

# How to fix your slice — and other golfing advertising secrets

by Mark Mageau with Phil Callighan



**If** you haven't guessed by the title of this article, I'm a golfer. Mostly a weekend golfer. So I live to play this game from weekend to weekend, as do many home furnishings retailers who monitor how well sales promotions perform from weekend to weekend.

In this article, I can't promise to improve your golfing score, but I can promise that if you follow the steps I'm going to outline, you'll greatly improve your branding success, your advertising success and gain a bigger slice of your market.

You've probably heard how you and your store need to become the brand, not the brands that you carry. To be sure, the manufacturing brands you carry play a role. That role should be like the brand insignia seen on a golfer's cap or shirt. But people go to see the golfer, not the insignia he or she displays. The golfer is the brand. The same should be true of your store.

A couple of years ago in *Home Furnishings Retailer*, Doug Knorr, president of Knorr Marketing, outlined a critical three-step process to branding your store:

1. Analysis
2. Intervention
3. Execution

To review these steps and the reasons why branding your store is essential, I recommend you review these past articles from *Home Furnishings Retailer*: "Branding & Traffic Building: Are They Really at Odds?" Part I (August 2004) and Part II (September 2004).

What these articles didn't tell you, though, are what some consider "secrets" to this process.

The first secret is the thoroughness of the "analysis step" you take and who performs it.

I've played golf ever since I was a child. I caddied and played on my high school team, but basically was self-taught all my life up until my late 40's. Then, I finally decided to take a lesson and have a pro work with me and videotape my swing. It took my game to the next level. I now understand things that I never understood, because I couldn't see all aspects of my game. That's simply because I couldn't get outside my body and watch it.

Most of the top golf instructors of the world were never at the top of the Leader Board or top money winners, but they're excellent coaches. They have the ability to step back and watch you play. And, after their analysis of you, they intervene and suggest new ways to have you set up, grip a club, stand at the tee or swing a club a different way. And, finally, they have you execute those changes to improve your game.



## Establish a benchmark — and compare your findings to those of similar local stores.

Good golfing coaches can guide a golfer toward achieving a little extra distance — to make a certain shot when they really need it.

That's how I see my role as a marketing and advertising professional. I'm a coach. Granted, when I conduct a business analysis for a home furnishings retailer, I don't do it on my own. It takes several people at our agency to make sense of it all. And many of the characteristics we review are rather obvious, subjective and common sense.

For example, all of the following factor in to a full analysis of a company:

1. Interior of store
2. Exterior of store
3. Signage
4. Traffic flow, including how the store flows
5. Product mix
6. Merchandising strategy
7. Personnel
8. Operations systems used, whether it be with the sales staff, delivery staff or service staff.
9. Media mix — not only what the retailer has been using, but what is available to use. (This is an in-depth study; there is no predetermined media mix.)
10. Advertising creative — what has worked and what hasn't

Then, you have to crunch some numbers: *continued on page 54*

# Q:

**What is the easiest and most cost effective way to lift sales, protect margins, improve customer service, enhance store and product image?**

# A:

**Almost 80% of all purchasing decisions are made by customers, in-store at the display... So print better tags, signs, and labels in-store, on-demand!**

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**Good bye.**



**Good buy.**

- Margins the retailer is receiving from various products
- Sales dollars per square foot — not only the store as a whole, but the dollars per square foot in various areas of the store, whether it be mattresses, recliners or various galleries
- Sales-close ratio
- Number of “ups” (people walking through the door). We may take a look at “ups” on a daily, weekly, monthly or seasonal basis because we tie that “ups” number very tightly to advertising and to the sales-close ratio.

All of the above give us benchmarks, and then you can compare those findings to other markets and/or track it locally from there.

The last “obvious” element to look at when conducting this step is to evaluate the competition — all the competitors (even the big department store boxes or building-products boxes now selling furniture). Look at what they sell and pay attention to how they’re displaying the merchandise they carry, and how they price their floor.

How many home furnishings retailers get up, drive to the office or the store, put the key in the door, work all day, lock the door, then go home? For many owners or managers, that’s your day — day in, day out — and you never see what the competition is doing. Owners and managers have a hard time visiting competition and staying under the radar. However, your ad agency people, salespeople or mystery shoppers can perform that task in your market.

All that I have discussed so far is the “obvious” part of the analysis process. Where’s the secret?

It’s to perform a comprehensive zip code sales analysis and create a “key observations and recommendations” report. This is where we start applying some science to the business of advertising and marketing.

A zip code sales analysis is really a marriage of key demographic and media information with your historical sales and customer database. At our company, we use proprietary Knorr Direct™ software to look at each zip code closely in terms of:

- Geographic location (distance from store locations)
- Demographic data (age, race, growth projections, household income, etc.)
- Spending potential indexes to buy furniture and 19 other product categories fighting for the consumer’s discretionary dollar — such as apparel, home improvement, travel, toys and others.

We sort sales by zip code by gross sales, by average sale per household and by average unit sale. We can also look at more than 80 demographic variables to categorize primary and secondary zips and reveal the zip codes with greatest growth potential.

The zip codes are then married to media information from your designated

| <i>Rank</i> | <i>Distance From Main Store</i> | <i>Distance From West Store</i> | <i>Sale by Zip Code</i> |
|-------------|---------------------------------|---------------------------------|-------------------------|
| 1           | 4.60                            |                                 | \$1,108,575.00          |
| 2           | 5.47                            |                                 | \$485,295.00            |
| 3           |                                 | 5.27                            | \$461,473.00            |
| 4           | 15.25                           | 0.00                            | \$460,627.00            |
| 5           | 0.00                            |                                 | \$435,115.00            |
| 6           | 3.09                            |                                 | \$368,557.00            |

— TABLE A —

| <i>Rank</i> | <i>HH in Database</i> | <i>Total HH in Zip</i> | <i>% of HH in Database</i> | <i>Dollars per HH</i> |
|-------------|-----------------------|------------------------|----------------------------|-----------------------|
| 1           | 4365                  | 25,749                 | 17.0%                      | \$43.05               |
| 2           | 1565                  | 5,721                  | 27.4%                      | \$84.83               |
| 3           | 2010                  | 19,415                 | 10.4%                      | \$23.77               |
| 4           | 1924                  | 15,602                 | 12.3%                      | \$29.52               |
| 5           | 2169                  | 17,459                 | 12.4%                      | \$24.92               |
| 6           | 1899                  | 19,088                 | 9.9%                       | \$19.31               |

— TABLE B —

market area, metropolitan statistical area, Simmons research, local websites and other advertising coverage data to tell us where you should be advertising to reach your trophy customers and your next customers — those consumers exhibiting similar characteristics to your trophy customers.

Here's an example of what we found when conducting a zip code sales analysis for an actual client (who prefers remaining anonymous).

Table A shows an initial ranking of some zip codes by sales, and the distance from each zip code where a sale has occurred, to each store.

Frequently, your top ten zip codes, on average, could account for anywhere from 50 to 60 percent of your total volume. Looking at the top 20 zip codes, you are usually reaching the 70-percent range.

Of course, it varies. We have one store that sells to the entire state, so the number of zip codes in which it sells is a monumental number. With another store, it took 80 zip codes to achieve 100 percent of its sales — with the lion's share of sales coming from the top 20 percent.

In short, no two markets are exactly the same — whether it's distance from the store or any of dozens of other factors.

Total number of households in a zip code is shown in Table B. Sure, you're selling to people, but the furniture is being placed into a household, so we track households. If the home furnishings retailer has a household database (or direct mail list), as did this client, then we can back those figures into the percentage of households in the database, to show an actual penetration percentage by zip.

For example, Table B shows the number two zip code in terms of sales has 5,721 households. This particular client actually has 1,565 of those households in the database. That is a 27.4 percent penetration of households in that zip by our direct mail list. That's outstanding!

As you can see in some of the surrounding zip codes listed, the next highest was our number one zip with 17 percent, and it drops down to 10.4 percent, 12.3 percent and so on. In other words, there is room for improvement in some of our top zips.

We also plot dollars per household by dividing the gross dollar amount of sales (from Table A), by the number of households (Table B). In the second zip

|             | <i>INC</i>   | <i>INC</i>    | <i>INC</i>     | <i>INC</i>  |                  |            |
|-------------|--------------|---------------|----------------|-------------|------------------|------------|
|             | <i>Below</i> | <i>50-100</i> | <i>100-150</i> | <i>150+</i> | <i>Median</i>    |            |
| <i>Rank</i> | <i>50.0</i>  | <i>%</i>      | <i>%</i>       | <i>%</i>    | <i>HH Income</i> | <i>FPP</i> |
| 1           | 42.2         | 32.8          | 15.5           | 9.6         | 59,503           | 114        |
| 2           | 16.4         | 27.9          | 27.6           | 28.1        | 107,549          | 203        |
| 3           | 38.0         | 42.8          | 14.9           | 4.2         | 61,207           | 108        |
| 4           | 41.9         | 39.2          | 13.2           | 5.6         | 58,090           | 104        |
| 5           | 55.8         | 28.5          | 11.1           | 4.7         | 44,745           | 86         |
| 6           | 59.0         | 29.4          | 8.3            | 3.4         | 42,077           | 78         |

— TABLE C —

code, \$485,295 of gross sales divided by the 5,721 households in it equals sales of \$84.83 per household. That's a benchmark we can use to track growth in this zip.

Annual household growth is another statistic to consider. We can see where we have some areas that are really growing, some areas that may have no growth, or some that are in decline. You also can do a breakdown by race, age, gender. All these statistics come in handy when you're developing a marketing communications plan.

Table C shows each zip code by income levels. We look at those below \$50,000; \$50,000 to \$100,000 and so on; and those numbers are also expressed as percentages within the zip.

You could actually break income out further, including \$25,000 and under, which may be necessary if your store is in a heavy retirement area. Retirees may not be reporting much income, but could still be actively buying furniture.

Getting back to our analysis, we also evaluate per capita income as well as home values. Within any single zip, we can see how many homes are valued at \$50,000 to \$90,000; \$90,000 to \$175,000; \$175,000 to \$400,000; and \$400,000-plus.

The last column in Table C (Furniture Purchase Propensity) is an indicator of furniture spending in each zip code where 100 is the average furniture expenditure for all zips in the United States. This example shows the top four zip codes are all above average, with households in the second zip code apt to spend more than twice the average potential of any zip code in the United States on home furnishings. However, zips ranked five and six are below average.

The next secret is taking all this data and charting media coverage against the zip codes. When we can, we also chart newspaper and magazine circulation by zip codes. This helps make your media selection much



## Commit to improving your game

— that of furniture retailing.

easier.

Once you have gathered all of your information, it's time to create a series of points that can be addressed in a situation analysis. Media, the advertising creative, the store, the people, the merchandising and all other factors are addressed in the situation analysis. Anything you've looked at, you analyze. This gives us the foundation for developing a strategic marketing plan for the client. It's all customized. Nothing is canned.

You may have seen the movie "Tin Cup" starring Kevin Costner. It's the story of a golfer who becomes very determined to win at the game. There's a scene where a woman (Renee Russo) enters Kevin's trailer and catches him wearing a gadget dangling off his head, wearing an arm brace and holding a hinged golf club and wearing several other gadgets. He was desperately trying to get rid of his golf problems by using nationally promoted gadgets.

In some cases, canned advertising programs by manufacturers are no different for retailers. I'm not saying that we don't have clients participate in national promotions by promoting a key brand item or gallery that they carry. But the long and the short of it is, we still advertise our clients as the brand. We wouldn't give up a month's worth of advertising, or part of a month, just to run a canned manufacturing program.

Of course, our concerns are not limited to advertising. It could be a facelift on a store, pricing the store a little bit differently, changing the way you refer to salespeople, changing the sales process, etc.

Then again, if you're watching a zip code erode in terms of growth, sales and income, the zip code sales analysis might convince someone that it's time to sell. It's time to get out of Dodge and move locations before this trend continues any further and gets to a point where top dollar for the store cannot be attained.

Keep in mind that analysis doesn't hold all the secrets. It's a great tool, and it's definitely a step that's got to be done. But at times you may need more information. Depending upon what you need to know, you may want to conduct focus group research, tele-research or exit interviews. Each of these help you further understand what works and what may need to change.

Whether it is golf or furniture retailing, from the moment you embark down the analysis path, you are committing to improving your game. In retail, as in golf, you're looking for a better grip, stance and swing, along with the necessary local course knowledge, to compete to the best of your ability. And it's an ongoing quest that doesn't end with one report.


"I don't know if you're ever finished trying to improve," said a famous man. "As soon as you feel like you are finished, then I guess you are finished because you've put a limit on your ability as to what you can obtain, and I don't think that's right."

Who said that?

Tiger Woods said that when he was on top of the world and had just won a major golf championship. And you know what he did right after that? He went out to one of his swing coaches and decided that his swing was not going to have the longevity he wanted. It was not going to last forever. He felt his swing wasn't going to hold up. And he totally rebuilt his swing.

I'm told Tiger has done that on a couple of occasions, and the man never settles for "there, that is enough." He is always striving to improve. There's a lesson to be learned there.

How thorough is your analysis? Are you employing the secrets of a zip code sales analysis and marrying your data with demographic, geographic and media information that can impact your sales, your advertising and your success?

If not, talk to a professional coach. See what a coach can do to help your game! 

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