**What you can learn from Ralph Lauren about setting up a retail outlet store**

June 13, 2012 by [Yaseen Dadabhay](http://www.retailmavericks.com/author/admin/)

At some point in the life of your retail business, you will start to think about other tactics and strategies to help you turnover your products as quickly as possible. It is at this point that most retailers start to think about setting up a retail outlet store where they can get rid of/turnover leftover stock quickly.

Before you go rushing into setting up a outlet store, here are a couple of lessons that Ralph Lauren learnt when setting up a outlet store.

Ralph Lauren were at the time a major provider to up-scale department stores, when they discovered the outlet mall in the 1980′s. What they learnt was that Just about everything that they had built to be successful in a up-scale department store was exactly wrong for succeeding in an outlet store.

* **Outlet stores require outlet style inventory**  – Lauren realised that they didn’t have enough outlet-style inventory to deal with the high turnover of an outlet style mall. *If you do not have enough damaged or mislabelled goods etc, you will sell out in no time, with no way of replenishing the stock.*
* **Outlet store prices** – Lauren found that their product quality was too good to make a profit at the prices that outlet shoppers demanded. *Ensure that your products you will be selling can be sold at a profit* ***AT*** *the price outlet shoppers want to pay.*
* Fixtures and employees to match the outlet store – Lauren discovered that the shop fixtures and employee training that their retail consumers had come to expect from their retail stores were too expensive and unjustifiable in a outlet mall.

In setting up a outlet store you will have to reinvent what you are selling/making to match the retail tactics that would work in a outlet store. Ralph Lauren reinvented their products to better sell in their outlet store:

* **Decide your product mix** – Will you be focussing on mainly selling leftovers, or will you be selling products that specifically cater to the outlet store. Talk to your suppliers about getting products directly from them to the outlet store. That way you will be less dependant on leftovers…
* **Quality of items** – The outlet store has a entirely different product mix than stuff sold at high end stores. Customers shop with this understanding.
* **Your retail fixtures and employees** – You can have fixtures that clean but industrial and cheap. Your staff can also be quicly trained. They don’t have to pretend it is a high end store. They just sell stuff. Off course if you can still train your staff cheaply, you will be creating a great experience to differentiate you from your competitors.

If you can selectively build retail stores and run them the way the market demands, you will be able to add a second stream of revenue that is big enough to have a significant impact on your core business.

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