



Branding Your Business

A double Caramel Macchiato or a Frappuccino? Although similar concoctions are brewed in coffee bars around the world, these particular upscale coffee drinks are almost instantly identified with Starbucks. Credit is given to two factors—location and making sure that no one has a long wait or a bad in-store experience. Creating a brand that is synonymous with exotic coffee and knowing how to attract customers has made Starbucks' distinctive green logo—and the \$3+ cup of coffee it represents—part of the American landscape.¹

This chapter delves into the business of branding, and how to determine which customers will become loyal to *your* brand. You will learn to:

- Recognize the importance of branding
- Take steps to build brand power
- Maximize your brand potential

- Define various types of customers
- Identify *your* customers and learn the importance of knowing them
- Determine what motivates customers to buy

A **brand** is a name or a symbol of identification. For example, “Gap” is the *name* of a store—as such, it is part of that store’s brand. The Gap logo is also part of its brand. Your store’s name and logo are the basic building blocks for creating your store’s brand—your image.

What association do you make when you see Gap’s logo or hear its name? Quality? Chic casual? Gotta have it? Gap’s brand derives its power from the positive associations that it creates among consumers. (Interestingly, the company launches its newest store concept in 2005, geared toward women ages 35 and older—the trendiest new shopper!) Remember that a brand “becomes” whatever consumers associate with it. So be careful what people *think about you*—your reputation is also a component of your brand.

BRANDING

To survive in the marketplace, merchants have always had the need to develop name recognition and to differentiate their products from competitors’. Branding simplifies the merchant’s message. The concept of “branding” and the success stories of powerful brands dominate the pages of almost every business publication the last few years. The whole idea has become somewhat trendy, when in fact, branding is as old as business itself. It is just all the more important today, with our glut of new products and maze of information overload.

So what does a brand do? First of all, it breeds familiarity—a good thing, because familiarity represents trust. Is it enough for a person to have heard of your company? Is it appropriate for them to develop opinions about you based only on name recognition? Probably not—but that’s the way it works. Consumers tend to think that if a business has a recognizable brand, its product must be okay. A strong brand name adds value to your merchandise by suggesting that it’s worth purchasing. But how do you choose a name that works—for you?

Brand Equity

The second major advantage of a strong brand name is that its products can often demand higher prices. **Brand equity** is the term for the amount of “extra money” that someone is willing to pay for a brand-named product, or because it comes from a brand-named store. Consider the number of products you pay a little extra for every day, and you begin to see the power of brand equity:

- **Frank Perdue** was the first to brand the chicken that he sold to supermarkets. Think about it—he branded *dead chickens*! Perdue chickens are more expensive than other kinds of chicken—but they sell.
- **Intel** branded something that most people have never seen or touched and don't really know what it does. But customers feel secure when the computer they buy sports an "Intel inside" sticker. People are willing to pay extra for an Intel microchip because of what the brand represents.
- **Mrs. Fields** branded her chocolate chip cookies. Most people who buy the Mrs. Fields brand can expect the cookies to be full of chocolate chips and other premium ingredients, to be baked to perfection, and to remind them of Grandma's baking. Yes, plenty of people make chocolate chip cookies better than (or at least as well as) Debbie Fields does—but *she* branded hers, so they fetch a higher price than unbranded cookies.
- **Orville Redenbacher** began developing his own hybrid popcorn as an agronomy student in the 1920s. He perfected it in the 1940s, and the brand that bears his name (now part of the multinational ConAgra conglomerate) is one of the top two popcorn sales market leaders. In a \$1.75 billion annual industry, that's a lot of popcorn—but only the Redenbacher brand name literally includes the word "Gourmet"®.
- It all started with **Perrier**, and today, you can't go anywhere without seeing someone carrying a bottle of water. Who would have thought consumers would pay a premium for something they can get out of their own taps? Bottled water is big business—Americans consume almost 17 gallons per person, per year, up from only eight gallons a decade ago!² Part of it is the fight against obesity, and aging baby boomers trying to stay fit—but much of it is the "image," either of fitness or of bubbling springs in the French countryside. These are powerful associations, and neither has anything to do with thirst.

In short, to distinguish your retail venture from all others (and thus attract lots of customers), you need to develop a name or image that means something in the marketplace.

A big mistake many new retailers make is to focus on the brands they carry, and not on their *own* name. This is a mistake because different manufacturers and lines may fall in and out of favor over the years. It is better, therefore, to build a business with an eye on establishing the business name itself as a recognizable brand. If you do this, the business or store will stay strong regardless of fluctuating trends.

It is also critical to *promote your business name rather than the name of a manufacturer*. Repeat this phrase 100 times, write it on the blackboard another 100 times—and before you go to sleep every night, say it again. (It's *that* important.) Your goal should be to carry merchandise that is unique to your store and concept. People go to Tiffany's because of the quality and style of its merchandise. People go to Burger King because it "flame-broils" its burgers, not because it gets its meat from Oscar Mayer or Hebrew National. The flame-broiling is what distinguishes B.K. from the competitors and this, in turn, is what builds the Burger King brand.

Look at the following list. It contains the names of stores with huge brand recognition—and they've built it by carrying their own private-label brands of merchandise:

- Talbots
- Banana Republic

WHAT'S IN A NAME?

Tips for Naming Your Business

1. Choose a memorable name.
2. Stress your image. Don't pick a silly name if your business relies on trustworthiness, credibility, and professionalism.
3. Keep it short.
4. Make it easy to spell so customers can find it in telephone directories or online.
5. Strive for ease of pronunciation.
6. Avoid generic terms, such as Orange Store or Pink Lotion, which are difficult to protect legally from copycats.
7. Don't sacrifice clarity for cleverness.
8. Choose carefully. Having to change the name later can be costly.
9. Use names suggestive of what your business does or a quality you want to project, such as Sparkling Water or Absolutely Perfect Carpet Cleaning.
10. Reject names that have negative or offensive meanings in other languages.
11. Steer clear of names that are too narrow to have "staying power" as your business grows and evolves.
12. Check your business name's URL availability for a Web site.
13. Protect your business name with your state, and with the U.S. Patent and Trademark Office.

Source: Self-Employed America, the magazine of the National Association for the Self-Employed, July–August 2003 issue.

- The Disney Store
- L.L. Bean
- Lands' End
- Restoration Hardware
- Pottery Barn
- Crate & Barrel
- Abercrombie & Fitch
- Godiva Chocolatier

Many designer lines are made up of items purchased from a variety of suppliers and manufacturers' representatives. In such private-label deals, the retailer works with an importer or manufacturer to create an item (or package an existing item distinctively) and brand it with the store's name for the exclusive use and sale of that store. Even the highest-profile retailers on the preceding list purchase their goods just like you will for your own store—they just go on to brand those items as parts of their *own* collection.

A ONE-MINUTE HISTORY OF BRANDING

Around the turn of the twentieth century, the largest retailers in the United States were A&P and Sears, Roebuck & Company. These stores carried their own brands: A&P products and Craftsman products. The richest people in America were retailers.

Then, manufacturing companies like Kellogg's, Procter & Gamble, General Mills, and Black & Decker started advertising directly to consumers. This direct advertising initiative raised consumer awareness of their products. And this awareness, in turn, forced existing retailers to start carrying the manufacturers' merchandise—customers were demanding it. The shift was on, as profit opportunities moved from retailer to manufacturer.

Over the last 20 years, however, the purse strings have started to shift back to the retailer. Why? Because retailers have figured out that if they promote and feature their own private-label "store brands," they can earn extra profits.

The bottom line is that you have to establish a strong business identity so that your store itself becomes a recognizable brand. If you do this, your business will be a success. Without a strong name, the most your business is worth (if you decide to sell it) is the amount that you can generate with a "going out of business" sale. Even at that point, however, the stronger your store name, the better the sale.

BRAND ASSOCIATION

Branding is a game of word associations. When you think of McDonald's, it conjures up a whole set of images and associations: fast food (although the industry prefers to call it "quick service"), inexpensive, good place for kids, delicious French fries, mascot Ronald McDonald, and so on. As a retailer, your job is to *control* the associations the public makes with your business, as much as possible. The following is a list of the most common brand associations and the reactions they typically elicit from customers:

- **Familiarity.** "I've heard of them!"
- **Reliability.** "You can count on them."
- **Service.** "They'll be there to help if something goes wrong."
- **Quality.** "Their stuff really holds up over time."
- **Consistency.** "I know they'll have it." (Whatever "it" may be.)
- **Security.** "You're safe doing business with them."
- **Value.** "You will always get your money's worth at their store."
- **Speed.** "If you're in a hurry, go there."
- **Strength.** "Their products are powerful and dependable." (For example, Ford trucks are "built Ford tough.")

To help you focus on a brand for your own store, think of it as a representation of your store's image. Make the brand both unique and recognizable. To help you clearly define it, answer the following questions with seven points of the 8-Point Retail Filter in mind. (The eighth point is "Brand," which happens to be the topic of the entire discussion.)

- **Product.** What types of products do I want to sell? The range of products you choose to carry defines your brand.
- **Presentation.** Does every visible aspect of my business accurately reflect the image of my store? This category includes everything from your logo design to the interior displays, fixtures, signage, and window displays.
- **Procedures.** Does my "system" make it easy and hassle-free for customers to buy from me? For sales reps to enjoy doing business with me? The way that you do business contributes to your store's reputation, which, in turn, reflects your brand.
- **Pricing.** Into what price category do I want my business to fall? Discount? Middle-of-the-road? High-end? The price range of the merchandise in your store affects your image—and ultimately, your brand.
- **Promotion.** Does my store's public paper accurately reflect the brand I'm trying to create? The type of advertising and promotion you do determines your store's image. Your **public paper** (newspaper ads, promotional flyers, catalogs, store display signs, even sales receipts) is the toolbox with which you build your brand.
- **Profitability.** Is my brand strong enough that people feel confident doing business with me? If not, what can I do to strengthen it? The strength of your brand is an indication of security to customers, who know that they are dealing with a reputable business that is doing well and isn't going to disappear overnight for lack of funding.
- **People.** What kinds of employees will enhance my store's image and reflect my dedication to customer care? Your employees are central to your brand; this is especially true in a smaller store.

Your responses to these questions will help you define your store's image—and therefore, your brand.

Creating a Logo

To establish your business as a brand, you will require a strategy. Think in terms of what you do (or plan to do) that will reflect the merchandise you sell, the service you provide, the uniqueness you offer, and the kind of customer you want to attract.

Creating a truly great logo is a good place to begin, and it will be more than an attractive picture or design. It is both a powerful image *and* a specific representation of your business. It can be as simple as the business name presented in a distinctive font style, a symbol that represents your business, or a combination of these. Some examples of effective logos include the following:

- The "shell" of Shell Oil Company
- Mobil Oil's winged horse, Pegasus
- The "golden arches" of McDonald's

- The NBC peacock
- The Boston Celtics' leprechaun

These are effective logos because the public immediately recognizes them as representing their respective businesses. (We've been wondering, in fact, what Shell and Texaco will do now that they've merged . . . a star on a shell?)

When designing a logo, remember to keep it simple so that it's easy to recognize. Even the font style can elicit an emotion—some fonts are very formal, while others look more casual or whimsical. A good graphic designer will know the difference. But it's best to hire a designer only after you are certain you can explain your vision for the business—and *that* requires some homework.

When considering what kind of customers you want to attract to your business—your *ideal* customers—think about their income level, their education level, their lifestyle, and the media to which they are exposed. All this information helps you determine how best to build your brand to appeal to your ideal customer. What are their priorities? Where do they already shop? Remember, it is not enough to know them. You must also know *what motivates them to buy*. Otherwise, you can open an eye-catching store in a great location, or have an incredible animated Web site, distinctive products, and packaging, and your business will fail anyway.

Leaf through some of the magazines your ideal customer probably reads. Clip and collect logos that appeal to you. This input should help your graphic designer create one or two sample logos for you. Show these samples to friends and colleagues, family members, trusted business compatriots, and other retailers, and ask them to be completely honest as you gather opinions.

You can really make your brand stick in the minds of your customers if you can find a word or phrase that specifically represents your business, yet has a broad and catchy appeal. This is called “gaining ownership” of a word or phrase. Nike's “Just do it” says it all.

You may not be as familiar with the phrase, “Mothers are our specialty.” And yet, it was a blockbuster expression that one local store used very successfully to sell “mother-of-the-bride” dresses for more than 23 years. This phrase was included in all of the store's advertising. The public came to accept the store, the employees, and the owner as the “experts” on dressing brides' mothers. Too esoteric? Too narrow a focus? Not when the average wedding today costs \$20,000—and mothers of brides have a say in much of the expenditure!³

Deciding on Trade Dressing

Trade dressing simply refers to the colors that you use to represent your business. If you were asked, “What colors are used by Coca-Cola?” you would know—red background, white lettering. What are Pepsi's colors? Red, white, and blue. Kodak? Yellow and black. You get the idea. Pick your colors and use them on everything that you possibly can—on packaging, on signage (inside and out), on your Web site, in advertising. You can try to include your trade dressing in the store interior, but be forewarned: Colors that make great packaging and signage often do not make for good interior design.

Your logo, fonts, signature line, and trade dressing colors must be the same every single time you use them. You may make some substitutions (such as using the name “Coke” rather than “Coca-Cola”), but the logo or typeface must not change. If you vary the design elements, you undermine the power of your brand. It must be consistent—because it is consistency that builds brand power, more than anything else.

Finding a Market Niche

In this age of specialization, consumers are more than willing to pay extra money to deal with a specialized professional—someone who really knows his or her business, a real expert. In fact, the more you specialize, the better you get at what you do (and the more customers will travel farther or pay extra to do business with you). Establish your business as the expert in a particular retail niche, and customers will come.

It is not enough to *find* this niche—you must also work to become *the leader* within this niche. You want your business to be the first thing that pops into people’s minds when they think about the products that you sell. You may already be an expert, which is what prompted the idea for your retail business. All the better! Otherwise, becoming a recognized expert takes time, but it is certainly not impossible with these first steps:

- **Research.** You should already be accustomed to doing research to start this business. Continue with research of a more general nature in your field. The Internet offers almost limitless access to information, so that’s a starting point. Do your homework and study your category thoroughly. Attend every seminar and trade show that your industry offers. Know more than your peers. If you spend just 20 minutes a day reading about your industry, you can be an expert in less than 18 months—at least partly because your competition isn’t studying up like you are. And do not hesitate to publicize yourself as an authority.
- **Obtain credentials.** Many professional organizations, from jewelry retailers to wedding planners to photo processors, offer certification programs. These typically involve taking some courses and passing an end-of-course exam. Becoming certified in your industry is a terrific idea. It adds to your credibility, which can only help your business. Although customers may not fully understand exactly what your “certification” means, the fact that you *are* certified can inspire trust.
- **Spread the word.** Once you have achieved “expert” status, share your knowledge and accomplishments with the world. A letter or news release to local media outlets—not about your certification, but about an industry trend or new product—can be the “opening line” you need to create a dialogue. Let them know that they can call on you to “localize” and comment on various issues that affect your industry. Send out a news release every time you attend a trade show, for example, highlighting what’s new in your industry (and mentioning if *you’re* going to be the *first* one to bring the trend to your city). News reporters are always looking for feature story ideas and guests for talk shows. You want them to think of *you* on that “slow news day” and come to you for your expertise.
- **Conduct seminars.** You can strengthen your brand and underscore your expert status by conducting seminars—in your store, or for business or hobby-related

groups, depending on your industry. Offer to teach a community college one-night class, or a full course. You don't have to attract a big crowd—small groups are perfect. Be sure you teach things that your customer base will really want to know. If you own a gift shop, teach a class in your store on how to select the perfect gift. Have a scrapbooking evening at your store, or at a local school. If you have a hardware store, give classes on basic home repair. And if you own a jewelry store, remember—every guy feels stupid buying a ring, so how about a one-hour seminar on how to buy the perfect diamond for their sweetheart? (Note: To avoid a security disaster, keep the gems locked up and teach the class with the help of some good pictures or a PowerPoint presentation instead.) Give everyone who takes your course, workshop, or seminar a special one-time discount on merchandise purchased in the coming week. Sharing knowledge in this way builds your brand power while gaining new customers as well.

Protecting Your Brand

Anything that you do in your business must be good for the brand that you are building. If you say your salespeople are professionals, yet you fail to train them sufficiently, this hurts your brand. If you claim to be efficient, but your store is messy and disorganized or your Web site is full of typos and pages still “under construction,” you hurt your brand. If you say that you care about “giving back to the community,” yet you're caught littering or never seem to have an item to donate to anybody's charitable silent auction efforts, you hurt your brand.

Everything that you do (or that your staff does) affects your brand. Even posting a simple handwritten paper sign in your store impacts your brand. If all your signs are handwritten on paper, and that's what your customers have come to expect, no problem. But if making a handwritten paper sign was just a shortcut, you hurt your brand. And if it contains a couple of spelling errors because you didn't bother to double-check it, that, too, hurts your brand.

The other type of brand and/or name protection is legal and should be done early in the business development process. Consider trademarking your name through the U.S. Patent and Trademark Office (PTO). At its Web site, www.uspto.gov, you can check the legal availability of names free of charge, using the Trademark Electronic Search System (TESS). Or ask an attorney who specializes in trademarks and copyright law to search for other businesses in other states who may already have thought of (and trademarked) a couple of the names that you are considering. Since there are more than a million trademarked names, who knows what the search will turn up? But it is an important legal step. If a name is owned by someone who is not currently using it to do business, you may be allowed to purchase the use of the name from its original owner. If it is a small business in another state, the owner of the other business may agree in writing to let you share the name since you are not competitors. Legally, this can be touchy. We know of a nice little family-owned restaurant named Panda's Chinese, for instance, that had to change its name when a national Chinese restaurant chain (Panda Express) opened a location in the same town and threatened legal action. The local Panda was here first! It isn't fair! Nope—but it's business.

TOYOTA'S TRIUMPH: GOING UNDERCOVER

Talk about market research? Prior to developing a new luxury car, Toyota sent engineers to live in the most affluent areas of North America for a nine-month period, in an attempt to gain a deeper understanding of its ideal customer. The engineers' mission was to monitor the lifestyle of Toyota's targeted potential customer population. What did they value? Where did they dine? How did they spend their discretionary income? Toyota wanted to build and sell a luxury car in the United States, so it needed to design a vehicle that would appeal to its U.S. customers. The engineers' observations led to the creation of the Lexus.

When you decide on a name, it is also important to file your business name with your state's secretary of state. Most **dba forms** (which stands for "doing business as . . .") are simple and cost very little to file. They are the "official record" that you, as an individual or group of partners, are "doing business as" your particular company name.

RECOGNIZING CUSTOMER TYPES

There's an interesting lesson retailers can learn from political campaigns: Don't waste time or money marketing to people who don't want or need to hear your message in the first place. Money and time are tight, so they should be concentrated exactly where you can sway opinions—and get votes. To that end, campaign volunteers often go door-to-door doing what they call canvassing. They "chat people up," asking them a few key questions that will provide information about how these households will vote and which specific issues really matter to them. Back at campaign headquarters, they label each household with a number. The numbering system varies a bit, but it's usually something like the following:

1. Hard Democrat ("hard-core," will vote straight party-line Dem)
2. Soft Democrat (most often votes for Democrats but not always)
3. Undecided or swayable ("I haven't made my mind up yet . . .")
4. Soft Republican (most often votes for GOP but not always)
5. Hard Republican ("hard-core," will vote straight party-line GOP)

If you were a Democratic candidate, you'd be advised to spend the majority of your time, money, and effort reaching the 3's and 4's. The 1's are already in your pocket, and while you shouldn't ignore the 2's, they probably won't take much convincing. And while you'd love to debate with the 5's and sway them to your way of thinking, it's just not practical. Republicans would concentrate on the 2's and 3's.

Similarly, in retail, knowing who your customers are—both present and potential—prevents you from depleting your precious resources marketing to people who will

never buy from you. What *kinds* of customers are out there in the first place? Can they be typecast as easily as voters? Actually, it's almost as easy—and there are only four groups:

- **Noncustomers** will never (or rarely) ever buy from you, regardless how great the merchandise (or the deal on it) may be. For example, if you sell maternity clothes, don't market to men and women over 50.
- **Prospective customers** *could* buy from you. They haven't yet, but they may do so in the future.
- **Near-customers** have had some contact with you. They've come into the store at least once and may even be on your mailing list. Whether they bought something or not, you just don't have much information about them.
- **Customers** have purchased something from you, and they return to your store regularly—at least, that's the goal.

Identifying the Ideal Customer

To attract the customers that will help your business succeed, you need as much demographic and psychographic detail as you can get about them. **Demographics** are the so-called vital statistics of life: age, race, marital status, family size, and where they live (geographically speaking). **Psychographics** are lifestyle traits: personalities, hobbies, preferences about items like cars, clothing, and houses, and so on.

The greater the detail you determine about customers, the more clearly you can see how well your business vision matches them. There are plenty of sources, from chambers of commerce to U.S. Census data, for the numbers. But one of the most interesting ways to identify customers is by creatively interpreting your five senses: sight, sound, touch, smell, and taste. These tools of identification are the easiest to use and the easiest to remember, as long as you know that each one of your sensory responses must be in “alignment” in order to give you a consistent message.

- **Sight.** When you picture customers coming through the front door of your store, what do you see? If your doors are not yet open, use your imagination to help you envision these folks. Describe their personal appearance. What do your ideal customers look like? Do their jeans sag to their knees, or do they wear neatly pressed suits? Do they have strands of pearls around their necks, or do they sport multiple body piercings?

Part of this visualization is determining what kinds of things your customers own. Luxury cars or just-barely-running cars? Do they struggle under the weight of a worn backpack, or do they carry an executive briefcase?

- **Hearing.** Imagine your ideal customers as they speak to you. Think about their choices of words, their overall vocabulary. What do they sound like? How well-educated do they seem to be? Sound also extends to the types of music they listen to. This is important because you'll probably want some in-store background music that is appropriate for them.
- **Touch.** People often remark when something “just feels right.” As a retailer, you want to attract the customer that feels right to you—and you want your store to

feel right to them as well. Also, keep in mind the feel of anything (fabric, metal, glass, china, and so on) that your ideal customers would associate with positively. Will they be allowed to handle the merchandise before they buy? Will there be samples for kids to play with in a toy store?

- **Smell.** Because we associate particular scents with certain types of customers, you need to know what you want your ideal customers to smell like—and what your customers will expect your store to smell like when they walk in. For businesses like bakeries, leather goods stores, and perfumeries, the aroma is a key part of their ambience. And your customers have their own “scents”—from an unmistakable, sweaty whiff of hard physical labor to the aura of an expensive cologne. Again, the importance is what the customer finds comfortable and inviting.
- **Taste.** There are a couple of possibilities here. First, if you will be selling food products, you need to decide how your customer will want to taste them. Samples on the counter? A demonstrator with piping hot food to give away? Complimentary coffee or hot spiced wine during the holidays? Your giveaways become part of your image of generosity—giving something back to the customer. Imagine what they might think of as a “nice surprise” when they walk in.

For the purposes of this discussion, taste may also refer to the preferences of your ideal customers—and you want to attract those with distinct tastes, so that they may become accustomed to *you* satisfying those tastes! What kind of merchandise, service, setting, location, selection, price, and ambience will your ideal customers prefer? Do their tastes match *your* tastes? If so, you can be sure that you've identified your ideal customers.

“Filtering” for the Customer

Now it's time to use the 8-Point Retail Filter once again, this time to identify your ideal customer:

- **Product.** What type of customer is likely to buy the merchandise that you plan to sell? Is there another store in the area that carries similar products? If so, what type of customer does that store attract?
- **Presentation.** What type of customer would feel comfortable in your store's atmosphere? Trendy boutique or bargain warehouse, each business attracts a particular clientele.
- **Procedures.** What kind of customer would be drawn to the types of systems you plan to implement—self-serve or highly trained salesperson, and so forth? These may be time-saving, customer-pampering, technology-intensive, or deep-discounting.
- **Pricing.** What kind of customers would automatically be attracted by the prices that you plan to set for your merchandise, enough to seek you out regularly?
- **Promotion.** What type of customer would respond to the advertising you are planning? Again, the difference between “we-can't-be-beat” price slashing and “dress-up-before-you-come-here-to-shop” image boosting is significant for customers and their own comfort levels.
- **People.** What type of customer is likely to relate to your personnel, who share your business vision?

KNOW THY CUSTOMER, SAVE THY BUSINESS

A few years ago, a downtown organization asked me to give a workshop on how to run a sale. Part of my responsibility was to personally invite local business owners to participate.

I decided to stop by a hobby shop that had one of the worst locations in town. The store's wooden floor was old and creaky, and although its walls were plain, they were loaded with merchandise. The store was crammed with customers who were buying the most expensive stuff—high-dollar model airplanes. The store's owner took pride in telling me that his hobby shop, which stocked all kinds of miniature engines for the planes, also carried more than 1,000 different types of airplane tires. Talk about finding a niche!

I invited him to the upcoming workshop, but he surprised me with a few questions of his own. "If I run a sale," he said, "will I have to mark down some merchandise?" "Yes," I replied. "The plan is to attract a lot more people, so I'll probably have to put on more help, won't I?" he asked. I nodded. "With more people coming into my store," he persisted, "I'll probably have a lot more shoplifters, so I should have some extra help to watch for that, shouldn't I?" I responded, "Possibly." "Why would I ever want to do that?" he exclaimed.

I answered that he probably had some slow sellers that he'd like to get out of the store. With a dead serious expression, this shop owner replied, "Why would anyone want to reduce prices, increase shoplifting, *and* pay for more help? I'd rather just tell my customers when they come in that I have some things that I want to move, and that I'm willing to give them a discount on the stuff. I'll save a lot of money, and my customers will appreciate the discount. I'm going to pass on your workshop."

He was right. He knew his customers, and he knew that a sale wasn't going to bring them in—his customers were not motivated to buy by price alone. He knew his customers so well that his buying was precise; thus, he didn't have a lot of excess merchandise to dump. As he told me, "My *inventory* is my advertising. Customers are drawn by my selection of hard-to-find model airplane parts. My markups are reasonable, and customers come from all over to do business with me."

If a high-powered retailer were to take over this store without taking the time to understand its established customer base (and their reasons for shopping at the store), the new owner would very likely clean up the store—and ruin the business. Knowing your customer is paramount to the success of your store.

Source: Rick Segel, coauthor

- **Profitability.** This is an interesting take on the customer. What type of person will actually enable you to afford the cost of implementing your business plans, whether they include unique displays, extra business hours, or eventual expansion?
- **Brand.** What type of customer is likely to be attracted to your brand? This will depend largely on the focus of the brand—on value, on status, on high-technology, and so on. Take a minute to write down a few words that describe what this customer is like.

Different types of customers can sometimes look equally appealing, so unless you're sure of which ones you truly want to attract, you could be fooled. Once you've determined what kind of customer you want to serve, never waver—because doing so will weaken your brand.

THE MOTIVATION TO BUY

Now that we know a lot more about what makes your customers tick, let's find out what makes them *buy*. Individual customers are motivated differently. For example, if you were asked to name today's "top 10" retail stores, you probably wouldn't assume that many of them would be discount stores. It's not that you shouldn't be price-conscious—merchants just need to make sure that low prices are not the only reason people would buy from them. If that were the case, a store would be vulnerable to every new competitor whose prices are a bit lower.

There's a retail spin on the Golden Rule: Rather than treating everyone the way that *you* want to be treated, you should treat everyone the way that *they* want to be treated. Most people want it their way (Burger King built a business around that philosophy), and you better know what their way is! In this section, you will further define your customers by seeing what motivates them to buy.

Losing Customers

One way to determine what motivates customers to do business with you is to look at a few reasons why retailers lose customers. The following list presents the top 10 reasons customers give for not wanting to return to a store. Perhaps the most fascinating thing about this list is that price is not included on it, anywhere.

- The store personnel (or even the owner) were on the telephone when I needed assistance.
- The store was inconvenient (in any number of ways).
- The store (and/or the staff) was "dirty" or smelled stale and unpleasant.
- The store just didn't have what I wanted.
- The sales clerks had no product knowledge.
- I had to wait in a long line.
- The store didn't have the advertised merchandise in stock.
- I was ignored by the sales clerks.
- The sales clerks were pushy.
- When I was ready to check out, there was no one at the cash register.

Do any of those sound familiar in your own experiences as a retail customer? Other reasons that people might not return to your store include the following:

- Inconvenient store hours
- Insufficient parking

- An extremely stringent return policy
- Cluttered shelves and displays; difficult to find things
- No signs to direct you, or to tell you what a product does
- Too far away
- Not enough merchandise to select from
- No prices on the merchandise

So, you see, price is far from the only potential customer turnoff—and yet more than 70 percent of retailers believe that the primary reason customers are attracted to their store is because of their “low prices.” Why fall into the same trap?

Selling to the Eight Buyer Types

So why should someone buy from you? If you know where your ideal customers fit in, you’ll know how to motivate them to buy something from your store. Here are eight types of customers:

1. **How low can you go?** Although no one ever wants to overpay, a **price buyer** is almost obsessed with finding the lowest possible prices. A price buyer will drive 2 miles out of his way to buy gasoline because it’s two cents cheaper there. We know a classic price buyer—a homemaker who clips coupons and spends an entire day grocery shopping, every other week. She carefully organizes her day (and her coupons and store ads) and goes to four different supermarkets, purchasing only what is on sale at each one. She says since she doesn’t have a “paying job,” her job is to make the family’s income go as far as possible. Now *that* is a price buyer! You can motivate price buyers by doing the following:
 - ◇ Designating a markdown section in your store. Add new merchandise regularly and make additional markdowns on a weekly basis. Your price buyer will become loyal to this section of your store—providing that it has the lowest prices, of course.
 - ◇ Always offering some promotional items.
 - ◇ Advertising your sales directly to them. Make sure that they’re on your mailing list and categorized as price buyers. They’ll always come to your sales; you can even have sales just for them.
 - ◇ You can’t build a business with price buyers as your primary customers. They will never be loyal to you or to your store. Their only loyalty is to the “hunt” and to the bargain itself. So, even if yours happens to be a discount or dollar store, try to be known for something more than just low prices.
2. **Do you have the coolest merchandise?** Doing business with **WOW! buyers** is fun. They’re interested in the latest and hottest items—the brand-new gadgets that make everyone else say, “Wow—where’d you get that?” These buyers love to shop smaller stores because that is where they are most likely to uncover a treasure that no one else has even seen. Although WOW! buyers don’t exactly want you to take advantage of their eagerness by charging them an arm and a leg, they are willing to pay a premium for the excitement of being the first to have a certain item. You can motivate WOW! buyers by doing the following:

- ◇ Featuring your newest merchandise, both on displays and in advertising.
- ◇ Building a reputation (and a brand) as the place to go for the unusual.
- ◇ Making sure that you start selling something new before the now-hot merchandise is carried by all the other stores. When everybody has the item, it loses the WOW! factor.

3. **Can I depend on you? Trust buyers** rank security as one of the most important factors in shopping at a business or buying a product, and their sense of trust is what creates customer loyalty. Trust buyers want to do business where they feel secure. They gravitate toward the businesses that advertise they have been in business a long time, or have “three generations of the same family to serve you.” Trust buyers tend to favor brand names because they represent dependability, reliability, and familiarity. Trust buyers also like the way they are dealt with at the merchants they frequent—being called by name, knowing their way around in a busy store.

You must work hard to develop this kind of loyalty with trust buyers. The advertising slogan, “The quality goes in before the name goes on,” especially appeals to these folks. You can motivate trust buyers by doing the following:

- ◇ Locating your store in a good neighborhood. Make sure that you have adequate lighting in-store, on the street, and in the parking lot so that your customers feel safe.
- ◇ Implementing a generous refund policy. Trust buyers want to know that you stand behind what you sell.
- ◇ If you have a Web site, and you want trust buyers to purchase from you over the Internet, it must be a secure Web site—password protected and such. If it isn’t, trust buyers may reject your business altogether.
- ◇ Focusing on employee sales training. Personal selling works best with this customer—the single mom who buys a car from you and trusts you enough to buy a second one for her teenage daughter a few years later, without even shopping around. Earning this kind of trust in business can be very gratifying, but again, it is tough.

4. **Can we just make this quick?** If you can save **convenience buyers** a little time or hassle, you can own them. The bigger your selection of merchandise, the more attractive your business is to them. Selection is a time-saver—convenience buyers will not bother to travel to a bunch of stores to gather the items they need.

When you own a niche or a category, you have **category dominance**. For example, we mentioned a mother-of-the-bride dress shop earlier. Even within that narrow niche, the store carries an amazingly broad assortment of manufacturers and styles. If you need a dress for your daughter’s wedding, it is the retailer with the most merchandise. You can motivate convenience buyers by doing the following:

- ◇ Placing merchandise that goes together in the same area. For example, if you’re selling circular saws, have the replacement blades close by.

- ◇ Having adequate and clear signage. Make it easy for your customers to maneuver around your store. If they have to ask to find what they're looking for, it is inconvenient.
- ◇ Establishing your store in a convenient location. (This alone is not enough, though plenty of stores that are in convenient locations are otherwise inconvenient.)
- ◇ Developing an easy-to-use Internet Web site for online shopping—and marketing this fact to your busy customer.
- ◇ Developing your store policies and procedures with customer convenience in mind.

5. Will you give me the royal treatment? Status buyers want you to make them feel important. Think of all of the people who have gold credit cards—what does that “gold” designation really mean, other than to make them feel important? Lest you think this kind of program is unnecessary, remember that people like feeling important. The status buyer pays the ridiculous annual fee, just for the status of having the card. This buyer, like the trust buyer, also truly appreciates personal selling and personal service. You can motivate status buyers by doing the following:

- ◇ Addressing them by name. It doesn't matter how big your business is or how many customers you have. Greet them personally as they enter the store and use their name as often as natural when conversing with them.
- ◇ Even Web site development can be programmed for personal touches. Are you an Amazon.com “member”? Notice how, whenever you log on, your name is used at the top of the screen . . . and “your own” book recommendations are made for you based on your past purchases.
- ◇ Establishing a preferred customer list. Offer your preferred customers special, exclusive services. Invite them a day or two early for your “special sales.”
- ◇ Developing enough of a relationship with them so that you can tailor your recommendations and services to them personally.

6. Do you know more than anyone else? Expert buyers want to do business with people who are the authorities in their sales field. Whether they need a watchmaker, glassblower, or furrier, they want to do business with stores that specialize in a specific area. To attract expert buyers to your business, you must establish the expertise we discussed earlier in your chosen retail niche. You can motivate these buyers by doing the following:

- ◇ Doing what you do better than anyone else. Focus on one aspect of your business, study it for an extended period of time, and then specialize in it.
- ◇ Shopping at every manufacturer in your retail category and at every related retail store (at least as many as possible) to know what's going on in your industry.
- ◇ Establishing yourself as a source of information. Submit articles on what is new and happening in your market niche to local newspapers, magazines, and radio stations. After a while, reporters will probably start contacting you for this information, and you'll become the recognized expert.

7. Do you want to help others? Caring buyers want to patronize socially responsible businesses. They're concerned about how you treat your employees, whether your mission and your products reflect social and environmental consciousness, and how involved you are in your community. A *Forbes* magazine survey found that 66 percent of Americans consider a company's attitude or involvement in socially responsible issues when making a buying decision. You can motivate caring buyers by:

- ◇ Becoming a member of a professional association within your industry; joining the local Better Business Bureau.
- ◇ Establishing a program that "gives back" to your community. Give a small annual scholarship to a bright local high school student. Be the location at which coats, mittens, and canned goods may be dropped off during holiday charity drives. Some retail associations give awards for retailers that excel in the area of community service. Make it a goal to receive such an honor—and of course, to deserve it!
- ◇ Sponsoring a selected charity. For example, Denny's supports the Save the Children Foundation; McDonald's has its own Ronald McDonald houses. Supporting a cause shows that you care. Sponsor a local Meals on Wheels route in your town or city, and let your employees deliver the meals one day a week. Volunteer to speak at local schools' career days to talk about retailing. There are plenty of options.
- ◇ Demonstrating that you care about your business's image, customer relations, and overall excellence by being selective in your choice of employees.

8. Can you show me a good time? Entertainment buyers are the newest and fastest-growing category of buyers, and they want to be entertained when they shop and dine out. There's even a name for merchandising to these customers: *retail-tainment*. In this day and age, when people spend entire days looking at computer screens, some have come to view shopping as a social experience, and you can motivate these buyers by giving your store a fun and lively atmosphere.

If you don't know why certain customers *should* buy from you, chances are the customers won't know either. All the careful branding and product selection won't matter unless you know who you actually want to take advantage of them. If you know who your customers are, you can be flexible to their changing moods, needs, and wishes. In this way, you are able to form an established customer base over time that will set your business squarely on the path to success.

CHAPTER SUMMARY

To be successful in business, you must develop name recognition. By "branding" your business and/or product lines, you simplify your message and can often increase the value of your product. There are well-defined steps to create and

establish a workable, and even powerful, brand name; these were spelled out in this chapter. One option is to work with manufacturers and/or importers to create *private-label* products, branded for your exclusive use.

The store or business itself must be branded, and the products may also be branded. The process involves a lot of research, including legally protecting your brand name(s) from copycats and properly registering your business with your state's secretary of state's office.

Another part of making a brand powerful is to establish yourself as a leader in your retail niche. Community outreach is a big part of this—making yourself available to local media for story ideas and interviews, teaching seminars or classes, and so on. Use every opportunity to market yourself and your hard-earned expertise, as well as your business.

The branding process requires that the business owner learns to visualize his or her ideal customers, using as much market research as possible, and all five senses to literally imagine the customer he or she wants to sell to and what the customers will want. This chapter ends with a summary of the eight basic customer types and their various motivations: low prices, status and a feeling of importance, a first shot at the trendiest products, an entertaining social experience, and more. It is not enough to learn about your customers' lives and interests. You must dig deeper and learn exactly what motivates them to buy the things they buy.

DISCUSSION QUESTIONS

1. Select six local businesses, from your own experience or by perusing the telephone directory: three that you think are *not* well-named and three that you think are perfectly named. Explain why you chose each of them.
2. Think of at least two retail businesses that are similar to the one you want to create. Write a paragraph or two about each of these factors:
 - a. Their names
 - b. The brands of products they carry
 - c. Their target customers (which of the eight “customer types” frequent them?)

Do these three factors “work” for these particular businesses? Why or why not?

3. How would you go about attracting customers to your store? Why?
4. What would make a good business logo that is right for a Web site as well as a brick-and-mortar store location?
5. What factors have made you knowledgeable in the business field you want to enter? Explain what you could do to improve your knowledge enough to be considered an expert? How long do you think this will take?
6. What does your ideal customer look like, physically?

7. Select three national chain retailers (of any type of product) and research the background behind their logo. What does it stand for? How long has it been in use? (Procter & Gamble's moon and stars, Starbucks' mermaid, etc.)
8. Would you delegate some of the research, name, and logo creation to an advertising agency? Why or why not? Call at least two ad agencies in your area and ask for price ranges for a small business/retail name-logo creation—both with and without the agency doing the market research. Also get the agency representative's best advice based on businesses they have already assisted.
9. The last time a retail store lost a sale from you, why did you decide to leave? Describe the experience. Was it enough to prompt you not to patronize that store again, or will you go back?
10. Look at the eight types of customers and guess at an age range for each of them. Jot a line or two about why you think so.

ENDNOTES

1. Brad Stone, "Grande Plans," *Newsweek* magazine, October 4, 2004, p. 38.
2. Beverage Digest Fact Book 2004, *Beverage Digest* magazine, Bedford Hills, New York.
3. "Bride on a Budget," *The Idaho Statesman*, June 18, 2002.