

New Gallery Seeks Artful Answer to Lagging Sales

Written by Charlie Rochman
Monday, 03 December 2001 17:00

Sally Huss products are created and sold from the home gallery in California. The company does not accept returns, offer marketing assistance or provide a business model for stores to implement, says [Steve Marr]. Some successful Sally Huss Galleries carry a mix of 30 to 40 percent Sally Huss products. The Russos have started diversifying their products, and Marr suggests calling other galleries to identify complementary merchandise that sells well.

Location is a problem the owners should address, says Marr. Walk- in traffic comes mostly from the ice cream shop next door - and isn't enough to provide desired profits. Most successful Sally Huss Galleries are in more casual resort locations, he says. The main target market for Sally Huss products is 30- to 40-year-old parents. Locations like Pinnacle Peak, Hidden Valley Inn or Windmill Plaza may improve potential for attracting customers.

SMALL BUSINESS MAKEOVER

Entering Sally Huss Gallery is like looking through a kaleidoscope. The walls and aisles are filled with pastels and bright colors of prints, gift art, clothing and other items. The vast majority - 85 percent - of the items are created or licensed by La Jolla artist Sally Huss.

Brother-and-sister team Tom and Lorraine Russo own the shop, which they opened last September. Sales are running behind the business plan. They want progress towards a 2001 sales goal of \$100,000 and recently met with small business consultant Steve Marr to get some ideas.

The consultant Steve Marr owns Business Proverbs, a business consulting firm. He spent 26

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years in international trade and was president and CEO of a large import/export company. He consults with businesses and nonprofit organizations in Tucson and around the country. Marr can be reached at (520)529-8470 or stevemarr@businessproverbs.org.

The story

Tom and Lorraine Russo are New Yorkers. Lorraine spent most of the last 16 years working for a real estate developer in Manhattan, specializing in luxury high-rise apartments. Ready for a change, she moved to Tucson last March and works full time at Sally Huss Gallery.

Tom moved to Tucson in 1974. He graduated from the University of Arizona in 1982 with a degree in finance and operations management. He works at Raytheon Co. in the Javelin anti-tank weapons program.

In January 2000, Tom Russo was vacationing in San Diego and had time to kill before catching a return flight. He wandered about trendy shops in La Jolla and stumbled upon Sally Huss Gallery. The colors drew him in, he says. One hour and \$85 later, he left with prints that were framed on the spot and a card saying, "For information about owning a Sally Huss Gallery, fill in and mail this card."

Tom thought about business ownership in the past, considering a mailing store and a coin-operated car wash. A month later, he was talking with Sally and Marv Huss - and with his sister. Sally Huss was encouraging and told the Russos to find a location. He wrote to every Sally Huss distributor and interviewed a half dozen. Between April and May, he developed a business plan. Initial costs for leasehold improvements, marketing and inventory were \$50,000, financed with bank lending.

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Sales are lower than expected and lower than the average Sally Huss Gallery, say the Russos. The gallery is open every day until 6 p.m., and Lorraine is behind the counter each day. Tom works one day a week, and there are no other employees. Their goal is to open one more location in Tucson, but they want to achieve consistent profitability in the first shop before pushing on. Tom Russo estimates they need annual sales of \$125,000.

The number of repeat customers is a pleasant surprise, they say. They have started to diversify the product line with items complementing the colorful Sally Huss prints and gifts.

The advice

Under the best circumstances, the gallery will require two years to reach profitability, says Steve Marr. Sally Huss merchants often go into business for emotional, non-business-related reasons, like appreciation of the art, he says. Marr called other gallery owners and learned that 15 shops closed in the past two years and 23 still operate.

Sally Huss products are created and sold from the home gallery in California. The company does not accept returns, offer marketing assistance or provide a business model for stores to implement, says Marr. Some successful Sally Huss Galleries carry a mix of 30 to 40 percent Sally Huss products. The Russos have started diversifying their products, and Marr suggests calling other galleries to identify complementary merchandise that sells well.

Marketing is important, Marr says. Sally Huss merchandise is popular in California but not well-known in Tucson.

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"Customers need to see this type of merchandise before an appreciation is developed and customers buy," he says.

Any advertising that cannot show off the product will severely limit effectiveness. The Russos should offer products to restaurants, coffee shops and other businesses on consignment. Products should be tagged with the Sally Huss Gallery name and store location. Displays at art fairs, schools and other locations would provide exposure to a wide audience.

The outside sign is hard to read, says Marr. A bigger sign may attract motorists. An attraction like a fish tank could draw families with younger children who happen to walk by. Additional inside lighting will highlight the bright stock in the long but narrow shop.

Once customers enter the store, the Russos should employ a standard greeting like "have you ever been to our gallery before?" If the answer is no, the follow up should be, "Are you familiar with Sally Huss products?" If no, the Russos should offer a first-time customer special and provide a brief overview about Sally Huss and her work, says Marr.

For repeat customers, the Russos should be ready to name a special discounted product of the day. Other galleries have found this process successful, he says.

Location is a problem the owners should address, says Marr. Walk-in traffic comes mostly from the ice cream shop next door - and isn't enough to provide desired profits. Most successful Sally Huss Galleries are in more casual resort locations, he says. The main target market for Sally Huss products is 30- to 40-year-old parents. Locations like Pinnacle Peak, Hidden Valley Inn or Windmill Plaza may improve potential for attracting customers.

Abstract:

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Steve Marr, your Christian Business Coach

This Article was a featured article in "Arizona Daily Star" newspaper-If you would like to be the subject of an upcoming makeover, call Star small-business reporter Charlie Rochman at 807-7760 or send email to therock@azstarnet.com.