



So... What's Your Internet Strategy?

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If you plan to thrive over the next few years, you really have no choice but to develop a strategy to capitalize on the Internet. Don't make the mistake of thinking that the web pages we and your vendors have provided for you make up an "Internet Strategy". They don't. These web pages may funnel a few potential customers your way, but they will not help you add value for your customers. That is something you will have to do for yourself. You will need a meaningful website of your own in order to successfully keep your existing customers and to attract new customers.

The Internet Strategy I'm referring to is the one where you use the Internet to move your customer service and the value you offer customers to a new, higher level and to build and maintain stronger customer relationships. Notice, I didn't say "sell lots of stuff on-line." If someone told you about a new kind of delivery truck costing half as much as usual that would allow you to deliver more products in much less time and with lower operating costs, how long would it take you to start looking for one? So, start looking at the Internet already. *"The Internet is not something you go on: it's something you use like any other utility."*

In cyberspace, it's turning out that retailers who create the most innovative combinations of brick & mortar stores in conjunction with well executed on-line strategies will have a significant competitive edge. They will be better positioned to provide superior customer service and deliver more overall value to their customers. The key to maximizing the potential of a combination on-line/in-store strategy is to weave the on-line store seamlessly together with the brick & mortar store so that the consumer can buy any time and anywhere. In a world where consumers are swamped with too many choices, an established retailer's name, reputation and local presence have real advantages on the Internet. Whom can you trust? You can trust the people you know.

Adopting a wait-and-see attitude is the wrong approach. The Internet roller coaster is moving quickly and is picking up speed every day. Retailers who choose to wait will only get further behind. As time passes it will become more and more difficult to generate enough speed to catch up.

(Continued on Page 2)

What You can do to Add Value

Go beyond providing basic information and services. Give customers something that web services can't:

Play to your strengths – don't copy Internet competitors; compete on your own terms. Develop an Internet strategy that fits your business. Take what makes your company strong and unique and extend it to the Internet.

Specialize – Internet competitors are after the widest audience possible. Beat them by catering to a specialty niche or a particular interest group. One of the most important challenges facing retailers is finding the right balance between the product categories offered and the customer segments served.

Use the Internet – even though your customers are local, have a web site that tells people about your company and lets customers order products and schedule services. Send customers e-mail, tell them what's new at your store. The Internet can help offer something that on-line competitors can't, the human touch.

Offer first hand expertise – make sure your people do in fact have more expertise and know how to share it with customers.

Give customers a great shopping experience – it isn't enough to give good service-give service that delights customers.

Provide customers with memorable on-going service and support – keep reminding customers that they made the right decision buying from you.

Be the most convenient place to buy – eliminate every barrier to customer convenience.

Build customer relationships – give your customers a reason and a need to continue a relationship with your company.

Furthermore, advantages available to brick & mortar retailers won't last very long. Pure on-line retailers are developing storefront strategies and will implement them quickly.

The key to growth, on-line or otherwise, is to focus exclusively on your company's competitive advantage – that is, on the products and services that your best customers want and that you are best at providing.

Stop worrying about all the Internet hype, inflated e-commerce statistics and dire predictions. Instead, devote your time and energy to bringing the Customer to the center of your organization. **Focus intently and exclusively on the customer. Ask "How can we use the Internet to add value for our customers?"** In spite of all the Internet hype, it remains true that every retailer's ability or inability, as the case may be, to develop and maintain strong customer relationships will be the deciding factor in their future success.

Beginning with the customer in mind, analyze the way customers currently buy from you and look for ways that the Internet can streamline, simplify, expedite, improve and/or expand your current services and offerings. Be innovative. It will not be enough to simply shift the same things you have always done onto the Internet.

Your objective should be to truly distinguish yourself from your competitors – to create not just satisfied buyers but enthusiastic ones. In order to achieve this, you must develop break-through ways of serving your customers. It is not enough to do the same things your competitors are doing, only a little bit better. Set out to find new and better ways of doing things using the powerful combination of the organization you've already built and the advantages of the Internet. Independent Retailers can compete even on the Internet by doing what they do best – providing convenient, fast, local, personal service.

"The Internet is going to re-structure and re-engineer the way business is conducted."

Andy Grove, Chairman, Intel.

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Web Site Contents

So, what should you include in your Web Site? The possibilities are limited only by your imagination. Listed below are a few of the wide variety of elements available for you to consider.

Products

- Include as much "In-Stock" Merchandise as possible.
- Weekly Specials / Focus Buys in each product category. - 2 or 3 Hot ones max – definitely change weekly
- Special value bundles with freebies attached (laundry detergent, extended warranties, applicable accessories, etc.)
- Learn about products of interest.
- Find products that meet specific needs
- New Product introductions
- Showcase kitchens & home theater rooms - price products individually and as packages
- Provide or link to lots of product information
- Offer products that can be shipped directly from the supplier to the customer
- Carefully plan product offerings that require integration with other products

Sales

- Buy on-line & schedule delivery on-line.
- Buy on-line & schedule in-store pick-up
- Have next day or same day pick-up on all in-stock merchandise. Promise to have merchandise, invoice, financing papers, etc. ready and waiting when customer comes in. No waiting, No delays.
- Browse on line – reserve a delivery time – come in to buy and finalize the selection and sale.
- Buy or reserve an in-stock item
- Schedule or reserve a delivery time
- Conclude the sale on-line or visit the store to see & touch products and finalize the sale
- **Special Orders**
 - Have special order product listings and information
 - Include special ordering policies, such as:
 - Down Payments
 - Cancellations & Refunds
 - Accurate estimates of ETA
 - Installation requirements, advice & caution alerts
 - On-line ordering capability with direct shipment to customer

Customer Services

- Customer feedback – guaranteed 24 hour response
- Customer sales appointments
 - In-store or at home (in-home appointments to measure, discover possibilities and limitations, design new kitchen or home theater)
 - 24 hour response
 - 3 choices of day & time
- Service Calls – requesting and scheduling
- Credit card payment capability
- Credit applications (apply for credit at home before coming into the store)
 - Need links and relationships with on-line credit providers
- Interactive Kitchen design capability – on-line or in-home
- Interactive Home Theater design capability– on-line or in-home
- Help desk and information line. (Continued on Page 3)

Customer Contact

Customer communication

- Customer to Store
 - Ask questions
 - Make suggestions
 - Ask for help.
 - Register complaints
- Store to Customer
 - Customer surveys.
 - Advertise Special Offers
 - Advertise add-on purchases
 - Product & Design Chat Rooms
 - Call Me Back Service

E-mail Follow-up

- Follow-up after appointments for service calls
- Follow-up after in-home sales appointments
- Follow-up after in-store sales
- Say thank you and solicit feedback
- Conduct service quality evaluations

Customer Information

- Collect e-mail addresses
- Ask for permission to contact by e-mail
- Separate permission for product alerts
- Special buys & offers
- Individual correspondence
- New Product Surveys
- Overall Store quality surveys

Company Policies

- Satisfaction Guarantee
- Price Protection Guarantee
- No Lemon Guarantee
- Rain Check Guarantee
- Let customers know exactly how to exercise their rights under each guarantee including whom to contact and the usual resolution method.
- Delivery Policy
 - Within 24 hours - \$45/unit (\$90 max)
 - 24 to 72 hours - \$25/unit (\$50 max)
 - At store convenience - \$15/unit (\$30 max)
 - All above within 20 miles – over 20 miles \$1 per mile
 - Free standing units set in place, hooked up & tested
 - Built-in units – have an installation price list
 - Clearly communicate the advantage of dealing with a reputable local retailer.

Advertising

- All forms of advertising should promote web address
- Dedicated advertising promoting web site
- More than just “visit our web site” – promote web site as a new way to do business with you.
- Promote the new services and conveniences you are providing
- Promote that you are easier to buy from and more dedicated to customer service and satisfaction
- Tell customers specifically how your site can make their lives easier

Budget

- Start-Up - \$2,000 to \$10,000
 - Internal or outsourced
- Monthly – on-going - \$500 to \$4,000
 - Internal or outsourced – regular maintenance & updating
 - Solicit and use Vendor Co-op funds.
 - Build infrastructure (people & technology) to implement the strategy & provide the quality service promised.

Links & Resources

- Vendor sites (without dealer locators) – for product information
- Link models in-stock to specific vendor model page
- Information sites – what to look for in a specific product
 - Advantages and benefits of specific features
 - Kitchen & Home Theater design sites
 - Supplier – Customer Service 800 #'s

Miscellaneous

- Content must be accurate and up-to-date
 - Inventory – up-date daily
 - Pricing – weekly or daily
 - Buying Information and Vendor links – monthly
 - Policies, Graphics - monthly
- Margins & Prices – same as store
- Commissions -split between store and staff
- Must have:
 - No Hassle Customer Service
 - Sufficient Inventory for speedy delivery
 - Fast, dependable shipping, delivery & installation
 - Easy to use site

Problems to avoid

- Lack of merchandise selection on the site. Many retailers hold back their best-selling products fearing that their web store will cannibalize their existing store and reduce profit margins.
- Lack of coordination between the web site and the store, with insufficient attention or focus on what the customer's interests are and how the customer can best be served.
- Lack of investment in the people, skill development and infrastructure necessary to be effective at serving customers in both Brick & Mortar stores and on-line.

38 Million US Households will be on-line in 2000
58 Million will be on-line in 2004
60% of on-line households will purchase something on-line in 2000
86% of on-line households will purchase on-line in 2004
Expected Consumer Electronics on-line sales in 2004 - \$10 Billion
Expected Major Appliance on-line sales in 2004 - \$3 Billion
Over 50% of customers interested in Consumer Electronics & Appliances are expected to research products on the Internet prior to purchasing, by 2004