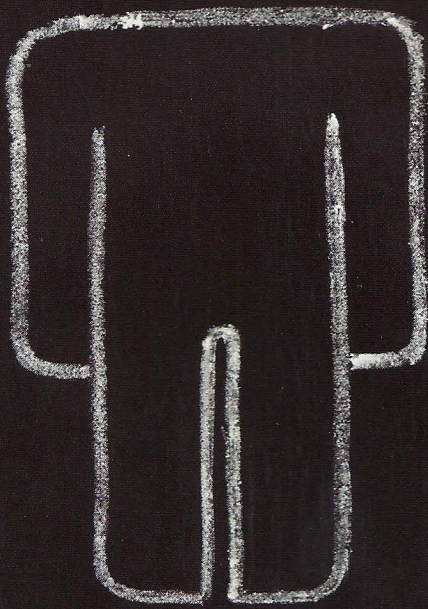


Ready, Aim, Fire



TARGET
YOUR
CUSTOMERS

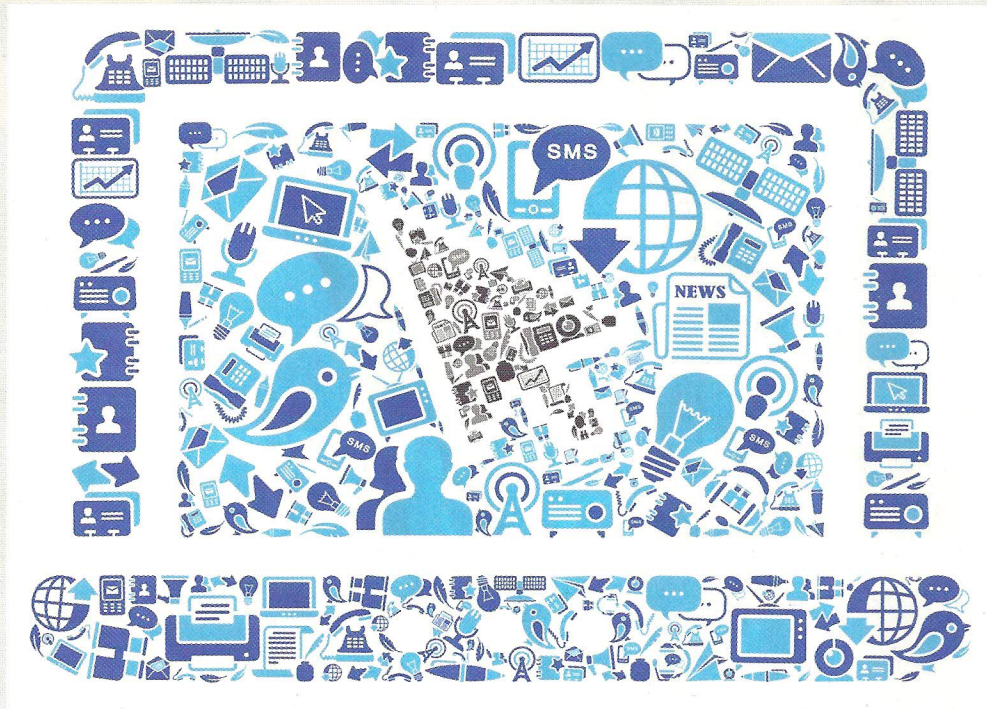
■ By Bill Napler

In 2002 PricewaterhouseCoopers came out with a prolific quote that hit me right between the eyes. It was the introduction to one of their consumer behavior studies.

“If a retailer does not recognize the changing dynamics of the consumer, how they will shop and connect with brands in the future, they will not just be punished; they will be punished with impunity.”

WOW! ▶

Connecting with the Internet



1,000
The number of Internet devices in 1984

1 Million
The number of Internet devices in 1992

1 Billion
The number of Internet devices in 2008

15 Billion
The number of Internet devices projected by 2015

This is what is happening in the home furnishings industry right now!

I've been in the advertising, marketing and promotion business for nearly 30 years, mainly in the consumer products arena, with the last 12 focused mainly in the home furnishings industry. In my three decades of being a marketer, I've never witnessed such a huge transformation as to how business is transacted today.

That brings me to the old dog in need of new tricks.

In 1967 there was a great movie called "The Graduate". A young Dustin Hoffman, who had just graduated from college, was prodded to go into plastics ... it will change the world he's told. And, it did. Plastic is integrated into everything we do today, and its usage keeps growing, daily. In this Millennium, it's the

Internet; it has changed the world and is integrated into everything we do today and its usage grows daily.

So, let's talk about the dynamics of what has changed everything and why many home furnishing retailers will not adapt and disappear.

The Internet The Internet has changed everything. How we get information, news, entertainment. How we connect with friends, family, products, pricing, services and more.

The following information may be lengthy, but it should be required reading for anyone in this business. If you don't recognize these changes and the dynamics it brings to you as a retailer, and if you don't make adjustments now and you continue to do what you've been doing, you may be left behind.

82%

the number of consumers who use the internet to research brands, companies and products prior to buying

Source: Google & IPSOS OTX

Close to 50%

of today's consumers are looking for products, services, reviews and pricing on cell phones

Source: ComScore

44.5
million

The number of
Gen X consumers

The Changing Consumer Your customer today is much different than your customer of five years ago. They are younger, they are savvier and all of them have grown up in a wired world. If you asked the new generation of shoppers—Gen X and Gen Y—how many have a land line, I bet you'll be greeted with a completely blank look. As in, "What's a land line?"

The baby boomer generation, 76 million strong, are now between the ages of 47 and 64 and have driven

the economy for the last 20-plus years. We all know that the prime demographic for furniture buyers are between the ages of 32 and 45 years old and predominantly female. The baby boomer may be buying their last mattress or a couple of pieces, like a recliner, but they are not the primary consumers of home furnishings. Generation X and Gen Y, totaling 112 million are the new demographic for home furnishings and they are wired for the Internet.

Ready, Fire ... oh, forgot to aim.

That's what many retailers are doing today—aiming at the old target and firing with everything they know used to work. They aren't aiming, and because they forgot to look for the target, they're missing it. Hence the lesson; an idea, objective, or goal that focuses on a tactic without a defined strategy will miss the target. You must map out your strategy before you execute on the tactic.

So, what do we do now?

In marketing today, there is no one right answer. If you identify a goal and then just hope you might have the right answer; or if you're just doing what everyone else is doing, you risk being punished with impunity. You need to align yourself with partners or employees that have the knowledge, experience and passion for the journey to help guide you to an answer. Partner with people that want to solve the problem, have the knowledge and experience and consistently show you a clear path toward your goal.

Ready, aim, fire.

Every marketing plan has three primary areas: objectives, strategy and tactics. Many other elements also go into the overall plan, but they can be easily integrated into these three primary areas.

Second, we develop our strategy, or we start taking "aim" at the target. We need to address everything with our S.W.A.T. analysis and the trending associated with our consumer's dynamics—demographics, psychographics, etc. Everyone should do this and update it every six months. Life changes rapidly.

Third we are ready to "fire"; creating our tactics, based off the dynamics that we learned with our strategy session. So do we utilize a shot gun approach that scatters its message, broadly and short range, in search of a target? Or do we take the rifle approach, whose target is focused and can be hit both short and long range? I'll pick the rifle, because the aim is better, and it will travel farther than a short scattered blast.

Looking at this landscape, one key element jumps out. Gone are the days of you trying to find customers via traditional scorched earth media blitzes. Now, consumers will find you when they want to find you. As I mentioned above, they are all on the Internet consuming brands, products, media and more on a variety of devices all in the wired world. The Internet has changed everything.

To simplify what I'm going to talk about, let's put it in perspective. The old way of attracting customers was to place your message "everywhere" and hope to attract and engage your prospect with your advertising message. Before cable took over, there were very few mediums to accomplish this—newspaper, TV or radio, store locations, billboards, etc. When cable entered the picture the game changed, the audience was still huge, only it became very fragmented due to all of the varieties of shows targeted to different demographic and psychographic profiles.

The proliferation of cable created a whole new dynamic. New content was being focused

875+
million

consumers have
shopped online

Source: Nielsen

Gen X

is the top generation
searching online for
furniture

143.9
million

The number of
Americans viewed
video online in
January

and delivered to macro
and micro audiences.

Advertisers had to slice
and dice a myriad
of data to convince
brand marketers
to focus those pre-
cious ad dollars to
a given show that
focused on a given
demographic and
psychographic viewer.
(Demographics relate to
age variables, psychographic
variables are any attributes relat-

ing to personality, values, attitudes, interests, or lifestyles.)

The three marketing fundamentals are still profound:

- Attract new customers to your store;
- Engage them with your products and your brand message, and;
- Connect with them transactionally by deliver sales leads and opportunities.

It's how you get these fundamentals to work has changed everything.

So, to keep it simple, here are the three founding principals that advertisers work with when they plan their media to influence the above principals: Frequency, consistency, and reach.

Frequency—Keep your brand and message in front of your target market often. As a former mentor of mine stated: "water dripping on a stone will leave a mark".

Consistency—Be consistent with your brand platform and overall messaging.

Reach—Focus your message on your target customer and how/where your customers are receiving these messages. Make sure that you can measure everything you do and never forget that the consumer controls the mediums as to how they want to connect with you.

94%

The number of U.S.
Internet users who use it
for online shopping

Source: Nielsen

Now, here's the tough part for home furnishing retailers—how to do it right.

I'm not going to talk about traditional media here, because that would require this old dog to re-learn old tricks.

Anyone can build a Web site. You can get them free from Go Daddy with an account, YP.com, your kid's friend in the basement in his pajamas, and other so called experts and amateurs. There's one major problem; this is the home furnishings business, not toothpaste.

Buyer Beware My experience shows most home furnishings retailers do not understand the basics of what the Internet should or could do for them. How it can attract or "find you/your store", how your content must "engage" the consumer and how to make a connection to your store—creating leads—for your sales people. It's really hard work and if you want to do this right, you'll have to spend some money.

Some people believe a "vanilla", off the shelf, one flavor/size fits all Web site approach to this is the easiest and "cheapest" way to solve the problem. For the Web seller, the more people they can get to buy the vanilla ice cream, the less they can sell it for. They commoditize the product and sell it cheaper and cheaper. This is a product based approach that retailers become subjected to and comfortable with because of the current economic conditions. It's not strategic because the majority of consumers aren't searching for vanilla, they may want chocolate, rocky road or strawberry. If they wanted vanilla sofas all the sofa covers would be vanilla. You need a strategy and a partner that provides full strategic consulting to continually guide you in this technology. **HFB**

Editor's Note: PART 2 of Marketing Notes will be in the December issue of Home Furnishings Business.

4
hours
39
minutes

Average time spent
viewing online videos