

MSA

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Associates



Supporting the Brand

Brand Personality

- Your brand has a personality and it must be at the heart of everything you do
- Your brand personality is fragile - every action you take has an effect on your brand
- Your brand personality is your major challenge - it's tested and redefined at every consumer interface

Protecting the Brand

- Must be the central focus of your system
- Must be the rallying point for franchisees, unit personnel, field staff, headquarters personnel and consumers
- Must be the "fabric" that transcends the manuals, the forms, the written procedures
- Must generate ownership and most important - loyalty

What Defines Your Brand



- Culture
- Promotional messages
- Local Image
- Community Image
- Consistency
- Quality

Your Brand in a Changing World

- Good ideas are easily copied
- Technological changes increasingly have impact
- Consumer preferences change
- All you have is your brand and how it relates to people

Your Brand in a Changing World



- Frost Bros.
 - Specialty Retailer - San Antonio
 - Personal service
 - name recognition
 - purchase preferences
 - personal shoppers
 - High ambiance - Stodgy - Unchanging
 - Consumer's changed - value, selection, speed, ease of purchase
 - Gone - but not forgotten

Your Brand in a Changing World

- Sears and JC Penny
 - Customer - Mr. & Mrs. Blue Collar
 - Remodeled their stores
 - Re-merchandised their stores
 - Changed their price points
 - Kept their service levels
 - Changed their brand personality - softer side of Sears
 - Confused their customers

Your Brand in a Changing World



- Dillards
 - Customer - Mr. & Mrs. Blue Collar
 - Remodeled their stores
 - Re-merchandised their stores
 - Kept their price points
 - Improved their customer service
 - Understood their customer's needs
 - Fastest growing chain in class

Your Brand in a Changing World



- Home Depot

- Bernie Marcus didn't create the concept - he executed on the concept
- Extraordinary number of SKUs
- Discount prices - not the secret to their brand personality
- low out of stock position - they have what you want, in the quantity you want and when you want it
- Best trained staff in class - know products, provide lectures, exceed customer's service expectations

Knowledge Management

- Access, retrieval, distribution, of human experience and intelligence
- The key is sharing
 - relevant information
 - ideas
 - solutions
- Sources
 - Competition - the market
 - Consumers
 - Unit management - franchise and owned
 - Support personnel - headquarters - field
 - Vendors

Knowledge Management

- Vital for evolving brands and markets
- Mobilizes organization
- Fosters innovations
- Shares new ideas
- Celebrates change
- New ideas - tested and shared protect the brand

Using Knowledge - The Category Killers

- Ann Taylor
 - private label card that tracks purchases of each user
- Service Merchandise
 - purchase dishes - personalized catalogue with silverware
- Lands End
 - purchase maternity clothes - five months receive catalogues for baby clothing
- Eddy Bauer
 - winter sweaters wool - summer catalogue has cotton sweaters
- Identified customer needs and merchandise to them

Plan for your future

- Understand your brand personality in infinite detail
- Conduct a brand audit
- Speculate - don't analyze market trends - the future moves too quickly
- Anticipate and create your own vision of the future of your brand

Plan for your future

- Classic strategic planning will kill you
 - slow, static, analytical, limiting, cocooning
 - dependent on long term predictions
 - does not accommodate "instant" flexibility required
 - Adopt tactical planning methods

Plan for your future

- Tactical planning methods
 - deals with market disruptions created by technology changes
 - relies heavily on conceptual abilities
 - continuous monitoring of brand positioning
 - uses knowledge in real time
 - live measurement of in-term results
 - connectivity to decision makers

The Six P's of Brand Personality



- Price
- Product
- Place
- Promotion
- Positioning
- People

Price



- Consumers price sensitive
- Value
- Not necessarily lowest prices
- Wal-Mart
 - ads support low price image
 - some spectacular bargain
 - overall same or higher on non visible items
 - perception low prices overall

Product



- Look at product trends and react
- Avoid fads
- State of art replenishment system
- Vendor partnership
- Sales tracking
- Reduced cost of inventory carrying costs through frequent replenishment
- Emphasize shrinkage and waste control

The Limited

- Ability to re-merchandise in 24 hours
- Sales data transmitted daily to suppliers
- Merchandise manufactured and in route within 24 to 48 hours
- Competition - six plus weeks
- Lower inventory carry cost
- Low out of stock

Place

- Use of location is potentially more important than location
- Strategic partnership with property management companies
- Tandem sites - Papas, Brinker's Macaroni Grill and Grady's, Toys R Us and Kids R Us
- Dual branding - may be overused, may confuse customer - may still be the best option for site utilization

Place

- Packaging - not simply a place for consumers to go
 - differentiation - product and service
 - entertainment
 - communicates brand value
 - size, color, visual imagery, signage
 - ease of use
 - stands out from the crowd

Place

- Non-franchise systems have potential critical mass advantage
 - franchisor owns brand name and all it evokes
 - channel of distribution owns delivery mechanism and customer interface
 - non-franchised competitor is elastic to market requirement
 - franchisor inelastic development strategy
 - requires review of movement to multi-unit and site only rights

Promotion



- Become promotion ready
- Get your message in front of customer as often as possible
- Stay visible
- Don't allow the consumer to discover your competitor
- Measure promotions in real time - use flash numbers
- Involve your vendor - share information, challenge them to replenish and service location

Brand Positioning

- Choose your market position and stay there
 - remember Sears and Penny's
- Give consumer's options
- Don't confuse the customer
- Enforce standards - absolutely
- Communicate to entire channel
- Requires buy in by system

People

- People are your most important asset
- Don't cut back
- Train - train - train
- Define and communicate corporate culture
- Make it simple and direct
- Demand buy in

Olive Garden



- Corporate message - clear and direct

"Hot food hot - cold food cold - hire people who smile"

That's it. Nothing else. It works.

Dave Thomas and Wendy's

- Corporate culture clearly defined
 - Top performing unit - Alaska
 - Senior Management Visit Locations
 - Personnel Image Policy - no beards, clean, system authorized uniforms
 - What they found
 - beards on staff and franchisee
 - Old, frayed, dirty uniforms - some not authorized
- What did Dave do?

Benchmarking

- Recent study of top performers
- Conducted for client in defining Best Practices Brand Management
- Proprietary to client
- Authorized to release 30,000 foot view

Field Consultants

- Credible - significant unit operating experience
- Multi-disciplined - operations, financial, training, marketing
- Multi-unit management experience
- Great communicators
- Train the trainer certified

Field Consultants Informed

- Knowledgeable of company planning
- Knowledgeable of franchisee performance
 - financial - unit
 - financial - accounts payable
 - disputes - threatened and actual litigation
- Knowledgeable of expansion criteria
- Knowledgeable of competition

Field Consultants Trained

- Law - retail, industry, ADA, food safety, franchisee relationship, franchisee disclosure - including UFOC
- Market analysis
- Marketing
- Business analysis - unit performance
- Communications
- Problem solving

Field Consultants - Scope of Authority

- Approval of right to expand - with input
- Approval of relocation rights - with input
- Certification of store personnel or trainers
- Input into approval of new franchisees
- Approval of localized advertising
- Responsible for local communication and coordination

Field Consultants - Limits on Authority

- Authorize new products or services
- Eliminate products or services
- Negotiate royalty modifications
- Negotiate contract modifications
- Select or approve sites - input
- Sell franchises
- Issue default letters

Field Consultants - Ratio to Locations

- Individual unit franchisees
 - 1 : 30
- Company Owned
 - 1 : 13
- Multi-Unit Franchisees
 - 1 : 18

Field Consultant Visits

- Business consultation
- Profit and loss analysis
- Compliance audits
- Marketing and advertising
- Local vendor relations
- Labor recruiting
- Franchisee training
- Management training
- Staff training
- Communications link
- Market coordination

Company Owned v Franchised

- Slightly more use of separate field organization - trend shifting
- Field visits identical with change of emphasis
 - consultation approach
 - management approach
- Standards identical

Company Owned v Franchised

- Training standards for franchised and company owned positions does not vary
 - Manager
 - Assistant Manager
 - Staff
 - General Manager
- Over half have certification program for trainers
- Over half have train the trainer program

Bits and pieces

- High percentage utilize empowered Franchisee Advisory Committee
- Franchisor pro-active on change
- Field staff required to be pro-active
- Field staff given high profile in order to establish credibility
- Reporting standards/requirements vigorously enforced

Bits and pieces

- Significant increase in expenditure on relationship marketing
 - system communication
 - internet/intranet
 - web pages
 - e-commerce
- Collapsed organization structure

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