
June 2, 2022

Street Buys

As retailers, it is normal for us to face the ebbs and flows caused by changes in the economy and market forces. Generally, the issues we face are slowing sales in bad economic times. However, for the foreseeable future we are facing a two-fold attack to our profitability: potential runaway inflation and supply chain problems that will not only cut into our sales numbers but will also drastically increase our product costs and availability. In response, we cannot simply withdraw into our shells, slowly watching our sales and profits deflate and hope for the best. We have to be proactive and look for alternative means to shore up our revenue flows. One area that is often overlooked, yet can be powerful in supplementing our profit numbers, is “street buys”.

Recently we have been able to benefit from pent-up demand. However, this demand will soon give way to fear of spending as the economy continues to degrade and prices rise. A significant portion of the population will have no choice but to either reduce or totally withdraw from being buyers and begin selling assets to make ends meet. Their demand for quick cash will result in an uptick in walk-ins seeking to unload their old jewelry, coins, and scrap metals. Although some of us are used to buying a piece of jewelry from time to time, future economic headwinds will require adjusting our focus to make street buys a more significant part of our retail business. This does not have to be a bad thing for our business - adding more emphasis to take advantage of this market shift is an opportunity that cannot be overstated. The benefits to establishing a smart buying process include:

- Flipping scrap gold and silver on a regular basis provides a regular and fast injection of pure profit into your business. When you establish a regular scheduling of flipping street buys/scrap each transaction results in a relatively quick profit;
- If a quality piece of jewelry comes in, you have the opportunity of placing it in inventory to either fill an empty category or replace a missing piece that you can no longer afford to replace due to rising supplier costs. At the very least, if you are unable to quickly move the piece, you still can turn it over to a wholesaler or other jeweler for a profit;
- If a piece is dated, you can break out any quality stones for resale or to use in making your own jewelry to meet your needs; and,
- You can break out and salvage any parts needed in your shop for remakes and repairs (such as clasps, lobster claws, melee, etc.) to further reduce costs.

At this point some of you may be thinking that undertaking an aggressive buying program will turn you into a glorified pawn shop, but that does not have to be the case. You have built a strong quality reputation for your store, so all you are doing is operating a little differently within your established business model. In all likelihood, the only person who will perceive any noticeable change is you alone as you will continue to do what you do every day - sell yourself. If you can overcome your preconceived notions about being more aggressive in your buying off the street, you will find that weathering the coming storm will be much easier. If you have not availed yourself of the potential benefits of an aggressive street-buy plan and wish more information or assistance, please do not hesitate to contact us. We can help you establish an efficient and profitable process tailored to your store.

We at PRIME specialize in assisting retailers in finding the path to achieving their goals and overall success in their business. We invite you to visit our website, www.NVPrimeConsulting.com, for an overall view of the services we provide. If you have questions as to how we may be able to assist you, please call us at 888-849-4978. Of course, all communications and information are strictly confidential.

Sincerely,

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