

# THE STOKELY LETTER



Strategy, Marketing, Mergers & Acquisitions

## THE POWER OF THE NEW MARKETING™ ★ COMMUNICATION

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>	<b>CUSTOMER</b>	<i>NOT</i>	<b>PRODUCT</b>
<i>It's about</i>	<b>CONVENIENCE</b>	<i>NOT</i>	<b>PLACE</b>
<i>It's about</i>	<b>COST</b>	<i>NOT</i>	<b>PRICE</b>
<i>It's about</i>	<b>COMMUNICATION</b>	<i>NOT</i>	<b>PROMOTION</b>

### It's About COMMUNICATION Not Promotion

Understanding and satisfying the Customer is what it is all about today..... and tomorrow.

The old ways of pushing products to market are giving way to methods of pulling products through by Customers who know what they want.

Hyping products and services "one way" is giving way to listening to and dialoguing with Customers "two way".

The mass market mentality is increasingly losing out to relationship methods based on recognizing each Customer as an individual (isn't each of us?).

The old hard sell approach is weakening as collaborative techniques enable products and messages to be customized to appeal to the needs of each Customer.

What we are seeing is the Power of COMMUNICATION replacing old time promotion in the marketplace.

Increasingly savvy Customers know what they want, where they want it, when they want it and how they want it.

Individual Customers know what VALUE means to them. And VALUE means different things to different Customers.

Customers want to do business with companies who understand them well enough to consistently deliver on this requirement.

This is the new Loyalty Equation in today's marketplace.

Understand me as an individual....Give me VALUE as I define it.....Make me feel special.....Give me a reason to give you my business today.

### ■ EASIER SAID THAN DONE

Most of us know from our own personal relationships how hard it is to effectively Communicate. Good intentions don't make a difference. It's actually Communicating on a regular basis that really matters.

Good Communication begins with active Listening. Listening establishes rapport. Listening shows interest. Listening provides opportunities to learn about others.

*"Never talk when you can listen."*

J.W. Marriott Jr., Chairman Marriott Corporation

When this basic Communication principle is applied to business, wonderful things can happen.

I only need to look as far as my local hardware store for an example.

### ■ REGULAR ACTIVE LISTENING MAKES SENSE

*"It's simple. Listening to customers pays dividends."*

David Ziegler, Ziegler's Ace Group, Elgin, Illinois

Customers in all ten of Ziegler's Ace Hardware stores are regularly asked to rate their store on 18 key product and service criteria. They are asked where else they shop for hardware products and how much they spend on them, so Ziegler's knows their Customer market share as well as key competitors for each store. This active listening program also encourages specific Customer suggestions about ways to make "their" hardware store even better. All results are Communicated to everyone in the company, so that Customer satisfaction can be improved.

### ■ MAKING THE CUSTOMER FEEL SPECIAL

Customer reward programs are skyrocketing in popularity.

Every three months we receive a thank you Communication from our grocer and a merchandise voucher based on the amount of our purchases with their savers card program. We also receive special in-store discounts only available to registered card holders. Crain's Chicago Business reports that 30% of a typical supermarket's Customers contribute about 90% of its profits. Keeping those Customers happy is a bottom line issue.

The old promotion technique of couponing is losing popularity and effectiveness. According to Chain Store Age, manufacturers in recent years have significantly reduced their issuance of coupons by as much as 8%, consistent with declining redemption by consumers. Procter and Gamble looked at the average 3% redemption on all coupons issued, along with increasing costs, and decided to evaluate eliminating all coupons in a test program.

Sears Hardware Stores' 8.3 million Craftsman Club members receive a monthly newsletter and member-only sales. Sears recently launched KidVantage. This program offers its 5.4 million members frequent purchase discounts and wear-out warranties for children's clothing and shoes.

## ■ MANUFACTURERS SEEK DIRECT COMMUNICATION LINKS

Dell Computer Communicates with and sells directly to their Customers, because they couldn't get traditional retail distribution support. They are now positioned in an enviable role with strong Customer relationships, and are not reliant on resellers to serve as intermediaries with their Customers.

The 800 telephone number was one of the early ways manufacturers sought to strengthen their direct Customer relationships. Many consumer packaged products actively encourage Customers to call their 800 number to report quality problems or suggestions for improvement. Manufacturers find this a valuable way to stay close to changing Customer needs.

The Internet is opening dramatic new Communication opportunities. Company Web pages can inform, provide for dialoguing and even sell products directly to Customers.

An Ernst & Young report earlier this year stated that 30% of U.S. consumers are interested in shopping on the Web, and 7% have already purchased something on-line. Popular sites include Amazon.com for books and CDnow for compact disks.

We recently used an Internet buying service to research, select a model, price, and a dealer for my wife's new car. It was painless. We probably could have dealt directly with the manufacturer, if that had been an option.

Toys R Us was one of the first "category killer" specialty stores. Hasbro and Mattel now dominate the toy manufacturer side. Toys R Us recently launched an online shopping site to

make shopping for toys more Convenient. Hasbro has now named a president of global direct marketing and electronic commerce, according to the Wall Street Journal, in order to Communicate more directly with toy Customers.

*"While Hasbro does not mean to exclude its retail partners...the online market is one of the fastest-growing segments of the toy industry and we have to be there in an aggressive way."* Adam Klein, Hasbro president of global marketing and strategy.

## SUMMARY

Communicating with Customers is replacing the old time promotion techniques. It is based on a process of building direct Customer relationships.

Listening is the vital foundation for any effective Communication program.

Communication can be as simple as talking face to face, or as sophisticated as an Internet transaction.

Customers are deciding every day what form of Communication will satisfy their needs. And it may be different tomorrow, because successful new models are being invented every day.

Tomorrow's winners will be grounded in strong Customer relationships established and maintained through effective Communication.

Let us know what Communication methods are working for you.



*"It was the power of communication more than anything else that ended the Cold War."* C. Michael Armstrong

*"The only factor becoming scarce in a world of abundance is human attention."* Kevin Kelly

**THE STOKELY PARTNERSHIP INC.**

**BUSINESS GROWTH SPECIALISTS**  
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