

Positioning - A Competitive Edge

At the recent NARDA Institute of Management I picked up all kinds of ideas and thoughts regarding marketing and advertising. Here are some I hope you find interesting and of value.

Marketing and advertising are evolving into much more targeted exercises than they have been in the past, requiring a deeper understanding of the benefits specific market segments seek and value. Broad-based strategies that attempt to appeal to all kinds of customers are becoming less and less effective. I suspect that you already know this from your own experience.

To address this issue many retailers have chosen to do even more of the same things they've been doing for years. Pouring more and more money into the same old strategies and promotions, in an attempt to maintain their effectiveness. This may work for a while. By reaching a larger number of potential customers, strategies that are losing their punch can appear to be still working. Unfortunately, there is ultimately a limit on how much you can spend and with declining profit margins that limit is moving downward.

*The alternative is **Innovation**. There is innovation all around us. The time is here to hop onto the innovation bandwagon and develop new and different benefits and services for your customers. You've heard it before..."Develop a Competitive Advantage!" Terrific, but what does it mean?*

Many retailers take this to mean that they should do the same things their major competitors are doing, but only a little bit better. Be a little nicer to customers (have a bigger smile and say hello), deliver products a little faster (if they deliver in 3 days, we'll deliver in 2), know a little more about products and benefits (have the sales rep come by every 3 or 4 months to share his limited knowledge), so on and so on. Isn't that enough? Won't customers appreciate these differences? NO! It isn't and they won't.

Did you know that customers who give you a service rating of 4 on a scale of 1 to 5 only return to buy 53% of the time? Can you survive on a 53% customer return rate? Maybe, but it won't be a prosperous survival. In order to achieve a 90% customer return rate you need a 5 out of 5 service rating. Customers must be made to feel that they've received exceptional service, every time they come in.

To truly distinguish yourself from your competitors – to create not just satisfied buyers, but enthusiastic ones – you must develop "breakthrough" ways of serving your customers; find new and better ways of serving your customers.

Here's an example. Home Depot is rolling out a new concept store named "EXPO". In it they are introducing a total consultation approach to selling. When customers come in, they are paired with a "Project Designer" who helps plan the project. The Designer brings in "Product Specialists" to help select the best products. A "Construction/Remodeling Supervisor" is brought in to arrange for the necessary sub-contractors and oversee the work to be done. And finally, a "Project Inspector" comes in to make sure all the products and work done meet the customer's expectations and to ensure the customer's satisfaction.

Home Depot isn't doing this to expand the market; the number of potential customers remains limited. They're doing it to take your customers. By the way, they plan to open 12 more EXPO stores in the next year, bringing the total to 24. When they come to your town, will you be ready?

So, what are you to do? Go on the offensive now! Ok, so "breakthrough" customer service strategies aren't just pouring out of your head. The great ideas you implement need not be original. Start by putting your ear to the ground – look for new ideas from other stores, in other markets, in other industries. Look for ways you can be unique in your marketplace. If you are the first to bring a great idea to your market, then you become the local original thinker. If someone else implements the same idea later, when they come to town, they look like a copycat and their revolutionary concept isn't a big deal in the eyes of your local customers.

Create contrasts between your store & your competitors, not just small differences, go for big ones.

- ◆ If they're slow, be fast, very fast.
- ◆ If they're unreliable, be perfectly reliable.
- ◆ If they can't get there on time, always be on time.
- ◆ If their service is mediocre, make yours great.
- ◆ If they're big & inefficient, be smaller and very efficient.
- ◆ If their selection is large and overwhelming, make yours targeted and precise.

Customers have plenty of misperceptions about independent retailers that need to be attacked.

- ◆ They are smaller and therefore must be more expensive.
- ◆ They are out of the way.
- ◆ They don't have a big selection.
- ◆ Their store is old – are they still around?

As you well know, these perceptions are nonsense, but nonetheless they all too often exist. Go after them with a vengeance. Attack them head on – challenge your customers to check you out and find out that these or any other misperceptions are false. It is not enough to claim in your advertising that you have the best prices or best selection or best service. So many sweeping claims are made in all sorts of advertising that they are simply no longer believable. Offer specific examples. You might try creating a "Mystery Shopper" character in your advertising who goes out and gets the facts, which you explicitly share, showing:

- ◆ That your values are better, describing exactly how you give customers more for their money, using bundles, ASC Warranties, etc.
- ◆ That your service is better and faster with specific examples of how a customer saved money by getting faster delivery or how you cared enough to solve a customer's problem more quickly and effectively.
- ◆ That your people provide more knowledgeable help with specific examples of how they helped customers make informed selections that resulted in better end results.
- ◆ That it is easy to get to your store, get the shopping job done more quickly and efficiently and that you take the hassles out of the process from start to finish.

The key is "specificity", provide examples of how buying from you is the best way for customers to go.

This challenge is almost impossible if your strategy is to be everything to everybody. It's just too difficult to be very good at doing everything all at the same time. Think about the customers who have the greatest need and appreciation for the services and products you offer. The idea is to match up what you can do better than any competitor with the customers who value this capability enough to pay for it.

Choose your position in your marketplace:

- ◆ Individualized/Customized Service – I know you, you know me & we trust one another.
- ◆ Category Dominance – Excellent selection of the most desired products, product availability, knowledge, service resources, speed (e.g. Built-in appliances, Home Theater Systems, Parts & Service, etc.)
- ◆ Focused Product & Service Offerings – Segment marketing (Remodelers, Builders, Baby boomers (aged 45+, seeking convenience & with the willingness to pay for it.)
- ◆ Convenience – Quicker, simplified shopping experience, rapid delivery (same day, next day, on time), accuracy (getting it right the first time), by appointment shopping.
- ◆ "Neighborhood" Store Image – Guarantees (Price & Satisfaction), caring attitude, competitive contrast (different and happy to be that way), warm and friendly buying experience, concerned about satisfaction after the sale.
- ◆ Make purchases look like "Good Deals" all the time – Show an appreciation that price is important to customers and build a better value in the eyes of the customer.

Positioning Statement Ideas & Examples:

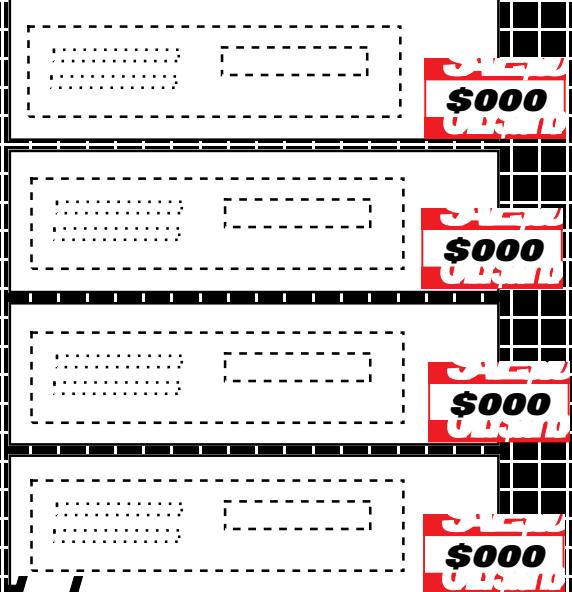
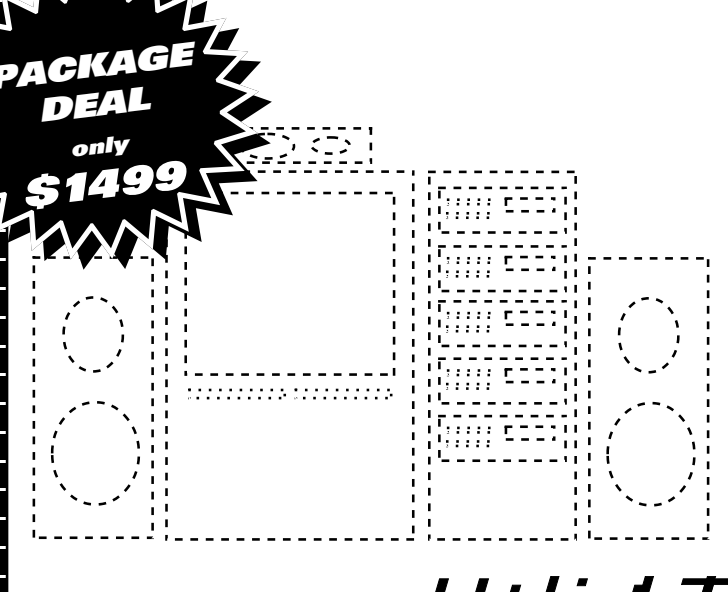
- ◆ For a whole new buying experience...
- ◆ You can count on (Dealer Name) for the lowest price, the best selection and service!
- ◆ When the Best Prices, Selection & Service count – You can count on (Dealer Name)!
- ◆ Your neighborhood (home furnishings) store...
- ◆ More than a store... a friend in the (home furnishings) business!
- ◆ If price & service matter... we're simply the best choice!
- ◆ It's our family serving yours... we're your neighborhood (home furnishings) store!
- ◆ A tradition of service – a promise of value!
- ◆ A name you can trust for the best prices, the best selection and service that never ends!
- ◆ We're not happy, unless you're happy!
- ◆ Where service is our way of doing business!
- ◆ Experience service the way it should be! Experience service the way you expect it to be!

Once you've decided what "position" you will take in your market, it is critical that you communicate it clearly and forcefully to the targeted potential customers in your market. Keep it simple and be creative. Stick to believable claims, offer specific examples of what you mean and make absolutely sure you live up to your advertising.

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Home Theater Experience!

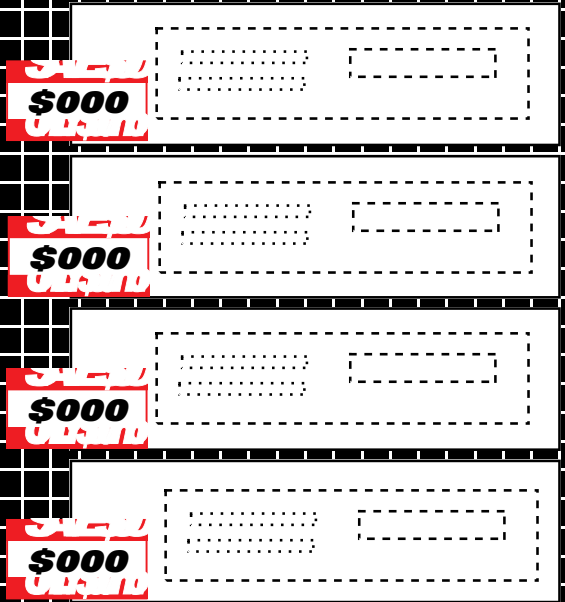
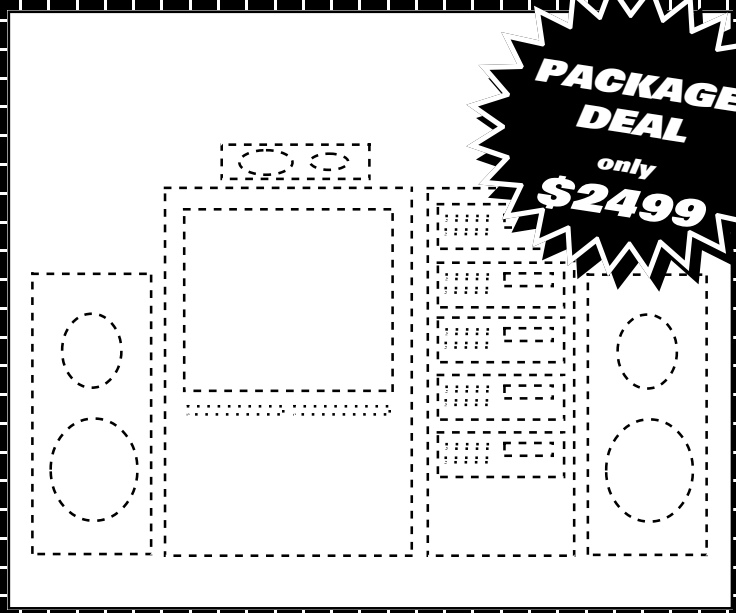
PACKAGE DEAL
only
\$1499



Home Theater

Home Theater Systems are a combination of components, each with a special task to perform. Systems can be as inexpensive or as elaborate as you wish. An additional set of speakers and a surround sound processor will get you started, while the more sophisticated systems employ an audio/video receiver, large screen TV, Hi-Fi Stereo VCR, laser disc player and at least five speakers. Visit (Store Name) for a demonstration. You'll be amazed at just how easy it is to turn your sofa into one of the best front row seats.

PACKAGE DEAL
only
\$2499



UNBEATABLE

LOW PRICE GUARANTEE!
We guarantee the lowest price on all merchandise. If you find a lower price elsewhere, we will match it. No exceptions.

Get More For Your Money & Guaranteed Satisfaction!

Store Name

APPLIANCES - ELECTRONICS - FURNITURE
Address, City, Phone Number & Hours

SATISFACTION GUARANTEE!

We guarantee your satisfaction on all merchandise. If you are not completely satisfied, we will accept your return for a full refund. No questions asked.

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Store Name

GET A JUMP ON CHRISTMAS!

NOW
through
Nov.
24th

Use These Coupons on Everything We Sell!

**Use This Coupon
And Save An Additional**

\$25 off

Our Already Low Prices

When You Spend \$200 - \$399 before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

**Use This Coupon
And Save An Additional**

\$50 off

Our Already Low Prices

When You Spend \$400 - \$699 before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

**Use This Coupon
And Save An Additional**

\$75 off

Our Already Low Prices

When You Spend \$700 - \$999 before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

**Use This Coupon
And Save An Additional**

\$100 off

Our Already Low Prices

When You Spend \$1000 - \$1499 before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

**Use This Coupon
And Save An Additional**

\$150 off

Our Already Low Prices

When You Spend \$1500 - \$2499 before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

**Use This Coupon
And Save An Additional**

\$300 off

Our Already Low Prices

When You Spend \$2500 & up before tax
Limit one per person. Not Valid with any other offer.
Good only November 20 through November 24, 1999.
Demos not included. Not retroactive to prior purchases.

Where You Get More For Your Money & Guaranteed Satisfaction!

Store Name

APPLIANCES - ELECTRONICS - FURNITURE

Address, City, Phone #, Hours

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