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Austerity Marketing

“Staying ahead of the competition”



BY DENNIS MCCRORY

When sales drop, drycleaners often have a tough time convincing themselves that marketing is still a worthwhile investment in their business. Curbing your advertising when consumers are reevaluating their purchases, which is what's going on now, is a dangerous thing. The last thing you want to do is sit on the sidelines while your customers are trying to decide if your services are worth spending

their limited dollars for.

Some drycleaners believe that now is the time to shrink their advertising, when the economy falters and consumers cut back on spending, but a down economy is the perfect time to do just the opposite. In fact it should now be increased, to grow your market share significantly, while timid competitors retreat.

Drycleaners are one of only a few businesses providing a service that is based on extending the life of something the consumer has already purchased. Thereby saving them the cost of having to repurchase those items, their clothes, again.

Auto mechanics are in a similar situation. Everyone knows that car dealers are going out of business on a daily basis. This is happening

around the country. Even the car manufacturers are going bankrupt. If people aren't buying new cars, it stands to reason that, they will have to maintain and repair their old ones. There's not much choice. You either fix the one you have or you buy a new one. And no one's rushing out to buy a new one.

Clothing retailers are seeing 26% declines in men's clothing sales and 48% declines, on average, in women's clothing sales. They know the average consumer is clutching their pocketbooks in fear. People are not, and will not, be buying clothes in the same volume as they have in years past. Again, they have a choice: either maintain and refurbish the clothes they have or buy new.

Millions of people will elect to restore their present wardrobes. This is your overwhelming opportunity.

How To Capitalize On This Once-In-A-Lifetime Opportunity

Drycleaners who are spending 3% or more of their sales on well thought-out and planned marketing strategies are showing, at least, marginal growth. Those who opted to cut back on their advertising, as an optional expense, are reporting the steepest declines. Almost without

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exception, those with the strongest advertising, in their areas, are also those who are managing to stay “in the black.”

What they are doing and what will bring consumer dollars to your counter is known as “austerity marketing.” In this new economy, drycleaners have to spell out the value of their services to urge suddenly conservative consumers to spend.

A shift in consumer behavior has taken place. Consumers across all income levels are responding to the troubled economy by reining in spending. We are marketing to consumers who don't want to spend. They're seeking out the best value for their money: not necessarily the lowest price. High quality drycleaners, offering any reasonable price incentive, are seeing the most gains.

In a study released in June, Cramer-Krasselt research agency, here in Chicago, found that customers are taking a different approach to shopping and money management. Nearly two-thirds said they have to sacrifice spending on things such as vacations, driving, dining out and name brands to cope with economic realities. More than half said they are more price-conscious now and 41% said they spend “only when they absolutely have to.” Many consumers are reevaluating their needs, the study found, and cutting out the nonessentials.

Consumers are changing their pur-

chasing habits, regardless of their income levels. Nearly three-fourths of consumers with household incomes of \$100,000 or more reported that they were cutting back. Beyond cutting back, consumers are shifting both their spending habits and their mindsets.

**“A shift in
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“Shoppers have become more deal-seeking in their behavior, according to TNS Retail Forward, a Columbus, Ohio based market research company.

Consumers overall are trading down. Higher-income consumers are foregoing trips to department stores and instead buying from big-box retailers. And middle and lower-income consumers are visiting more dollar stores more often.

More than one-quarter of customers

in a recent survey said they are shopping at retailers that offer lower prices or better deals than the retailers they usually frequent, 54% are shopping at more discount giants and 38% are visiting more dollar stores.

Such consumer moves are skewing drycleaners customer profiles, leading to demographic shifts in their customer bases. In other words, the faces of your customers are changing. And, the way you market to them needs to change to attract and accommodate these new customers.

Consumers – especially those with the means to do so – are still indulging themselves on occasion, but they're doing so more sparingly and they're offsetting big purchases with bargain hunting.

To prompt today's reluctant customers into action, drycleaners have to spell out the value of having clothes professionally cared for. We have to remind customers that they not only look better, but their clothes actually last longer when drycleaned. Consumers want to know what they are getting for their money and they want to feel like they're getting a bargain.

The real-value, rather than simply the price, is now the primary difference, and so it will remain long after the economy rebounds. Drycleaners should see this as the greatest opportunity of their business lives, because they are in the right business at the right time. ♦

Curbing Customer Slippage



BY ED ROTH

This scene took place 25 years ago and I remember it as if it were yesterday. I was still teaching High School Math, but I was taking care of the store for my Dad, who was

spending a month in his new home in Florida. I needed some extra baskets and I heard of a friend who was going out of business and selling off all his stuff. His name was Alan and he owned Hillpark Cleaners in Hollis, Queens. When I got to his store we schmoozed a bit about business and the vagaries of customers and landlords. He was obviously sad that his business had failed and sad to see the sale of his stuff. On his counter, next to his register, was a pile of mail. Some opened, some not. I looked at the pile and noticed that many pieces were from a place called the Golomb Group. I asked him what it was and he gave me this

hand wave that meant it was just some junk mail that had no meaning and was worthless. He told me it was from some guy who charged \$10 a week and had ideas of how to promote your business. "Just another piece of junk," were Alan's words. The Golomb Group pieces were all unopened. Now try to visualize this picture. People coming into his broken down, disgusting looking, call office to buy his stuff at about 10 cents on the dollar. He's got mail from a guy who states that he can help you to double your business within a year using his programs, and it isn't even opened. You can't make it up. Instead of buying a basket, I asked him if I could take the unopened Golomb pieces. He said "sure, it's just more junk."

When I got back to my store I opened the mail and read about different promotions and ideas. My Dad was doing \$170,000. He had tried one promotion, where he gave away a 12 inch TV, then decided promotions were not for him. I called Stan Golomb and spoke to him for awhile. He asked me if I had room for twice the business. I thought he was nuts. Anyway, I wanted something to jump start my Dad's business. I wanted something exciting and fun. He recommended the jackpot promotion, where you gave away \$100 a week to a customer. The catch was the customer had to have come in to the store that week to sign his card. If he/she wasn't in, then the prize went unclaimed and next week it was up to \$200. The promotion worked great. We took pictures of all the winners. One week it got up to \$600. It took some time to really see the effect of the jackpot program, but it was easy to see that the customers were excited by it. It was before computers and the work of having each

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USER NAME: "GOLOMBMEMBER"
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We'll be changing these from time
to time, so keep posted!

CURBING CUSTOMER SLIPPAGE (Continued from page 3)

customer sign the card was a hassle, but it was worth it. I ran the program for about a year (even though my Dad came back). As the years went by I tried other programs that were successful in building the business. We went from \$170,000 to \$275,000 to \$379,000 and continued to grow through the years. I'm writing this story because of an incident that happened last week. Actually, there were two incidents.

Last week, two different friends came to me with the same problem. Both had left their regular dry cleaner and brought their clothes to a competitor. Both competitors did not have the clothes ready on time, and eventually both competitors misplaced the articles. At this time, one comforter is still missing. I advised both friends of their options, but was more curious as to why they changed cleaners. Both said they went to a cheaper cleaner. One friend was pretty attached to his present cleaner so I was surprised, the other had no real relationship with the cleaner. In fact, I'm sure neither friend had any emotional tie to their cleaner. If they had one, they never would have left. Both were adamant that they would never go back to the new guy, but I'm not sure. The major questions are "Why did they leave?" and "How can you avoid this slippage of customers to other competitors?"

The answer to the question came to me while I was reading the profile on Randy Parham of Acme cleaners in this newsletter. Why are we not all doing some of the things that Randy is doing?

CHRISTMAS CLUB: Randy's grandfather, Jim Parham, taught me the \$5 Christmas Club 25 years ago. It works like a charm. No thoughts that this employee is getting more for Christmas than

another. No guessing of what each employee is getting. No disappointment at their bonuses. No quitting before the holidays since they are looking forward to their \$500. No anguish over what to give the presser as opposed to the CSR. It's a no brainer. If \$250 is too much for you to spend on an employee, make it \$2 a week, or \$3, or \$4. The retention alone will pay for itself.

BIRTHDAYS: In my store of 13 employees, we have a lunch party and cake for each employee. If you've got too many employees, then have a party each month like Randy does. Make sure you make each employee feel special with some kind of gift that can be duplicated for the other employees so everyone feels equal.

The major questions are: "Why did they leave?" and "How can you avoid this slippage of customers to other competitors?"

CUSTOMERS: Why aren't you contacting new customers? Do you know how much it cost to capture a new customer? The current estimate is about \$350. Isn't it worth 44 cents to send a Thank You note for someone who just decided to walk in your door and save you the \$350 it would have cost to capture them?

What about a phone call a few days after they pick up the order? Just flag the order, and have the CSR remove the flag upon pick up. The cost of this is pennies. The rewards are thousands of dollars of new customer work plus thousands of dollars of word-of-mouth marketing. I taught this trick to my friend Frank Whitehouse. He called me last week to say he was having one of his best Saturdays ever. When he came in to work he saw bundles of clothes that he thought were storage. He asked his son why he was pulling the storage out on a Saturday. His son told him that it was storage, but it was brand new storage. Mrs. Peters had gotten a new customer letter with a

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When it comes to customer acquisition and retention, nothing works better than direct mail. Here's why: Television, radio, and even newspapers, reach too broad a market. In most cases, you're paying to advertise to people who will never use your services. Mainly, because they're too far away. Telemarketing is blocked thru "Do Not Call" lists and e-mail is blocked by anti-spam guards and other filters that prevent your message from reaching your target audience. Only direct mail gets your message to the right prospects, every time!

The Golomb Group offers you a monthly mailing program that effectively targets your market on a continual basis. And the best part is, we've designed it to work **automatically!**

Here's the Plan

We will contact the best prospects in your market with a custom designed, 6" x 9" heavyweight, full-color postcard. You select your own offer or use one of our suggestions. We'll e-mail or fax a copy of your customized layout for your final approval. Then, we'll handle all the details (printing, addressing and mailing) for you.

It's Your Choice

You can even customize the program. We'll work with you to select only those prospects you really want to reach.

Repetition is the Key

Getting good results takes repetition. But contacting your entire market area every month may not be affordable. We will cycle your mailings based on your budget. This is an ideal way to get continuous, targeted marketing at a budget you can afford!

Benefits

- Uncover more prospects
- Contact new residents
- Win back lost customers
- Make more from your regulars
- Reduce turnover

You have to be aggressive in the drycleaning business to succeed. Actively marketing your services is the way to put you ahead of your competitors and first in your customers' eyes.

Don't pass up this opportunity to boost your business. Act now and put your sales into high gear with a targeted direct mail program. Let people know what makes you different and give your prospects a reason to call you their cleaner.

While the idea of increased sales and profits is still fresh in your mind, pick up the phone and call **1-800-833-0560**.

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816 Shannon Lake • Westmont, Illinois 60559
800.833.0560 • 630.971.3200 • fax 630.971.3232

Randy Parham

Acme Cleaners

Orlando, FL

Every month I hope the profile will bring forth some thought that will click with Golomb Group Members and make them think about some new idea, evaluate an old idea, or just reflect upon how another Member has attained his/her goals in the industry. This month we travel to Orlando, Florida to interview Randy Parham, the owner of Acme Cleaners, and the grandson of long-time Golomb Members Jim and Sarah Parham. Jim and Sarah have recently retired to the west coast of Florida and have left the reins of Acme Cleaners in the very capable hands of their grandson, Randy.

I met Jim and Sarah about 20 years ago at a Golomb Group seminar. Acme Cleaners was heavily into the hotel valet business in Orlando, servicing most of the Disney hotels. Originally, Jim was the exclusive cleaner for Disneyworld until they grew so big that they built their own cleaning plant on the premises. Jim was proud of the fact that he cleaned the six uniforms of the first six security guards that protected the first road that was built into Disney World, allowing the construction equipment to enter. They always strove to build a first class operation that appreciated their employees and appreciated their opportunity to serve the Orlando community.

Now it is 20 years later. Jim and Sarah are no longer involved in the business. Randy faces some of the old problems, and many new ones, too. I was surprised to learn that Acme no longer was in the hotel valet business. Shortly after 9/11 the hotel business became one headache after another. Everyone wanted their own deals. Everyone wanted their spe-

cial cleaning done for free. Collecting money from people who didn't want to pay became a huge hassle. Calls in the middle of the night became more frequent.

Employees and owners were running around like chickens without their heads in order to service these demanding clients. Randy decided that the way out of the hotel business was to form routes. He learned techniques from Rex Carrigan, read as many books as he could, and listened to as many experts as he could. The answer was both simple yet difficult. It required a lot of fortitude, time, and hard work. Randy had to go out into the surrounding areas and "knock on doors!"

Randy's mantra is "The first step is to have a plan. Know what you want. Know how to achieve it. Then go out and do it." Randy knew he wanted routes of about \$5,000 per week. He targeted homes that were \$600,000 and up, and had owners who earned \$90,000 and more. Then, he went and started knocking on doors. At first his success rate was about one in twenty. He refined his speech and his manner and became so good at selling that he was soon signing up almost six in ten new homes. His speech went something like this: "Hi, I'm Randy from Acme cleaners. We've been in business since 1928. We pick up and deliver dry cleaning and laundry Tuesday and Friday in your area. We service many of your neighbors. We're a great company and we would like to be your cleaner. I'm out spreading the word today and I have a VIP bag for you, so that you can get started with my company." Randy said that you have to be ready for
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MEMBER PROFILE
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the objections, and I asked him what were the most frequent ones he encountered. “The first thing people say is that they don’t want you to go out of your way for their cleaning. They’ll bring it to your store. To that you say, it’s absolutely not out of our way, in fact we pick up from this very block, so it’s no hassle at all stopping to pick up your cleaning. The next objection is that they feel people will steal their clothes if left on the door. The answer to that is “Did you ever go to a garage sale? Did you ever see people selling old clothes? If you did you’d notice that clothes were the last thing people sold, and it was the most discounted. People don’t want other people’s clothes. It might not fit, it might not be clean, and it might be worn. Why don’t you try our service?”

Through this tedious process Randy helped build three successful routes, which are the mainstay of his business today. His other secret is to pay his drivers commission instead of salary. They receive 15% percent of their route sales and a flat \$30 fee for bringing in a new customer. This inspires the drivers to hone their selling technique and always stop by new homes to bring in new clients. In many discussions with owners who have routes, giving drivers percentages of the route was a major force in growing the route.

Another of Randy’s projects that has changed his business is the new website that drives customers to the route. The website is “www.Acme Cleaners.com” and it is simple and

easy to navigate. Prospective clients sign up for the route and are called, either the same day or the next day, to have a CSR explain the service, get preferences, and set up the first pick-up.

Acme Cleaners has 25 employees. One drop store and one plant with three vans running each week. It has four different types of cleaning machines: perc, hydrocarbon, Aquaclean, and Green Jet. A Unipress double-buck rotary turns out 3,200 shirts a week @ \$3 each. Two collar and cuffs help feed the rotary. Randy uses a heat seal system to tag every garment and an HMC Solutions Automatic conveyor system that sorts the pieces as they come through. He’s had the system for three years and loves it. Each garment is priced separately so the automatic conveyor can sort it. Sport jackets are \$7.80 and pants are \$7.20, making suits \$15.00.

**There is no
 customer
 satisfaction
 without
 employee
 satisfaction**

Special marketing programs including a \$10 Off gift certificate for anyone referring a customer. Both the new customer and the referring one, receive the gift certificate. Whenever a new customer is entered into the system they receive a phone call and a letter. A manager contacts the customer to make sure their experience at Acme is up to standards and beyond. A card is sent out thanking the customer. There is also a system set up in the computer to alert the management team whenever a customer has not

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CURBING CUSTOMER SLIPPAGE

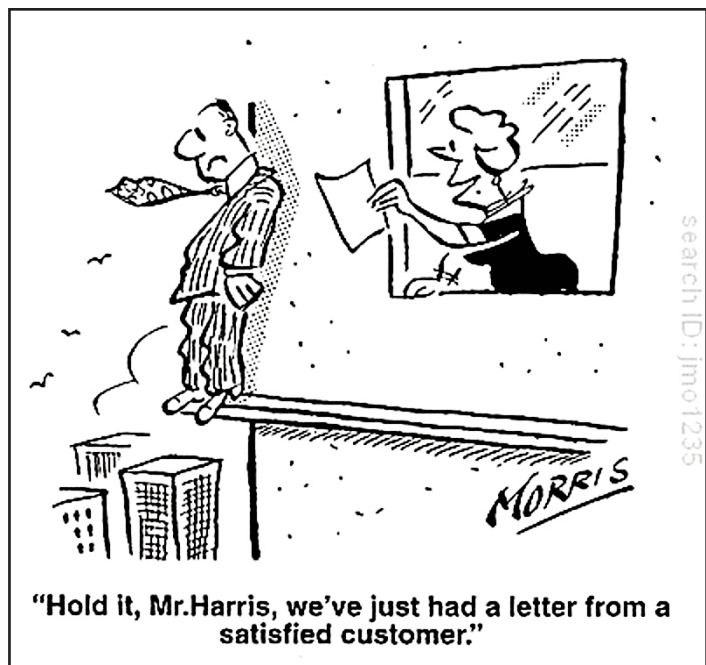
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offer for 30% off her next order and a Thank You for trying Whitehouse Cleaners. She was so blown away with the Thank You, that she brought in \$1,200 of winter storage (mostly sweaters and coats) and prepaid for them. All this for a computer written letter and a 44 cent stamp. At this month's cost group meeting, my friend Paul Bagley described a similar incident in his own store and thanked me for giving him the idea of the new customer Thank You.

COMMUNITY: I've always loved the Coats for Kids campaign, but it certainly is a lot of work to clean, sort, and deliver coats to the local schools and needy people. I especially love the Christmas tree idea that Randy Parham has done in Orlando, Florida. There aren't too many coats in Florida, but the idea to have the local orphanage and needy children write requests on a Christmas Tree is outstanding.

It's so great, I'm surprised I didn't think of it myself! And, it's so simple. My store is in an Orthodox Jewish neighborhood, so I think I'll have to place a big Chanukah Menorah next to the tree. In every neighborhood there are needy people. Even if you have to travel a bit. Why aren't we all doing school promotions for the needy as Acme is? Certainly, in these trying times, charity like this creates an even greater effect than ever. It shows your customers that you care. It shows that you are not in business just for the money. It shows that you understand the times that we live in, and the contribution that each individual can make toward a better and more caring world.

Had my friend's cleaners had programs like this going on, I bet they never would have left for "cheaper" prices. John DeJulius says that when the service is better, price becomes less important. I truly believe that retention programs are a vital part of a thriving business. Retention programs come in all sizes and formats. The kind of person you are, and the kind of programs you promote, go a long way toward retaining your customers. Think about it. Now take the time to plan it. Now go out and do it. If you need any more information on any of these programs feel free to call Dennis, myself or even Randy Parham. ♦



Ed Roth is the owner of U.N. Cleaners in Flushing, NY. He is an active member of the Golomb Group. If you have comments or questions about Ed's articles, please contact him by e-mail: edrothun@aol.com or tel:(718) 969-0207

Loyalty programs: the ultimate gift

**DSN Retailing Today, March 5, 2001
by Moin Uddin**

Increased customer loyalty drives long-term profitability more than any other strategic factor. In fact, Frederick Reichheld, author of "The Loyalty Effect," estimates that companies can boost profits by almost 50% by retaining just 5% more of their customers.

The average American retailer loses roughly half of its customers every five years, according to Reichheld. With the escalating cost of new customer acquisition, it's no wonder retailers are turning to specialized loyalty programs as opposed to the use of one-time instant discounts or gift programs offered at the cash register. These programs offer retailers the best opportunity to extend their relationship beyond the sales transaction to create an ongoing dialogue with targeted consumers, promote brand loyalty and drive incremental sales. For example, a well-designed loyalty program for private-label credit cards can potentially increase retailers' sales by 10% to 15%, an increase usually driven from:

- * 10% to 15% in average transaction value;
- * 10% to 15% in the number of shopping transactions. Or a decrease of:
- * 5% to 10% in attrition rates.

While instant prizes or discounts have been integral to private-label credit card loyalty programs in the past, today's retailers are shifting

toward more customized offers--largely due to competition from sweepstakes, big-ticket prizes and long-term point programs. These customized programs allow retailers to fashion a one-on-one relationship with the customer. From a marketing point of view, loyalty programs also provide information for future customized marketing campaigns. So how can a retailer really earn a greater share of their most loyal shoppers' wallet?

When creating a loyalty program, you need to find your consumer's specific hot buttons--a high perceived value, easy-to-understand program with rules, rewards and options to choose from, and, of course, recognition. The best loyalty programs are successful because they are easy for customers to take advantage of, while offering them a valuable incentive to both visit and shop more at that retailer's store.

When designing a loyalty program, set a specific goal--what you want the program to accomplish--and tailor the program to gain the maximum desired results. Consider the following: Whom exactly do you want to build your relationship with? What's the value proposition your customers are most attracted to? Are you trying to get them to return to the store more often? What value is being accrued by customers that participate? Through analysis and a "voice of the customer" research process, these questions can be addressed.

An effective loyalty program should have a combination of "hard" and "soft" benefits. With hard benefits,

customers need to feel that they are getting their money's worth. For example, The Men's Wearhouse cardholders can accumulate points towards a \$50 certificate good for any merchandise in the store. The soft benefits not only support the "recognition" factor, but make customers feel important--e.g., pre-sales shopping opportunities, advance purchase agreements and free gift-wrapping service. Disney's credit cardholders, for instance, can access products before they are available to the general public.

In addition, a loyalty program can provide the flexibility to implement tactical seasonal campaigns over a specified time and help drive incremental store traffic and sales during slow periods. For example, the Gap ran a campaign in 2000 where cardholders who charged a minimum of \$120 between Nov. 10 and Dec. 22 received double points for all their purchase activity within this time frame, stimulating additional sales.

Whether in the form of on-line offers and vouchers, welcome packages, certificates for meeting goals or billing statement inserts, a well-designed loyalty program can go a long way toward keeping the retailer top of mind with its customer base even when they're not in the store.

As a good marketing practice, ensure a test and control strategy, with defined measurements in place, to measure the true success of the program and its P&L impact. So before you hand out another "freebie" at the register, ask yourself: Is it a promotion or a relationship builder?

MEMBER PROFILE
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shown up within a certain amount of time. A contact is made with the customer to show concern and possibly win the customer back, or determine the reason for their leaving. This is an essential part of any winning business.

Of course, as Sid Tuchman always preached, "There is no customer satisfaction without employee satisfaction." To this end, Randy has several programs running. Each employee puts \$5 a week into a Christmas Club type savings plan. Randy matches the \$5, so by the end of the year, each employee receives a bonus of \$500 (\$250 from Randy and \$250 from their savings). There is also a 401K pension plan. Randy offers health care whereby the employee contributes only half the premium and Randy the other half. Randy believes he has the best employees possible. Each station is air conditioned if possible, or has an air flow system set up nearby to make the summers comfortable. There is a monthly party at which employees having a birthday during that month receive a coupon for credit for their cleaning and a \$25 gift card good at a local restaurant.

The last piece of the puzzle that makes Acme so successful is the participation in community programs that Randy encourages. Every Christmas there is a tree in the call office where requests are hung for the needy people of the community. Customers pick a request and bring in the present that fulfills that request.

Acme gift wraps the gift and gets it to the person making the request. Most of the requests come from a nearby orphanage.

At the start of each school year, Randy does a similar promotion for the local needy school children. This time he has the needy children write requests for the school supplies that they need. Pencils, notebooks, and backpacks are the most asked for supplies. Again, requests are filled by customers and Randy facilitates the delivery.

All these programs, for the employees, the customers, and the community, comprise a winning combination of events that make Acme Cleaners one of the most respected businesses in Orlando. Sales have kept steady through these tough times and Randy knows that the diligence spent satisfying customers, helping employees enjoy their workday, and being a kind soul for the poor people of the community, is the force that has kept Acme as successful as it is today.

As I write this profile I realize that I've spent little time describing Acme's nuts and bolts operation, and have spent a lot of time on the programs that have been the linchpin to Randy's success. The programs and ideas are simple, smart and heartwarming. I hope their presentation here will stir some of you to seriously think about integrating some of these ideas into your own businesses. ♦

The Final Inspector

By Don Desrosiers

Have you ever thought about employing a “supreme final inspector”? The be-all, end-all, buck-stops-here person that double-checks everyone else?

If you did that, every garment that leaves your plant would be perfect. Or, at least, that would certainly be the point of having such a staff member.

This idea has two surprising twists.

First of all, I did employ such a person many years ago and I will share that experience with you and secondly, you don't need to hire a final inspector and you will soon see why.

About 15-20 years ago, before I developed the Tailwind System, I suddenly found myself with a serious miss-assembly problem at my shirt plant. I was about to lose some big customers unless I made that problem go away immediately. I hired a full-time final inspector to double-check for buttons, press quality and to make sure that all of the correct shirts were in the bundle. My problem went away instantly.

And I traded away that problem for a new one. You see, at first, buttons that were over-looked perhaps because of their obscurity were caught. Shirts that had pressing defects were seen in a different light and honest assembly errors, like that “0” that looks like an “8” when there is a staple through it were miraculously caught at the last minute. It sounds good. The problem is that doesn't stay good. Here's what goes wrong: The people that really should be checking buttons morph into someone that is less careful. The people that are in charge of inspecting press quality become more cursory and the people that surely know that we must never fail to put the right clothes into the right order begin to forget the importance of their job. They all adopt the attitude that “if I miss it, the final inspector will pick upon it.” That will fail too, for two reasons. First, considering the miss-assembly issue that I had as an example, no one is as bad as 99% accurate. Being right 99% of the time sounds pretty good, but it is awfully bad when assembling garments or landing an airplane and many other things. In fact 99.9% accurate is quite poor as well. In fact, you don't have enough money to pay that many claims. Do the math. A final inspector becomes very much accustomed to seeing correct orders – let's say 999 correct orders for every 1 incorrect one - that they become as likely to make the same mistake as the assembler. They miss the wholly uncommon mistake as it is lost in the sea of righteous ones. The value of the final inspector becomes very much diluted. Couple that with the staff that becomes careless. Now mistakes become more common. The final inspector's job seems to support its existence because they catch mistakes. All told, however, the inspector is a bad idea because 1) it breeds carelessness, 2) it increases payroll cost with no return and 3) (I promised two twists in the plot) you already have a final inspector! That person is, of course, your customer. Listen to them and react to their comments, concerns, complaints and issues. Then, fix the problems that they bring to light. I made a mistake when I hired a final inspector. I threw a body at a problem! Bad move!

“If you do what you've always done, you'll get what you've always got.”

Don Desrosiers
Tailwind Systems
Westport, MA 02790
Cell 508.965.3163 Fax. 508.636.8839
tailwindsystems@charter.net
don_desrosiers@charter.net
www.tailwindsystems.com



Guaranteeing Success

Money-back guarantees can be a useful marketing tool when consumers are watching their wallets

In this economic climate, in which many consumers' jobs are uncertain at best, the power of a money-back guarantee is that it removes the risks associated with making a purchase. It's all about winning customers' confidence. It'd like saying, "We feel your pain." With a guarantee, a drycleaner can communicate not only that it's confident in its services, but also that it understands the pressures that consumers are facing, now. A guarantee demonstrates that the cleaner is willing to work with customers to insure their satisfaction.

Now that nearly every consumer is counting their pennies, companies employing this proven tactic are making headlines. The Sun Journal, a newspaper in Lewiston, Maine, is offering to refund readers' subscription costs if the paper's ongoing series featuring daily money-saving tips doesn't help subscribers save at least \$1,000 in six months.

Could a drycleaner make a similar, headline-grabbing offer? Easily. Consider guaranteeing your customers that they can double the life of their clothes by having them drycleaned, instead of washing them at home. We all know it's true. It's just that few of us have the nerve to advertise it for fear that one person may claim otherwise. Would the attention grabbing, free publicity that such an offer would garner, be worth the risk to you?

As consumers continue to be hyper-focused on the financial situation, it's likely we'll see many more companies adding money-back guarantees to their marketing campaigns. Money talks, and the security of a purchase protected by a money-back offer certainly sings these days.

When used correctly, money-back guarantees have been shown to attract customers' attention, boost brand awareness and, ultimately, drive up sales. Most reports indicate that as few as 1% to 2% of customers ever request their money back from such an offer. And that's a generous estimate. It's much more about feeling that they could request a refund, but most people never do.



How money-back guarantees can pay off for your business:

1. They attract consumers' attention – especially when everyone's mind is on economic concerns.
2. They boost brand awareness. drycleaners can position themselves as high-quality and worthwhile by offering a money-back guarantee.
3. They foster consumer confidence. If a company is confident enough in its product to offer a money-back guarantee, consumers will be more confident in the product as well.
4. They remove perceived risks associated with making a purchase. If a consumer knows he can return a product, there's likely to be less hesitation to buy it.
5. They can be great PR for a company's image. During tough economic times, companies that offer money-back guarantees can communicate that they understand consumers' concerns.