

How Contrarian Retailers Are Fighting Back!

By T. Scott Gross

It was a beautiful spring evening as we drove deserted streets past a dozen or more small businesses, some closed early for the evening, some closed forever. At the far end of town, only WalMart could boast a full parking lot. And the scene could have been Anywhere, U.S.A. If it's not a picture of your town, just wait.

Besides closed storefronts, the discounters have brought variety and quality at low prices to small town America. But even the late Sam Walton himself can't be held responsible for the resulting deaths of scores of mainstreets.

It is true, though, that many would like to lay the blame squarely at his feet.

Sam just had a good idea...first. About half of his detractors must secretly wish that they had had the same idea... first. That plus the guts to do something with it.

WalMart and its imitators have created quite a stir with its impact on small town America. That's only because it's easier to spot trends and connect cause with effect in communities that rarely stretch more than a mile or two border to border. Even though small town America has become our laboratory for studying the impact of discounters, it would be foolish to even hint that the same things don't happen in our largest cities.

If it hadn't been Sam Walton who spotted the need for variety, quality and value, it would have been someone else who would be labeled

the despot of mainstreet. Even in small towns, individual tragedy is too easily overlooked when the community is apparently benefitting from a trend that brings toasters and microwaves for the first time to lower and middle class homes.

Besides, a toaster is easier to notice once it's sitting on your counter than old man Smith's now closed variety store. And wasn't he about to retire anyway?

In the larger sense, the Smith's of Anytown have been edged out by the quick-witted marketing savvy of Sam Walton and others. It hasn't really been a case of sophisticated city slicker MBA's knocking off well-meaning but ill-equipped small business people. Too often the little guy has cried "foul" when the truth could be more easily found in the mirror.

Every business is a Ma and Pa operation. Even the chain stores are Ma and Pa. It just depends on whose Ma and Pa they leave in charge.

It's not fair to call the casualties of retailing cry babies. Most fought bravely and didn't quit until well after the battle was lost. They are guilty of fighting poorly.

On the positive side stands a growing number of contrarian businesses that have discovered that service (we'll call it Positively Outrageous Service) may be the competitive advantage they need. These businesses have made a science of giving consistently good

service but they've made an art of providing occasional, Positively Outrageous Service, a pleasant, unexpected service surprise that leaves the customer saying "WOW!"

Positively Outrageous Service is random, unexpected and out of proportion to the circumstance. The customer is highly involved, sometimes invited to play. And best of all, Positively Outrageous Service is the story you can't wait to tell. Positively Outrageous Service creates the best advertising of all—compelling word-of-mouth.

These Folks Know POS!

Take Southwest Airlines, for example. This is the airline that fun built. Imagine the reaction of a planeload of weary travelers who are surprised with a rap version of the pre-flight announcements followed by an offer of free drinks to the passenger with the sock with the largest hole.

Perhaps the most interesting Southwest story involves the petite flight attendant who climbs into the overhead compartment shutting the door behind her. Put yourself in the shoes of the dog-tired commuter who opens the door and is greeted by "Surprise!" smiled in a soft, Texan accent.

American Express proved that Positively Outrageous Service can thrive in the largest of companies. How about the Egyptian agent who spent 12 gruelling hours on a

bus to deliver cash to a stranded card holder? Imagine the word-of-mouth created when three Amex agents worked around the clock to rescue 18 missionaries stranded during an attempted coup.

One of the most touching stories of Positively Outrageous Service comes from an unlikely location, a 7-11 foodstore in downtown Denver.

Her name was Roberta. At least that was what her name tag announced. Her total attention belonged to a tall, elderly gentleman who had placed his purchases on her counter. He stood as straight as possible, adjusted his collar and scarf and extended a gnarled hand.

Roberta slipped the handle of the plastic bag onto his wrist and waited for a second age-spotted hand to find its way to hers. She warmed his hands as tenderly as you've ever witnessed, then calling him by name, smiled and told him to..."be careful. I want to see you again tomorrow."

"Not what I expect at a 7-11," I said. "How come the special treatment? Is he a relative?"

"He's my customer," she said in a short phrase that explained it all. Then she tossed her hair, rolled those big brown eyes and smiled. "Oh, thank heaven for 7-11."

And that day, she was right.

Big Fish, Little Fish

The big fish do eat little fish. That's the way it has always been. Still, there are little fish.

Even the big fish worry constantly about some bigger fish swimming around some

dark corner. So if even the big fish aren't safe, what's a little guy to do?

The problem isn't what size fish you are. It's what kind of fish you are that counts. Little fish don't get eaten simply because they are little. It's more a matter of being in the wrong place at the wrong time.

Today's giant discounters are worried about "category killers", mega-operations that focus tightly on a single product category such as toys or office supplies. It's not unusual for the sales of entire product categories to be decimated when a category killer decides to open in close proximity to a discounter.

Category killers have such enormous buying power that they can purchase in truckload quantities of factory-direct delivery. Even the WalMarts and K-Marts, Sears and others don't usually have the individual store volumes to require truckload orders from a single manufacturer.

In retail, when it comes to being price competitive, the only thing that counts is distribution. Everytime you hear the sound of air brakes at someone's dock, listen closely for the sound of a price going up.

The point is this. If you're a little fish, don't even dream of beating 'em on price.

Service...Positively Outrageous Service...is the advantage that belongs to the littlest, most responsive fish.

Little fish that serve outrageously swim rings around the competition!

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