

THE STOKELY LETTER

**BUSINESS
GROWTH
SPECIALISTS**

Strategy, Marketing, Mergers & Acquisitions

THE POWER OF THE NEW MARKETING™

★ CONVENIENCE

Market success is all about providing better Value today... and tomorrow. Isn't that how each of us makes our purchase decisions?

The New Marketing delivers greater Value by its focus on **Customer, Convenience, Cost** and **Communication**. These "4 Cs" are becoming the essential success drivers for all businesses.

The Old Marketing and its well known "4 Ps", **Product, Place, Price** and **Promotion** are losing their effectiveness.

Let's compare **The New Marketing** to the Old Marketing.

	THE NEW MARKETING		OLD MARKETING
<i>It's about</i>	CUSTOMER	<i>NOT</i>	PRODUCT
<i>It's about</i>	CONVENIENCE	<i>NOT</i>	PLACE
<i>It's about</i>	COST	<i>NOT</i>	PRICE
<i>It's about</i>	COMMUNICATION	<i>NOT</i>	PROMOTION

This issue of *The Stokely Letter* will focus on Convenience.

IT'S ABOUT CONVENIENCE, NOT PLACE

Simplification and Saving Time are powerful appeals today.

Sometimes it seems we are surrounded by complexity, probably partly due to the explosion of options available to us.

But when we decide what, where and how we want something....we want it right away.

The National Retail Federation's recent Annual Consumer Pulse Survey indicated that time pressed consumers devoted only three hours per month to shopping, down 1.3 hours (30%) from 1995. More than half of those surveyed plan to cut shopping time even more in the year ahead.

We only have to look as far as where we eat to understand the power of Convenience. The marketing research firm NPD Group recently surveyed 2,000 U.S. households, and found that only 55% of American dinners include at least one home made item. That is down from 64% just 10 years ago.

"Today, consumers spend 53¢ out of every food dollar at grocery stores. That's down from over 62¢ in 1976," according to Michael Sansolo of the Food Marketing Institute.

Chicago based Peapod offers its Customers shop at home Convenience for their groceries. Special software enables Customers to place their order via computer anytime they choose. Peapod then gathers all items together (even green bananas if that's what is ordered), and delivers them to the Customer's doorstep at a prescribed time of day.

My local supermarket offers a large variety of Convenient bagged salads...right next to the heads of lettuce, and bunches of carrots and radishes. Across the store, an impressive assortment of prepackaged shredded cheeses are displayed right above the slabs of colby and cheddar. Consumers are readily paying a substantial premium for the Convenience of these time saving products.

Approximately half of a fast food units' sales come from the Convenient drive thru windows. McDonalds is currently evaluating a high tech drive thru test unit in Colorado Springs that will usually deliver your entire order in 2.1 minutes, 30% less time than is typical. An even faster fast food!

We live in an increasingly Anytime, Anywhere, Anyway economy. The old real estate maxim of location, location, location (Place) has been replaced with Convenience, Convenience, Convenience in today's marketplace.

■ CONVENIENCE DRIVEN GAS STATIONS

Remember when self service gas pumps first appeared? They initially offered Customers a savings in time and money. Customers could pump their own gas and perform routine maintenance, before going into the station to pay for their purchase. No more waiting for attendants.

Then the stations began stocking "pick up" Convenience items like milk, bread and soft drinks, until they became mini grocery stores.

Then came the credit card readers at the pumps. Time pressed Customers could now pay for their gasoline purchase right at the pump location and be on their way.

Mobile is now testing a device called Speedpass. It is a 1½" long plastic cylinder that the Customer can carry on a key chain. After enrolling in the program, the Customer simply swipes their personalized device across a panel on the pump, and the radio transponder inside identifies the Customer,

(Continued)

automatically records the sale to a designated credit card, and issues a receipt if desired.

"We do extensive research and ask gas purchasers what they want. Basically they told us they want to get in and out faster," states Jeanne Mitchell, Mobil spokesperson.

Not to be outdone, Shell is testing a similar device. They are also evaluating a robotic arm which opens the fuel door and fills the tank through a special gas cap, so the driver never even leaves the car!

Shell, according to *Chain Store Age*, is testing an interactive touchscreen on the pump called the Shell Pump Shopper. The Customer can place orders for Convenience items from the station store, and then have them delivered to their car by Shell personnel or pick them up at a drive through window. Shell's new marketing line says it all... "Moving at the speed of life."

Software developer Spyglass Inc. plans to make the gas pump an internet linked Convenient information resource. *"With our software, gasoline pumps can also tell you what the traffic conditions are like down the road,"* says Douglas Colbeth, CEO of the company. *"They can print out a map of the local streets if you get lost."*

■ CONVENIENCE APPEALS TO BUSINESS

Convenience is a powerful appeal to business to business customers as well. As businesses focus on their core competencies, they are turning to others to simplify many support activities. Office supplies are a terrific example.

Today, business Customers can choose from a variety of specialist office products distributors like Boise Cascade Office Products. These distributors can customize product assortments for the Customer's Convenience from the thousands of products available in their catalogs. Orders can then be placed when it is Convenient for the Customer via a Convenient 800 number, by fax, phone, computer (and even mail). Products can even be delivered to the desktop of each individual Customer employee the next morning. No Customer employee is more than 24 hours away from any office supply they need.

The phenomenal growth of the office supply superstores like Staples and Office Depot is in large part due to their overall Convenience. They particularly appeal to the booming small office and home office Customers. Need an ink jet cartridge replacement Saturday at 8 p.m.? Just drive on over. But these superstores discovered that some customers don't always want to drive. So now they offer Convenient FREE delivery on all orders over \$50 (as little as two ink jet cartridges).

Dell and Gateway pioneered manufacturing a computer with the exact components you want. You can place your order when it is Convenient for you, and pay for it Conveniently via credit card, credit account or lease program. You receive the custom made computer where you want it within a week or so by overnight air freight service. If only the software would always work as Conveniently!

SUMMARY

The New Marketing is replacing the Old Marketing because it delivers the best VALUE to consumers.

Value is determined by **Customer, Convenience, Cost, and Communication.**

Simplification and Saving Time are powerful appeals today.

Whether it is what and how we eat or where and how we purchase gasoline for our vehicles, **Convenience** is increasingly determining our behavior. Businesses are attracted to **Convenience** appeals too, as they strive to more effectively compete by streamlining and simplifying their activities.

Our next issue will feature the power of **Cost**, and how it is driving process change throughout the world.

As always, we enjoy and look forward to hearing your thoughts. Just write, call, fax or e-mail, which ever is more **Convenient** for you!



Instant gratification takes too long.

Carrie Fisher

Happiness consists more in small conveniences or pleasures that occur every day, than in great pieces of good fortune that happen but seldom to a man in the course of his life.

Benjamin Franklin

THE STOKELY PARTNERSHIP INC.

BUSINESS GROWTH SPECIALISTS
Strategy, Marketing, Mergers & Acquisitions