



FEARFUL OR FEARLESS

THE CHOICE IS YOURS!

by Doug Knorr



Turn It Around

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With today's doom and gloom headlines of mortgage foreclosures and lower consumer confidence levels, it is evident that the retail landscape has changed!

What worked a few years ago isn't working today. Global economic changes have caused many retailers to become fearful of what tomorrow may bring.

On March 4, 1933, during one of America's most difficult financial times, Franklin Delano Roosevelt said at his first presidential inaugural address, “Let me assert my firm belief that the only thing we have to fear is fear itself!” I believe that statement is as true today as it was over 75 years ago!

Think for a moment. What does fear do? It paralyzes! It makes it almost impossible to focus on what needs to be done. Nothing good comes from this kind of fear. Today, if you are running your company and you are —

- fearful of change
- fearful of the competition
- fearful of employees
- fearful of where to invest your advertising (to the point that you feel you are just throwing the proverbial “Hail Mary” promotion)

— then it's time to stop letting fear have its way in your business!

In this, the first of a four-part series, we will focus on the first step you can take to turn “Fear” into a “Fearless Strategy!”

If you will integrate these four steps into your business philosophy, strategy and operations, they will act like four anchor stakes that you can pound into the ground and say with confidence, “Here I stand!”

So what are these four stakes?

- **Stake 1:** Differentiate your company from the competition.

- **Stake 2:** Reduce costs.
- **Stake 3:** Know where to invest your advertising and how to hold it accountable.
- **Stake 4:** Focus on customer retention and loyalty.

Let's focus on the first stake: differentiate your company from the competition.

Today the world of retailing can be summed up in one word: PARITY! The world of retailing has become a sea of sameness. Escalating distribution channels with "me-too" products! (Remember when leather furniture was provided by a handful of manufacturers? Now there are a plethora of leather choices. What about recliners? Remember when there were only two or three manufacturers? Now there are dozens!)

Brand extensions are the norm, as manufacturers try to find a way to build a better bottom line. (Remember when La-Z-Boy was just a reclining products company?)

And then we have the issue of quality confusion. Technology and lower offshore labor costs have seemingly narrowed the gap between medium-priced and higher-priced goods.

Your first step to becoming a fearless retailer is to differentiate your company from the pack. This is the hardest part of building any business. And, because it is so difficult, the lazy retailer takes the easy way out and lives off "Sale" or "Financing" messages.

Let me be clear about this: sale and financing offers are vital in today's economic environment. However, these offers alone will continue to provide diminishing returns! To increase market share and customer loyalty, you must clearly define your unique position in the marketplace.

If the consumers in your market cannot see how you are different, then they will not understand why you should be their store of preference. Marketers call it your



Unique Selling Proposition or Position (USP). Without a USP, you will compete in a sea of sameness!

Developing your USP requires that you first find a "window of opportunity" in your marketplace. This requires that you create a competitive overview. Your goal, when this process is finished, is to clearly define what you do or offer that is different than the competition in your market.

Here are some of the steps we take with a new client:

- Does the client enjoy brand exclusivity?
- How is our client's merchandising separated from the competition?
- How does the breadth of product offering compare with other retailers in the market?
- Where does our client's pricing model fit into the marketplace? Is there a competitive advantage we can find?
- Is there a department or specific area in which our client really excels? For example, mattresses, reclining furniture or solid wood?
- Are there services our client provides that other retailers cannot or do not offer competitively? For example, same day delivery?

Once this market overview has been developed, we simply ask the question, "What is the client's 'EST'?"

- Are they the largEST? (Greater selection than competition)

- Are they the lowEST priced? (Perception or reality)

- Are they the fastEST? (Delivery Express)

- Are they the finEST? (Fine crafted furniture)

- Do they offer the best quality or services?

- Are they the newEST? (Exciting opportunity)

- Are they the specialEST? (Special niche offerings)

- Are they the oldEST? (Confidence after the sale)

- Are they open the longEST? (Convenient for customer to shop)

- Are they the sharpEST? (Presentation-WOW)

- Are they the friendliEST? (Providing play areas for children, beverages/snacks for shoppers, an entertaining shopping experience?)

Each of these 'ESTs will provide a platform to build your USP. If you will take the time and effort to find your unique difference in the marketplace, then you can clearly build your company's brand promise!

Next month, we will discuss the second stake you need to pound into the ground, which is: "Reducing costs."

If you want to "turn it around in 2008," you need to integrate all four stakes that will be addressed in future articles into the foundation of your company. Then, you will have the confidence you need to become a "Fearless Retailer!" 