



Develop a Written Marketing Strategy

Presentations at a recent Management Horizons conference point towards a transformation emerging from a changing economy. While many analysts recognized these signs last year, these economic and consumer behavior indicators have grown stronger:

Non-auto retail sales as a share of total consumer spending continues to fall, dropping from 45% in 1980 to a projected 35% in 2000. In examining household expenditures, services continue to take a larger piece of the spending pie as other home categories have steadily fallen since 1980. Consumers look at shopping less as a recreation and more as a function of replacing an item, according to a Management Horizons survey. As a result, people are shopping less and buying more often as a percentage of shopping trips. Along with that a recent survey by Management Horizons shows that consumers want an easier shopping experience, with higher levels of service, selection and relevant information.

Despite all of these factors, price remains a key factor in determining where people shop. A survey by Women's Wear Daily noted that sales and lower prices were the primary reason for apparel shoppers to either switch stores or continue shopping at the same store. A study by the International Mass Retailers Association looking further into the price issue found that more consumers were looking to pay a price that fell within an expected range rather than the lowest price. This is quite consistent with the information Britt Beemer's presented to the group in New Orleans from his survey.

Kenneth Hewes, a Management Horizons consultant on retail strategy, presented one approach retailers are continuing to use in an effort to gain the limited retail dollars: branding the store in an effort to build stronger identity and in turn gain more loyal customers. By creating a unique identity or market position, retailers hope to create a relationship with customers that competitors cannot copy and that may provide a value that allows premium pricing. Hewes noted that the building blocks of developing a unique market position are as follows:

Developing a Unique Market Position

- 1. Start with a value proposition*
- 2. Create a brand identity*
- 3. Create visibility*
- 4. Align organization and operations*
- 5. Think long term*

Al Meyers, another Management Horizons consultant who looks at retail formats, closed the conference with an overview of retail innovators. He noted that the successful retailers were those that identified market and demographic changes and responded to underserved demand. Some retailers target growing demographic age groups, such as teens, children and older customers. Other groups targeted include upscale shoppers and minority markets. Successful retailers have concluded that they can no longer remain generalists, i.e. serving all retail segments. In order to remain profitable, they have found it necessary to focus on those segments that provide the greatest return on investment.

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Every business, large or small, will be more successful with a Marketing Plan. A good Marketing Plan summarizes the who, what, where, when & how much questions of your company's marketing and sales activities for the year.

WHO are your target buyers?

WHAT makes your company unique in the market?

WHERE will you spend your marketing funds this year?

WHEN will you be spending those funds?

HOW MUCH sales, spending and profits will you achieve this year?

With a written marketing strategy in hand you can better judge whether the business actions you take are appropriate and will help you achieve your goals.

Marketing Strategy

Should include:

- ◆ *Description of target customer.*
- ◆ *Competitive market segments company will compete in.*
- ◆ *Unique positioning of the company.*
- ◆ *Reasons why uniqueness is compelling to buyers.*
- ◆ *Price strategy v. competition.*
- ◆ *Marketing spending strategy.*
- ◆ *Possible market research & training.*

Should also:

- ◆ *Define the business.*
- ◆ *Position the business as a leader, challenger, follower or niche player.*
- ◆ *Define the business personality or image desired in the minds of buyers.*

Strategy Statement tests - if the statements in your strategy are measurable and actionable and work to differentiate your company from the competition, congratulations! If not - revise them until they do.

Remember that in order for your unique qualities and services to make a difference, they must be something your customers think is important and valuable.

A good strategy should not be changed every year, per se. It should be revised when your objectives have been achieved or the competitive situation changes significantly. (New competitors, new products, etc.)

We must drop the idea that change comes slowly. It does ordinarily - in part because we think it does. Today changes must come fast; and we must adjust our mental habits, so that we can accept comfortably the idea of stopping one thing and beginning another overnight. We must discard the idea that past routine, past ways of doing things, are probably the best ways. On the contrary, we must assume that there is probably a better way to do almost everything. We must stop assuming that a thing which has never been done before cannot be done at all.

Donald M. Nelson

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