



The Raphel Report

**Observations on marketing,
advertising, sales and
promotions
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The Times They Aren't A-Changin'

"If you want to understand today, you have to search yesterday." – Pearl Buck

I am writing this column on my birthday.

Some years ago in Wynantskill, New York I had another birthday. I turned 10 years old that day.

The morning mail brought a card from Wells and Coverly, a men's and boys' clothing store in my hometown. They told me there was a freshly-baked apple pie waiting for me in their store. We went to pick up my birthday present and my parents bought me some new clothes.

Sending a birthday card and gift to customers was obviously a very successful idea for Wells and Coverly. Years later, I still can smell and taste the pie and remember the pleasure of receiving a gift on my favorite day of the year.

The idea of giving a birthday card and presents to customers is a simple idea. It was easy for a small shop with a few hundred customers to keep a list of birthdays, and effective for bringing in more sales.

Now using computers, keeping tabs on the birthdays (and anniversaries and merchandise choices) of hundreds of thousands of customers is a breeze. It's an old idea made better through technology. Even a giant corporation can now recognize and reward its customers.

Our company runs a birthday program for supermarkets, and the other day I received a card in the mail from Casel's Supermarket, where we do our food shopping. Even though I'm not a child anymore, receiving a card in the mail that promised birthday gifts made me feel good about shopping at Casel's – and, of course, we went right over to get my free ice cream! We ended up spending about twice as much as we spend on an ordinary shopping trip.

Good business ideas don't become stale. I recently found a copy of a book published by the United States Department of Commerce in February 1946. The book offered business advice for returning veterans from World War II. In browsing through these suggestions, you'll see, as I did, that not many ideas have changed (although our methods to implement those ideas have).

Then: Total supermarket sales were \$7 billion.

Now: Total supermarket sales are more than \$450 billion.

OK, that's different.

But how about marketing, advertising and promotion?

Then: "The selling effort must be directed to the personal needs and wants of the family in the neighborhood."

Now: Most businesses have loyalty programs that track where customers live and what they buy. Advances in scanning and computer technology have helped supermarkets adjust goods and services, as well as staffing patterns, to meet the needs of different shoppers in different neighborhoods.

Then: "The telephone offers a special possibility for increasing sales."

Now: Home delivery is possible these days not only through the telephone but increasingly through on-line shopping using a computer. Today, seven percent of all retail sales are made on line. Experts predict this could be as much as 15 percent in five years. Technology has made shopping more convenient for the consumer and less costly for the retailer.

Then: "A grocer not only sells fresh fruits and vegetables and packaged foods but – equally important – services and conveniences."

Now: A study by the Food Marketing Institute said one of the top reasons people shop one supermarket over another is "friendly, courteous help." Training help to be friendly and courteous is just as difficult a challenge today as it was 60 years ago, and despite all our technological progress, we haven't solved this human problem yet. Herb Kelleher, founder of the highly successful Southwest Airlines, said he chose new personnel based on their positive attitude. He could teach someone to do a job, but he couldn't change his or her attitude.

Then: "Three broad characteristics set off one store from another. These are (1) quality, (2) service and (3) price."

Now: What makes a store different from its competitors are still those three characteristics: (1) quality, (2) service and (3) price.

The supermarket industry has dramatically changed in the past 60 years. Wal-Mart and other discount operators have pushed the industry to change the way it does business with suppliers and forced the industry to cut prices to stay competitive. Because of these pricing challenges, many smaller retailers have been forced out of business and the retail supermarket battlefield is now mainly a landscape of giants competing for market share. Despite these competitive pressures, there are still opportunities for businesses of all sizes that satisfy customer demands for quality products and high caliber service.

As a business person, you should realize that basic consumer demands (low prices,

high quality) haven't changed, but you can build a spectacular business by figuring out a new way to address an old desire.

Sony realized that people liked to listen to music when doing activities. They invented the Walkman and the profits were tremendous.

Years later, Apple added a new wrinkle by producing the ipod, a sleek looking music player (now also a video player) that married the computer to the Walkman to produce even more adaptable traveling music.

Catalog companies that for years relied on consumer phone calls to meet consumer needs for buying at home soon found that they could translate the catalog to the web to pick up even more business and new customers.

So don't disregard the past. You can study old business books and commerce department reports and see that consumers haven't changed much over the years. But you should also study today's technologies and innovations to come up with a new way of satisfying those needs.

As Peter Allen wrote in his song, "Everything Old is New Again,"

"Don't throw the past away.

You might need it some rainy day

Dreams can come true again

When everything old is new again."