one sure way to get better results. Making it up on volume is not the answer right now. ■

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