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Marketing Your Story

How well do you tell your company's story, letting the world understand what makes you different?

by Brian Woolf (January 26, 2015)

Earlier in my career, I was a member of the management team of a high-growth food retailer. We considered it important to share our company's story to explain what made us different and how we achieved our success. (In the decade I was there, the average annual compound growth rate of stores was 21.8%, sales 26.2%, profits 27.4%, and stock price 36.6%.)

Telling The Story
We identified 10 easy-to-remember ("catchy") differences that were simple and credible. These bullet points comprised the core of our presentations ranging from 15 to 50 minutes. They helped our audiences of investors, employees, customers, and communities understand what made us different in ways that they, in turn, could tell others. The 10 points are explained below. The number and detail of examples under each bullet point varied with the audience and presentation length.

Looking back, I realize that telling our story had two major benefits: it helped our audiences understand what made us different and, even more important, it forced us to carefully think through and understand what made us unique.

Every company has its own strengths; no two companies are alike. The points below are shared to help trigger ideas should you choose to identify your key differences and tell your company's story in a clearer, more compelling way than at present.

Our Story: 10 Key Differences

1. **The divinity of simplicity.** "Complexity costs, simplicity saves" was one of our underlying beliefs. Our hundreds of stores had standardized layouts and the same shelf prices — no zone pricing. Prices in stores populating contiguous states were identical, whether in upper or lower income areas. Small weekly newspaper advertisements (to gain certain vendor allowances) featured only a few items because we chose to offer long-term (12 month) deals rather than a wide array of weekly specials. The combined effect of this simplicity and consistency made shopping easy for customers; whichever store she entered, she felt at home. Equally important, having standardized stores meant training and supervision was easier and resulted in a leaner store management structure

and Support (Headquarters) staff; to illustrate, our Produce VP spent an hour each week to prepare and send out a single Produce planogram, saving the hundreds of hours it would take if each store was different and required a store-specific planogram.

2. **Do 1,000 things 1% better.** When a company introduces a new cost-saving equipment or process it is usually visible and often copied by competitors. But a competitive advantage can be gained when you focus on doing 1,000 things just a little better ("1% better"); competitors will never notice them and you will, accordingly, "be 1,000% better". It certainly worked for us. Our total costs, as a percentage of sales, were 5% lower than our publicly traded competitors. This, of course, allowed us to offer better prices and still achieve a higher profit. Our 1,000+ 1% items included:

    - Advertising: minimal newspaper ads; limited institutional ads

    - Bank Fees: each month we took 5% of our stores and compared their local bank's fees with competitor banks and switched where costs could be reduced

    - Committees: we had an aversion to them, both in number and length; we believed that in a simple standardized business where executives were held accountable, the need for committees was small

    - Reports: these were simple and "causical" (ie, "caused" appropriate corrective action). Simple in that, for example, we studied sales on an average-per-week-per-store (Sales Per Store Week) basis rather than just monthly and quarterly totals because retailers think in terms of weekly sales, not the larger numbers; and Causical in that we highlighted each store's three biggest performance variances to cause corrective action or deserved praise

    - Budgets: were replaced by Weekly, Monthly and Quarterly Norm forms which compared each store's results with its peers, providing a better improvement motivator than a budget.

3. **Productivity is paramount.** A food retailer's biggest expense is labor. Therefore, the more items sold relative to each hour worked, the greater the company's productivity and, usually, its profitability. We found that the measuring, encouraging, and rewarding of productivity increases resulted in both better profits and morale (employees like to be on a winning team). Productivity was the mindset behind our store Labor Scheduling ensuring consistent standards company-wide and from year to year. A common corporate "disease" is Support (Headquarters) staff growing faster than sales. (Support staff should grow at a slower rate.) The disease can be difficult to manage in a fast-growing company. Our solution was to be guided by a simple productivity report; each month, we reviewed the Support Hours Paid Per 100,000 Items Sold (HPHTI). If the HPHTI was falling it meant we were less "top-heavy" than the previous year and our productivity was improving. And vice versa. Another innovative approach was with Sick Pay. We rewarded employees for being healthy (and adding to productivity) rather than being sick. Each December we paid employees a week's wages (one fiftieth of their previous 50 weeks pay) as "Health Pay" to compensate for any unpaid time they took off during the year for colds and other minor sicknesses. This program rewarded the healthy and reimbursed the sick; it provided an incentive for healthier living. (Employees with lengthy serious illnesses were covered under an additional plan.) Also, each December, provided corporate productivity goals were met, another week's pay (one fiftieth of the

previous 50 weeks) was paid to all employees. These two programs meant a welcome extra two weeks pay just before Christmas.

4. **Intensify the inkblot.** Our stores–smaller, standardized, and lower-cost than our larger competitors–enabled us to grow faster. Unlike many competitors, our stores typically made a profit in their first year. Given our characteristic low-price, convenience attributes, a new stores grew quickly in sales, so that after 3-4 years we needed to build another store nearby. This approach proved more advantageous than opening a big, higher-cost store that had to wait longer to break-even. Looking at a store growth map, our stores appeared as an increasing number of inkblots on a blotter. The benefits of this inkblot strategy was that as stores grew denser around our distribution centers, the average replenishment distance was shortened and the positive word of mouth from existing customers encouraged new customers as we filled in the market area with more stores.

5. **Coddle the Customer.** Customers were central to our business and price, location, and service were the foundation of our customer-centric strategy. Our standardized stores made shopping easy. For example, customers going to the beach on vacation didn't have to transport food from home to save time and money as all stores had the same prices and items were in the same easy to find location as their favorite store at home. To keep in touch with customer observations and marketplace perceptions, we had a special Customer Group seeking and receiving customer feedback. We treasured the trust our customers put in us.

6. **Guard your gold.** In a rush for growth, many companies give priority to opening new stores, taking their existing customers and stores—their pot of gold— for granted. Ignoring this pot of gold was anathema to us. As our best advertising was word of mouth we wanted customers to always enjoy pleasant shopping conditions. We wanted to guard our growing sales base. To accomplish this, refurbishing was built into each store's lifecycle, regardless of how much (or little) corporate cash was available each year. To keep stores in good shape, after three and six years, each received a "face-lift" which included repainting and sprucing up. Then, between the ninth and tenth years, stores were stripped completely, and equipment was replaced, etc. This cycle was repeated in the second decade. As leases approached the end of their 20-year term, a decision was made whether to build a new replacement store nearby or renew the lease and continue the refurbishment cycle.

7. **People are precious.** Given our high growth trajectory, training of both new and existing employees was a top priority. Training was both formal (class and hands-on) and self-directed (from our extensive library). We recognized our employees as partners in our current and future success and invested in them with training and profit sharing (6 weeks pay annually, assuming corporate targets were met). We sought their opinions with an open-door policy and on-going employee feedback sessions; and management carefully studied the six-monthly confidential employee attitude survey results. At our Support Center (Headquarters), employees in most departments were on flextime and could choose their own hours provided they met their weekly deadlines; in the summer, many organized their time to have 3-day weekends.

8. **Follow the formula.** Follow a successful formula and efficiencies will follow. We stayed dedicated to food retailing. We didn't diversify into other businesses or formats, no matter how attractive. We had one standard store design, in three different sizes. Our

contiguous store growth and inkblot strategy meant we located new distribution centers on the edge of our existing store network, allowing an easy expansion of new stores. Distribution centers were located in rural areas, with their more productive employees and lower construction costs and taxes. Our biggest cost, labor, was managed by labor scheduling guidelines. Our overhead labor cost was kept in check with one simple measure, HPHTI. Distribution fleet additions were also formularized, using a ratio of tractors and trailers to the number of items sold (which was captured at store cash registers). And we knew, each month, which stores were deviating from the formula from our Norm Form exception reports. Focusing on following our successful formula made us an industry growth and profit leader.

9. **Expand or expire.** We chose the expansionary path because it benefited our three primary stakeholders: customers, who gained from more stores and lower prices; employees who gained from personal growth and promotion opportunities; and shareholders, who gained from higher share prices resulting from our growing chain of profitable stores.

10. **The magic of the mundane.** Retailing is not difficult. A large part of it is the management of a myriad of mundane minutiae, from courteous checkout experiences to clean floors; it is understanding the many interconnecting intricacies involved in presenting and executing an appealing customer offer. In essence, a retailer's challenge is to routinize excellence. It's the challenge of life. Consider the great cellist, Pablo Casals, who died at 96. For an hour every morning, including the day he died, he practiced his scales—the scales, the basics of music—every day! Retailing is no different. And, like Casals, no matter how successful you become, you must stay close to the mundane basics if you want success to continue.

The bottom line
Marketing is not just about products. It's also about the whole company, presenting its persona in an understandable, authentic way. The more customers can understand and relate to you, the greater their trust level, and the more favorably inclined they are to keep returning. Market your company; tell your story.

About the author...

Brian Woolf is a global leader in loyalty marketing and has written three definitive works on the subject, Measured Marketing: A Tool to Shape Food Store Strategy, Customer Specific Marketing, and Loyalty Marketing: The Second Act. He devotes his time to helping retailers develop, critique and strengthen their loyalty programs.

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www.brianwoolf.com

E: brian@brianwoolf.com
T: +1 864 458-8277

Retail Strategy Center Inc.
6 Parkins Lake Court,
Greenville, SC,
29607-3628
USA

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