



BRAND RANCH

BRAND & MARKETING CONSULTANCY

BRAND DEVELOPMENT NEWSLETTER

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Dear Readers:

I have been writing about the signals of a weak economy for many issues and it has now come to full impact. The crisis in the housing market, a result of ill conceived lending practices - bundling and reselling - has finally exposed the lack of ethical business practices by many bankers, lending institutions and financial management firms. Hold on to your hats, because the rides (both down and up) have just begun.



This is the perfect time to review your business model, competitive point-of-difference, and relevance to your target audiences. While your activity slows, you can take advantage of the free time by conducting a very thorough job of assessment of everything that your business does...where the inefficiencies are in the process, how can you eliminate wasted time, energy, money, and make the consumer/customer engagement more effective and efficient.

Yes, it will be those companies/brands that become more effective and efficient during these soft times that will reap the benefits, and gain market share, once the economy and business sectors turn more active and positive. Those companies that focus on the doom and gloom will flounder and not be in a position to take advantage of the early growth during the upswing.

It will also be those companies who have collected all the available data and information that will be able to use this information to provide valuable insights – ideas into how the markets have changed. This will provide you ideas and strategic direction, so you can modify your business model to take full advantage of the changes in the market. As I have stated many times – information is POWER - and those that have the information and use it wisely will be the market leaders of the future.

Good luck in weathering the storm(s) and happy reading.

Be well,

A handwritten signature in black ink that reads 'Michael'.

Michael Blanck
President



BUSINESS MODEL & BRAND AUDIT

This month I will cover just a few of the key areas where you should focus your brand audit or business review in order to make both your business model and brand more effective and efficient for the consumer.

Here are just a few of the keys to building a successful brand:

VISION

In hard times, many small/medium size businesses begin to chase any type of business, or expand into product/service areas that do not support their long-term vision. This action will continue to cause problems in the near-term by confusing the consumer as to what you are and what you offer? Stay focused on your core business offerings, and continue to look for ways to better leverage your brand (products/services) for your primary target audiences. There are only three ways to grow or increase your business revenues, they are:

- Sell more to your current/past customers
- Sell to new customers – either by expanding your target audiences/segments or expanding your geographic distribution/sales territories
- Add new products/services to expand your segmentation strategies, by understanding the wants/needs of a new area that is in line with your core business strategy/model

All three of these revenue options can, and will, allow you to leverage your current competencies and vision if you take the time to study the marketplace.

In this down market, there will be opportunities if you study the consumer/customers and closely monitor your key competitors. Some of your competitors won't survive, and there will be market share to be gained by staying true to your vision.

CONSUMER OR CUSTOMER

The first option for any business is to sell more (products/services) to your existing customer. It is not only more profitable, but also strengthens your partnership or relationship with existing customers/consumers. This, more than likely, will add to their loyalty.

If you are truly trying to build deeper relationships with your existing customers, and track their attitude, behavior, and purchases, then you should be able to engage them to see how you can add value to the relationship. Every customer/consumer is looking for ways to save money and become more effective and efficient during these most difficult of times. By asking and engaging in new discussions with them, you will be able to possibly offer them new product/service offerings. Such as:

- Can you take over the service of your product (refurbishing or service contracts)
- Can you offer repair programs (extend the life of a product- avoids new investments)
- Layaway will once again give customers a chance to buy without credit lines
- Offer reselling assistance for equipment or outdated items
- Build partnerships/alliances with other customers to find out how you can assist them in keeping their business open (expand complexity of bids, expertise, meet shorter turn cycles, etc.)

- If you are capable of giving longer terms on payment
- Absorbing delivery or shipping costs to get people into your business

In any business, cash flow is paramount to success. You might have to reduce your profit margins in order to gain market share or secure future orders. Don't give your business away, but adjusting all the business variables can keep you in a positive cash flow situation.

SENSE OF URGENCY

Now is not the time to procrastinate, but to take action and try as many things that are strategically sound and possible.....you will learn very quickly if they are viable, or how you can modify the program to gain business. It is those companies that are slow to act or react that will lose out on business and opportunities in these times. This does not mean that you should be spending money on inventory or stocking items that will have negative impacts on cash reserves or cash flow. It is about learning what else you can offer to your customers/consumers that will add value or meet their changing needs/wants.

During down times business that can offer new products/services that add value or reduce a company's cost by reducing their overhead will be those that prosper and survive. When you take on new initiatives, the critical



BUSINESS MODEL & BRAND AUDIT CONTINUED...

phase is tracking or learning what your customers think and how they react to your ideas – flexibility is key.

INNOVATION

How can you better deliver your product/service to your key audiences? Now is the time to review your business model, and see where you can become more effective or efficient. This will not only aid in making your current business more profitable, but will also position you for maximum growth as the economy begins to turn the corner and show signs of growth.

You should start by looking at every “touch point” you have with your prospects/customers; from how you first communicate to them, to how you deliver and bill. Some of the areas where you can add value are:

- Costs – more effectiveness or efficiency
- Speed to market
- Eliminate duplication in information collection/processing....better processing
- Going electronic for everything – becoming paperless
- Taking on more vertical or horizontal tasks for better “total” service
- Greater customization options
- Better understanding of how your customers use your products/services

Where are you? Have you been losing orders/sales to competitors? How can you regain your competitive edge over your nearest competitor; or who are your competitors who are most vulnerable to your offerings, or are possibly going out of business.

INFORMATION

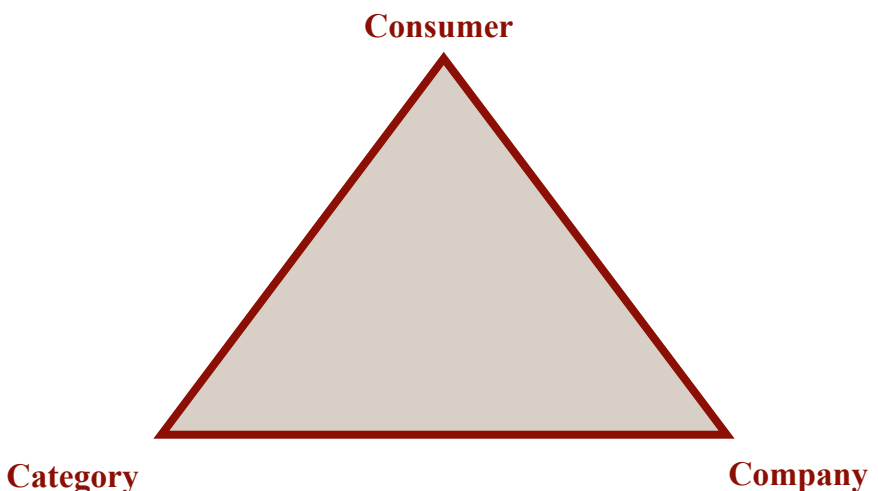
The old adage, “that you can’t manage what you don’t know” is particularly true today. If you have not been collecting data about every facet of your business, you will now have no idea on where to focus your attention in order to survive? Instead of using facts, you will be using assumptions and that is very dangerous when time/money is tight. We recommend to all our clients that they go back and start to develop tracking or trend data - analysis in order to understand how their business has or is changing. Some of the most basic findings will determine whether your issues are generating inquiries or conversion rates for prospective customers. What stage of the decision-making process are you not effective or losing prospective business? How do you address the issues or hurdles that must be overcome to convince prospects that your brand is the most compelling and right for them? Where are your prospects coming from; geographically, what mediums are generating responses; what is the

purchasing cycle; how can you provide more or ongoing information to keep your brand in the considered set longer or until they buy? How are you viewed in the category in which you are competing? What are your perceived strengths/weaknesses?

All of these factors are critical to understand if you are going to survive in a down market and get business ready for a new day.

TRIANGULATION

One of the techniques that we use in uncovering insights and new ideas, is to triangulate the information from the category (typical business model – expectations) and then see how these are similar, different, or where innovation might change the process being offered/desired or wanted by the consumer. No decision can be or should be made in a one-dimensional analysis. All three variables have and offer critical information – insights into how change can be made to better differentiate your brand from that of your key competitors.



CUSTOMER SERVICE IS PARAMOUNT

DURING THIS VERY STRESSFUL ECONOMIC CRUNCH, CONSUMERS ARE BECOMING INCREASINGLY INTOLERANT OF POOR CUSTOMER SERVICE, AND ARE MORE LIKELY TO TAKE DRAMATIC ACTIONS. IN A RECENT SURVEY, THE FOLLOWING RESULTS WERE REPORTED:

Negative Experiences:

For the third year in a row, there is a growing trend for consumers to stop doing business with a company following a negative customer experience.

- Lost business: 81% will stop doing business with a company because of a negative customer experience, and 69% decide NEVER to use that company again.
- Viral shift: 74% of consumers tell others about their poor treatment, and 20% have posted negative feedback online or to a blog.
- Added burden: 61% have complained to the company, while 37% have returned products.

Positive Experiences:

For those companies that pay attention to the details and train their employees, the benefits are enormous.

- New business: 53% of consumers will recommend a company to someone else because it provides outstanding service.
- Loyalty: 52% will spend more with a company if it were to improve its overall customer experience.
- Profits: 50% of consumers will always/often pay more for a better customer experience.

The bottom line is: hire the right personnel, train each employee to ensure excellent customer experiences, and reward those employees that excel at delivering your brand experience.....your business success depends on it!