

# Managing Your Most Valuable Asset...Your Customer!

By: Doug Knorr

At the turn of the century, the railroads practically owned the transportation industry in the U.S. However, they never understood what business they were in.

U.S. railroads thought they were selling transportation by train. What their customers were buying was an efficient way to move people and cargo.

If the railroads had known how to treat their customers, how to take care of them and how to talk to them, guess who would own the airlines today?

Perhaps Northwest Airlines might be known today as *Union Pacific Air*. United Airlines might be named *Santa Fe Airlines* and you might have heard “Fly the friendly skies of Santa Fe.”

**Today, as a furniture retailer, you need to understand you are not selling furniture and accessories.** Rather, you are transforming houses into homes,...creating places where people can socialize, dine, entertain, work and sleep. You are allowing individuals to express themselves with functional, good-looking, comfortable furnishings.

Most importantly, unlike the railroads of the past, you need to “listen” intently to what your customer wants...how the customer thinks...and what the customer expects from a retail relationship with you!

Customers are your most valuable asset. Yet, today’s pool of consumers has changed. They require more sophisticated management than we could have ever imagined a decade or two ago.

**Today’s consumer has more options and less patience.**

For example, in the early 1980’s the furniture industry watched and analyzed about 15 forms of distribution...today the industry is watching over 70.

Today’s consumer is harder to reach because of tremendous media clutter. For example, there are now over 250 TV network and cable channels and over 300 Sirius and XM satellite radio channels (with all but a few channels entirely commercial-free).

**Media engagement has changed, too.** As *Advertising Age* reported in their July 16 issue, “young women’s attention is being diluted by new media properties and refocused toward social media.”

In other words, magazines once counted on to communicate fashion and beauty (i.e. home furnishings) are now losing ground to digital mediums – social internet sites and blogging.

According to Initiative, a media services company, and its proprietary InVision 2.0 study, **the percentage of women 18 to 34 who blog at least once a week rose to 30 percent from 25 percent in the last year.**

This is the same age group that frequently participates in concurrent media exposure – checking email while playing a video game, watching another TV displaying a movie or network show while talking to a friend on their mobile phone. They may even be playing music of choice on their ipod in the background.

A Ball State Study reported that "the 18-24 age group spends more minutes per day than any other group on instant messaging, mobile phones, music, video use, and game consoles."

Multi-tasking you say? Multi-distracted might be a better choice of words.

Hmmm. And when will that age group start entering your store to buy furniture? Has anyone entered your store and taken a picture of a piece of furniture on their mobile phone so they could store it in their computer or share it with someone else in the decision-making process?

Or has a tour through your store been featured on YouTube?

The Ball State Study also reports, "print media are predictably absent from the top concurrent media exposure ranks for the 18-24 and 25-34 age groups." **In just a few decades, daily computer use has risen to trail only television, averaging 166 minutes a day to TV's 266 minutes a day.**

So the question that must be answered is, "How do we reach and build a strong relationship with this new consumer?"

First, we need to understand this new consumer and answer several other questions such as, "Why don't the old ways (e.g. weekly ad campaigns, reliance on sales personnel for follow-up, etc.) work as well as they did a few years ago?" "Why can't we get the same return on our advertising investment?"

Best-selling books like *Who Moved My Cheese?* and *Waiting for Your Cat to Bark?* help define the new consumer. They point out that online social networking and blogs are changing the way business is conducted.

In *Waiting for Your Cat to Bark?*, the Eisenberg brothers contend that today's consumer behaves more like a cat – aloof, indifferent and self indulgent, than "man's best friend," a loyal dog. A cat is not out to please you. It's all about them!

And here's how the new consumer is affecting your store:

Consumer response to limited time sales events is weaker.

The process of creating loyal customers rests on your shoulders, not theirs. You can no longer take any customer loyalty for granted, even if someone has shopped you for many years.

You must clearly identify your store's brand promise (Unique Selling Proposition) and empower your employees, your merchandiser and your advertising/marketing people to support that promise at every level of your business and every point of contact with your customers. It's what we call "brand environmentalism."

And if you don't please today's consumer...watch out! Word-of-mouth and the phenomenon of digital word-of-mouth (i.e. blogs) will quickly sink your reputation.

For example, read the following comments from two different consumers about the same furniture retail business, posted online just weeks apart:

"I purchased a (name omitted for this article) dining room set from this store about two years ago and have had nothing but problems. From shoddy customer service to a table that is sticky around the edges. I've emailed and gotten nothing in return.... It's not what I would expect from a \$3,000 set!!!"

The second online comment: "We purchased a bedroom set for our son that cost over \$1,500 and when they delivered it, they put big gouges in our walls, scratched the furniture, and made my husband help them. The guys that built the furniture were swearing as my 3-year-old watched them build his new bed... will never shop there again. Buyers beware."

Today's consumer will not put up with anything except complete satisfaction.

**From the shopping environment, sales experience, merchandise, delivery and everything in between, your business must deliver on its promises...or suffer the consequences.**

In the spring of 2007, The Verde Group, together with the Baker Retailing Initiative at Wharton, conducted a study across the United States to better understand the effect of problems on the retail shopping experience.

The study shows a clear relationship between age and problems with the shopping experience. For example, 18 to 29 year olds are 66% more likely to have a problem when shopping than shoppers older than 65. And 18 to 29 year olds have over 2.5 times the number of problems of 65+ year olds. This tendency holds across all age groups.

The younger consumer is much more demanding. Are you ready?

Once you truly understand what the consumer wants and how the consumer feels, you can develop a brand message that resonates with the consumer. Your brand message is your promise to the consumer.

While it is important that your brand message distinguish you from your competition, you must be able to deliver on that promise. You can't disappoint or your reputation will be ruined.

It also means your advertising messages, both inside (point of purchase) and outside your store, must be relevant and meaningful to the consumer.

It's not as easy as it sounds.

You are undoubtedly "pushing" out advertising messages weekly -- telling the consumer when they should shop you and what sort of deal you will give them. Most retailers remark they enjoy "52 new starts" a year.

However, the consumer is "pulling" in information about you on their own 365 days a year. Whether from friends, family, the Internet or competitor messages, the consumer is finding out about you.

Or the consumer may be writing about you.

For example, a Harrison Group survey of 2,200 consumers 13 to 75 years old, on the "State of the Media Democracy" shows that **over half (51 percent) of all Internet users consume user-generated content across generations.**

This means that information you or a manufacturer provides about products and services represents only a portion of what consumers learn about you. Much of their information comes from fellow consumers writing about you.

Do you see the disconnect? The consumer is not waiting to hear from you. You don't know exactly when the consumer is ready to shop for your goods. You don't even know what sort of deal will really appeal to them.

Troubling as it may seem, the new consumer may trust a fellow consumer's online comments more than you -- even though that consumer is probably a stranger to them.

Today you must bring the two paradigms (pushing and pulling) together in order to create an environment where the consumer (your customer) can "connect" with you.

The consumer is now in control. Shopping on his/her own terms, whether at a bricks-and-mortar store or on the Internet.

**Managing your customer successfully requires an ability to feed information across several communication platforms simultaneously.**

The Internet has given us the perfect opportunity to connect with the consumer in a very meaningful way. However, to do so, your emails and

website(s) must function much more than as a virtual showroom or an online yellow pages advertisement.

**Today, the most significant use of the Internet is that it provides the means to “connect” with the consumer in a Win-Win strategy that will build strong customer loyalty and frequency shopping.** A strategy that can help you garner a greater share of the consumer’s discretionary dollars.

So, next month, I invite you to explore this exciting new strategy when I discuss, “Connecting with your most valuable asset...Your customer!”

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**About the Author:**

Douglas Knorr, known as a “retail marketing activist” is president of Knorr Marketing ([www.knorrmarketing.com](http://www.knorrmarketing.com)), a full-service marketing and advertising agency specializing in the home furnishings industry. The agency provides strategic planning, creative production, public relations, sales promotions, website development and media buying services. Headquartered in the resort community of Traverse City, Michigan, the firm serves clients throughout the United States.

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