

# Gelomb Group

**YOUR MARKETING PARTNER**

FEBRUARY  
2009

FOR THE ELITE OF THE DRYCLEANING INDUSTRY

## An Action Plan For Today's Economy

*“Staying ahead  
of the competition”*



**BY  
DENNIS MCCRORY**

As the recession wreaks havoc on both businesses and consumers livelihoods – and many economists expect this slowdown to continue for some time – drycleaners need to find short-term marketing solutions while still focusing on their long-term goals.

The best strategy, in this business climate and the economics of 2009, is to create greater consumer confidence, an economic bellwether and a drycleaner's building block to success.

As we plow into this new year with credit tightening, investments tanking and jobless rates climbing, consumer confidence has eroded further and faster than in any recent recession. The Consumer Confidence Index, a four-decade old economic indicator, hit its lowest level ever in October, bottoming out at 38.8 on a 100-point scale. Current, it has crawled up to 44.9 and remains well below the average reading on 90 that signifies good economic times.

Even the savviest economists can't pinpoint when the U.S. economy will come out of its head-long descent. But drycleaners shouldn't

just sit by, twiddling their thumbs until consumers start to have a rosier perspective on their's and the country's finances.

So often, we in the cleaning business assume that it is our excellent location, superior service, or well dressed counter-personnel that will perpetuate our business. The fact is, consumer trust in a customer-service relationship is the defining factor in determining who will win in business.

### What Is Trust?

We use that word so often, yet are not able to define clearly what it means or how it makes a difference. Trust can be called the R.O.C.C. upon which excellent customer-service is built. Because the answer comprises four distinct areas: Reliability, Openness, Concern, and Competence.

**RELIABILITY:** We all know what it means, but do we really put it into practice? Reliability means doing what you say you will do, following through as promised, delivering as scheduled, with no excuses. It is our first step toward demonstrating our trustworthiness.

Take control of

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your own reliability by never promising more than you can deliver and always delivering what you've promised.

For instance, if you are scheduled to take down a customer's draperies on Tuesday morning at 10 a.m., but don't show up until 11 a.m., the customer begins to question your reliability. This erosion of trust will creep into the customer's perception of the quality of cleaning that you're providing.

**OPENNESS:** For the most part, "honesty is the best policy." Customers want truthful, candid answers to all of their questions. When we are the customer, we want the same thing.

Occasionally a garment may be ruined by genuine employee error and we must assume responsibility. It would be a tragic mistake to repeatedly put the customer off by simply saying the garment is still being processed and then, eventually, admitting it was ruined. Even reimbursement for the cost of the garment won't heal the wound caused by this kind of deception. However, if a garment is ruined and the customer is immediately called and informed that the garment cannot be located and that you are

prepared to make a full and immediate reimbursement for its cost, this could be better than the customer actually seeing his or her favorite garment disfigured. Everyone, even customers, can understand that something can be lost. But not everyone understands the

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**“Customers look for a level of quality workmanship relative to the prices we charge”**

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technical difficulties that can be encountered in processing a multitude of varied garments.

**CONCERN:** This means asking enough questions about your customers and their clothes, so that they know that even if your prices are higher than your competitors, you genuinely care about them and their appearance.

Too often we become so focused on our businesses we begin to think it's only about "money." But our customers want to know that we have a long-term interest in them as well as their clothes. It's good business to remember birthdays and anniversaries and ask about a customer's family.

We build relationships by gathering information of importance to our customer and then recalling that information to let them know that we asked or heard, and we cared.

**COMPETENCE:** The services we provide must meet or exceed our customers' expectations. Customers will not buy from us just because we are nice people or because our cleaners are socially conscious. We prove our competence by becoming an expert in our industry and by demonstrating our abilities.

Customers look for a level of quality workmanship relative to the prices we charge. Based upon those prices, they want to get what they pay for and are thrilled when they get more. It's an interesting phenomenon - the more you give your customer, the more you'll have a customer for life. ♦

# Marketing Through a Recession

With business owners under enormous pressure to control costs and maintain liquidity in the current credit crisis, advertising budgets often appear to be a dispensable luxury in the struggle to survive. Executives who succumb to that temptation, however, put the long-term future of their companies at risk, according to advertising experts at the Wharton School of Business at the University of Pennsylvania.

"The first reaction is to cut, cut, cut, and advertising is one of the first things to go," says Wharton marketing professor Peter Fader, adding that as companies slash advertising in a downturn, they leave empty space in consumers' minds for aggressive marketers to make strong inroads. Today's economy "provides an unusual opportunity to differentiate yourself and stand out from the crowd," says Fader, "but it takes a lot of courage to get on board with that."

According to Wharton marketing professor Leonard Lodish, with demand slack for advertising services, the cost of these services goes down, making advertising expenditures all the more defensible in a bad business climate. "If your company has something to say that is relevant in this environment, it's going to be more efficient to say it now than to say it in better times."

Research shows that companies that consistently advertise even during recessions perform better in the long run. A McGraw-Hill Research study looking at 600 companies from 1980 to 1985 found that those businesses which chose to maintain or raise their level of advertising expenditures during the 1981 and 1982 recession had significantly higher sales after the economy recovered. Specifically,

companies that advertised aggressively during the recession had sales 256% higher than those that did not continue to advertise.

For companies that do stay the course and continue to advertise into a recession or increase their promotional activities, the key is to craft messages that reflect the times and describe how their product or service benefits the consumer. For example, companies might be tempted to emphasize price in a recession, but that only works for companies like Costco and Wal-mart that are built around a core strategy of providing low prices year after year, says Lodish. He points to the current Wal-Mart campaign, "Save Money. Live Better," as a successful approach to the recession.

Dean Jarrett, senior vice president of marketing at The Martin Agency in Richmond, Va., which developed the Wal-Mart ads, acknowledges the campaign began in 2007 before it was clear a harsh recession was building. "We can't claim we knew a recession was coming, but "Save Money. Live Better" is dead on-point with who they are and what they want to be."

Eileen Campbell, chief executive of the Millward Brown Group advertising firm in New York City, says that while companies should probably not dwell on the recession and scare consumers into hoarding their pennies under a mattress, certain products require a straight-up approach -- such as financial services. "If you are in the financial services category, to behave as you did a year ago is silly." At the same time, however, many consumers are weary of negativity generated by the recession and would be receptive to a more upbeat message, she adds. "If you can put a positive

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## MARKETING THROUGH A RECESSION

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spin on how you can genuinely help without invoking doom and gloom, I think that's going to be more compelling."

### In Control of Your Pushups

Wharton marketing professor Patti Williams cites Gold's Gym -- the Texas-based gym chain -- as an example of a company that has found a way to navigate the economic slump while promoting a product that might seem discretionary or self-indulgent in hard times. One television spot shows legs working a stair climber as words pop up across the screen changing from "First floor" to "12th floor" to "Kilimanjaro" to "Olympus." Finally the words, "The Corporate Ladder," appear.

"This is about being goal-oriented as opposed to a general fitness or vanity play," she says. "It links to the economy because people are less likely to be spending on flashy things and more likely to be thinking practically and pragmatically. Certainly people are going to be spending less in this downturn, but they will spend something."

Williams agrees that advertisers should approach the 'R-word' (recession) with extreme caution. "Along with this economic downturn comes a lot of emotional response, such as anxiety. It is characterized by a sense that you lack control, that you don't know what's coming and you are at the whim of cir-

cumstance. To the extent that advertisers feel their clients or consumers are experiencing anxiety, ads should try to empower consumers and help them think of ways to be in control in a world where they feel out of control."

Patti Williams The Gold's Gym spots address this concern, she suggests. "You can't control the economy but you can control how many pushups you do, and take control where you can, and we can help you.' That's a powerful message."

**“Value is another important message to build into the marketing campaigns during a downturn...”**

Value is another important message to build into marketing campaigns during a downturn, according to Williams. Many marketers design communications aimed at justifying the price they charge for goods and services, either by emphasizing a low price or touting the benefits the company can provide to buyers. "Advertisers will do both," she says. "Some are in a better position to talk about

lower costs while others will have to focus on what you get for your money."

Luxury businesses should take a completely different approach, appealing more to emotion, Williams notes, emphasizing the need for some emotional release or comfort in difficult times. High-end advertisers will also attempt to emphasize long-term value - such as suggesting that a watch is not just a purchase for today, but for years to come. "You can try to remind people that this is, hopefully, a temporary state of things and we should not be focusing on the immediate future but also

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# The power of nice



**BY ED ROTH**

Last Sunday morning I was on my way to get bagels for breakfast. I found myself on the expressway traveling about 5 miles to my favorite bagel place.

As I rode on the highway, I started to say to myself, "You're such a jerk, Ed, why aren't you going to the bagel store that's 3 blocks away. The bagels are basically the same, for the same price." I thought about it for awhile and realized that I was going to the Bagel Club because when I got to the counter I was recognized, they called me by my name, and if I missed a week or so, they asked me if I was okay and that they missed me. As I stood in the long line, waiting my turn, I thought about the "Power of Nice": The power of the clerks in the bagel store, and the power they exerted over my feelings, emo-

tions, and shopping habits.

My friends and fellow Golomb Group Members, Frank and Claire Whitehouse, run a very friendly business. They know all their customers by name and make sure each birthday, birth, or special event is noted with a card or gift. A few months ago, my wife and I went to dinner with Frank and Claire. We picked a restaurant in Frank's neighborhood. All throughout the evening, patrons of the restaurant came up to Frank and Claire to say, "Hello." Not too long after that Frank underwent open heart surgery. He received many gifts of baskets and goodies from his customers. He also told me that he received over 250 get well cards from his customers. I told him he was lying and that couldn't be true. When I visited him later that week, he made me count the cards. I stopped when I got to 252. Is it any wonder that Frank's business was up in 2008 over 2007 while many others in the New York area are down over 30%?

## Members Only

Would you like to read your  
Golomb Group newsletter on line?

It's now available under the  
"Members' Section" of our website  
[www.golombgroup.com](http://www.golombgroup.com).

Simply enter the  
**USER NAME: "golombmember"**  
**PASSWORD: "marketpro"**

We'll be changing these from time  
to time, so keep posted!

In one of my cleaners groups, the owners went around the table describing their past year and the things they do to spur on business. Each and every owner talked about the power of using the customers names. Each and every owner talked about the power of communication with the customer. Fellow Golomb Member, Joe Greenfeld, of Art's Cleaners in Middletown, New York, spoke about how he makes it part of his daily routine to make sure he spends several hours at the counter greeting the customers. The work he does in his office is important, but nothing is as important as the time he spends near the counter in his shirt, tie, and jacket.

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**THE POWER OF NICE**  
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In her book “The Power of Nice,” Linda Kaplan Thaler tells the story of her ad agency the Kaplan Thaler Group. Their agency was operating from a big office building in Manhattan. The building happened to have an extremely wonderful and friendly security guard, Frank. Frank was a large and jovial man in his mid fifties and made sure every person entering the building was greeted with a huge smile, and warm greeting. “Hello George,” “Hi Marty”, he’d even say “Happy Friday!” For the fun of it. Linda and her group loved having such a wonderful positive greeting every day, but never realized how much it affected their business until the day they had to pitch an ad campaign to the nation’s sixth largest bank. They worked day and night for a few weeks to make sure their ad campaign was just right. At the time of the bank’s visit to New York the decision came down to just two agencies. Richard Davis, the COO of the bank, flew in with his team to meet the Thaler Group. They were very wary of the “cold” and “impersonal get out of my way” treatment they would get in New York. When they reached the Thaler Group building they were greeted by Frank in his inimitable friendly manner. The greeting was so warm and friendly that it literally blew Mr. Davis away. By the time he got to the seventeenth floor, he said to the others with him, “How can we not do business with a company that has an employee like Frank greeting us.” Thaler group won the multi-million dollar account, in part, thanks to Frank and his “Power of Nice”<sup>1</sup>.

Another passage in the book tells the story of three consulting firms that were vying for a very large contract. One of the firms was summarily dropped from the running although they put together a great presentation. It seems that when the prospective client arrived at the airport, an executive from one of the consulting firms neglected to help her with her bags. They lost the contract RIGHT THERE. She was miffed at his rudeness, and decided that she didn’t want to do business with them. Their team had worked day and night for the presentation and the entire account was lost over a suitcase.

**Each and every owner talked about the power of using the customers’ names**

You might wonder how this translates into dry cleaning. Business is business. We discuss at our group meetings how any one of us could open any retail business. They all are the same. We are not in the dry cleaning business, but the people business. The customer satisfaction business. Being nice is an overall presence. An

overall attitude. Your smile and the smiles of all your workers should be big enough to convey your overall passion for being in business. Years ago I wrote a post on the fabricare forum discussing customers. Many of the cleaners on the forum had posted notes of how angry they were at their customers. Their customers were demanding, unforgiving, and just pains-in-the-neck. My post reminded them that their customers were all that their business had. Without customers their businesses would cease to exist.

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# Do Something!



BY JAMES PEUSTER

I recently visited two different drycleaners who have been in business for over 20 years without pick-up and delivery and called me before it was too late. Their areas were perfect for having a route service and they did

something they never dreamed they would have to do, start a route. Sure, they have been successful for many years, but after another year of decreasing sales, they both knew that it was time to expand their horizons in order to not only stay in business, but to grow as well.

Times are changing all around us and you can do one of three things. One, do nothing and hope that it will get better. Two, lower your prices and try to sustain a level of volume and lower your profit. Three, focus on growth through constant marketing. Of course, many have done the first 2 through the years and made it work. But, this is the 21st century and we must hit this economic turn head-on with more marketing, not less. This is probably why we are constantly getting calls about route growth.

What I love most about routes is that discounting is not as necessary as marketing stores, especially if you have "Free" pick-up and delivery. The convenience should be enough for dry-cleaning customers to switch from going to the store to the routes. If you discount, you cheapen your product and lessen the chance to get long-term customers. Anyone can sell a dollar for 50 cents. Again, we must focus on the importance of the benefit of the service for the customer, for free time, free gas, etc.

You have heard all this before and many of you know what you need to do, you just don't do it.

You watch as another month of doom and gloom is reported on the news, in the paper, on TV and especially in all the industry newsletters and magazines. We cannot control what is going around us, but we can control our growth. Sure it sounds easy and routine, but I recently met with a cleaner who has given up hope and is simply shutting down. His lack of faith in routes was part of his demise and I listened to him admit defeat.

Many of you are thinking about cutting back in marketing and labor. This is not a great idea; you should be increasing your marketing effort. You have 2 options: your dime and your time. Get out from behind the counter and go get business or hire someone to. Again, routes are the best way to control your growth. Utilize the Golomb Group's information, marketing pieces and follow up, then follow up, again. It is not too late to make it happen, unless you wait. Then it may be too late.

It is starting to be a dog-eat-dog world in all businesses and I would hate to see a price battle erupt and your profit margin dwindle ever more. It's funny that the government is so focused on establishing laws that hurt dry cleaners yet there is no mention of a "Bailout" plan for us! We must take control of our future and destiny, and again, do something.

Consulting cleaners isn't the most glamorous business to run. I talk to many cleaners who I really want to say that it is too late for them. They work 60 hours a week and plan on building their business in the in-between time. Sure, that works real well for them. I have said it before and I'll say it again. You now must be productive minded and constructive minded. Sure, you must monitor your costs but you must also focus on growth and it takes time and money. Growing your business is not a sprint, but a marathon. However, this does not allow you to move at a turtle's pace.

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# Dan McCrory

## Web Designer & Internet Specialist

### The Golomb Group



Thirty years ago, when I became a Golomb Group member, Stan Golomb sent me his newest, latest and greatest marketing tools: a blackjack card, a treasure chest card, and an idea for a \$100 jackpot each week. Things sure have changed since then. Today, much of the marketing is driven by the global internet. Many cleaners are not exactly using it the way they could, and Dan has joined the Golomb team to help cleaners who would like to build a website, or use their current one to its maximum potential.

Things on the internet have changed dramatically in the last few years and Dan, through his schooling and creativity, is doing amazing things for Golomb Members. Many cleaners already use the internet to send e-mail messages, birthday cards, notices of new store hours, and coupons. Dan has come aboard the Golomb team to fill a specific need: expert design of websites and the optimal use of search engines to

find and capture new customers. Stan Golomb helped cleaners find and capture new customers before the internet was even born, 40 years ago. Today, the Golomb Group is helping its Members find and capture new customers using twenty-first century technology.

When people move into a new neighborhood today, they don't open the yellow pages. Instead, they let their fingers do the walking over their laptop, and punch in "dry cleaners" on Google to find a new and reputable cleaner. They trust the internet to bring them the best businesses for their search. The Search Engine evens ranks the businesses starting at number 1. Does your cleaners name come up on an internet search? What ranking does it come up as? Is it the first or fifth cleaners on the all important ranking list? If it does appear, what is the site that the prospective client is sent to? What makes your store's name come up before the ten other stores in your neighborhood? Although many owners might not be computer savvy, their new young customers certainly are. In order to compete and beat the competition, you've got to be at the cutting edge of this new and changing electronic world. It doesn't mean that you have to wear a Blue-tooth in your ear or carry a Blackberry around in your palm. It just

means that your customers are using this technology and you've at least got to meet them halfway by providing the means for them to ask for a pick-up, or send you a note, via the internet. Otherwise, they might seek out a business that is more in tune with their way of doing things. One cleaner I know sends out an email message to his customers to tell them their order is ready. Imagine the customer getting an email message on his blackberry from ABC Cleaners. "Dear Mr. Jones, your dry cleaning order is ready. Would you like it delivered tonight or will you be coming by this afternoon to pick it up? Thanks, Ed, your friendly dry cleaner." I think it's crazy, but the customers think it's cool and great. Who is right? The customer is always right!!!

Dan McCrory is Dennis' 24 year old son. After attending the University of Missouri, Dan became an expert in building web-sites. With the emphasis today on search engine optimization, web-site design has become more complicated in what it can and should do. Most prospective clients just want to punch in "dry cleaners" or "wedding gowns" or "stain removal" and feel confident that the best cleaner, or wedding gown specialist, or stain remover will come up in order of importance and professionalism. How can you accomplish this feat? Dan

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has learned that through the intricate use of important “key words”, “key phrases”, and “external links,” Google and other search engines decide on the ranking. These key words and phrases are all part of the important meta-data. Google examines the meta-data and figures out who is the best and most professional of all the businesses. The more efficient your meta-data is, the higher Google will rank your website. If your key words are “on point,” then search engines will rank you even higher. You must also have the correct intro for the many different ways that people will ask the search engine for information. Dry Cleaner, dry cleaners, dry cleaning, drycleaners, drycleaning, dry clean, dry clean, dry cleaners, are all different ways that people will ask for the search. Many people misspell words (e.g. dry clean) and you have to take that into account also. Press shirts, pick-up and delivery, laundered sheets, expert stain removal, are other ways that people will think of finding a quality dry cleaner. If these combinations of phrases are not in your meta-data, the search engine will not link the customers search to your store.

Recently, one of the biggest cleaners in the nation was paying over \$1,100 a month for these “pay per click” searches, where customers were sent to his website upon their varied requests. Dan did an intricate search of the meta-data and found that it was confusing requests for different options and costing the cleaner over \$350 a month for misplaced clicks. Through a revamping of the data, Dan was able to save the cleaner a lot of money, and made the prospective client list much more profitable and honest in terms of who actually wanted pick-ups in the area.

Dan explained to me that one of the most important parts of the meta-data is the links to other important companies and groups. The search engines actually rate the links and this has an important bearing on your ranking. If you have links to DLI, NCA, BBB, NFIB and other such organizations, the search engine will “crawl” through these links and find many more ways to rank you higher. The ranking of your cleaner is especially important because, most people only inspect the first three ranking businesses and, almost always, they do not go past the 1st page.

**Most people  
that cleaners  
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drycleaning  
industry**

When cleaners hire someone to build a website, usually the builder will ask the owner to write the content for things such as wedding gowns, laundered shirts, and the dry cleaning process. Most people that cleaners hire to build a website know nothing of the dry cleaning industry. The Golomb Group has all the scripts and content for almost every imaginable dry cleaning situation, which makes the process of having a complete working website built, with all the necessary quality of content, much easier for the cleaner. Just tell Dan what types of services you offer, and what type of cleaner you are, and you have the copywriting staff of the Golomb Group at your disposal. If you have ever sat down to

write content for your website, you will know that it is a gigantic time consuming job, and almost always never gets done right.

Some of the sites that Dan has built recently are: “cleanersone.com,” “drycleanseattle.com,” and “www.parkplazadrycleaners.com.” He has also helped one cleaner create a blog through his website. Flash animation and exciting intros are part of Dan’s expertise in building a site. He has a tremendous amount of pictures in his database

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# How You Manage Stress Can Improve Your Company's Performance. Even Now!

While the stress of managing a business is heightened during these poor economic times, it's important to know the difference between healthy pressure, when most of us actually excel, and toxic stress. One keeps you motivated, and the other can paralyze your business. Dr. Edward Hallowell, founder of the Hallowell Center for Cognitive & Emotional Health in Sudbury, MA, says anything that causes you to fall into what he calls an F-state (when you're forgetful, fearful and frustrated) counts as toxic stress. He says, "When you're in an F-state the quality of your work declines and this, eventually, shows up on your bottomline.

"Small business owners, trying to keep their business afloat over periods of time, can develop changes to their physiology and brain function," says Bruce McEwen, a neuroscientist at Rockefeller University in New York. Medical experts say commonsense tactics such as getting enough sleep and eating healthy foods can safeguard you from the negative effects of toxic stress. A positive attitude counts, too - lot

more than you might think.

Another easy, fast stress reliever is exercise. I wake up every morning at 4 a.m. and go to the gym for 1 to 1½ hrs. of vigorous exercise. Can't

make it to the gym? Walk up and down the stairs or go out and walk around the building. "Even if you do ten minutes at a time, during the day, that's enough to de-stress you," says Kathleen Hall, founder of the Stress Institute in Atlanta. Exercise will quickly start

producing mood-boosting serotonin and endorphins, and it lowers your blood pressure and heart rate.

By finding your own stress management method, you can prevent what otherwise is sure to be a battering of your mind, body, and business. ♦



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to make the website more alive and exciting, and less wordy. The cost of a basic website is \$999 from start to finish. Dan is available at the Golomb Group offices to discuss the possibilities and the needs of each individual cleaner. If you already have a website, he can check it out and see if it can be improved to better serve the needs of your customers.

Through the years, the Golomb Group has always sought out the latest marketing trends and ideas. I've attended Golomb Group seminars where marketers from all over the country bring their products and innovations. In the last few years, the use of the search engine by prospective clients in finding businesses has grown so quickly that Dennis is very excited to have Dan join the Golomb team and fill this role. Give Dan a call to find out how it can help you and your business. ◆

**THE GOLOMB GROUP WELCOMES THIS MONTH'S NEW MEMBERS**

**Richard Lopez**

*Plaza Del Mar Cleaners*  
 Vega Alta, Puerto Rico

**Jewan Oh**

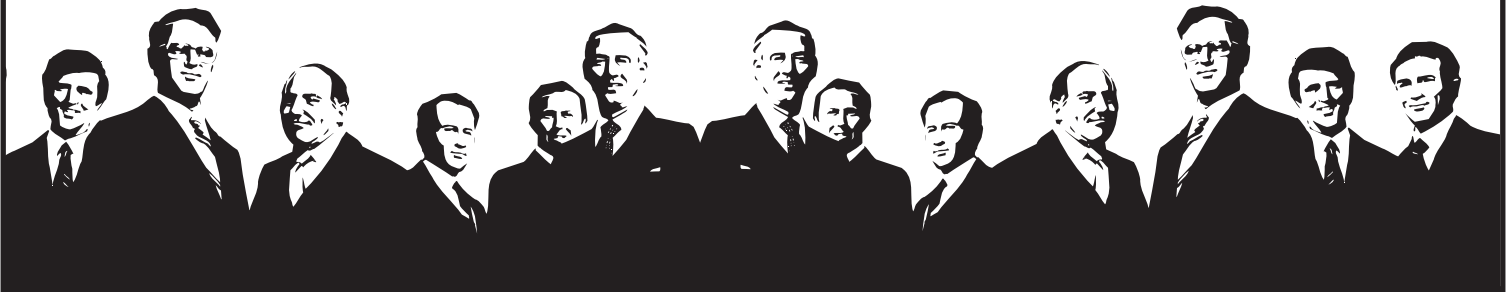
*Newton Custom Cleaners*  
 Newton, PA

**Irwin Mandel**

*New Canaan Cleaners*  
 New Canaan, CT

**Montes Piard**

*Mpress Cleaners*  
 Shelton, CT



## THE POWER OF NICE (Continued from page 13)

The customers put their kids through college, put food on the dinner table, paid their mortgage, paid their car payment, paid for their vacations, and paid for all the luxuries and necessities of life. Try thinking of a day without any customers.

The Power of Nice is easily translated into many facets of your business. It begins with a smile to greet the customers; and think of Frank and Richard Davis, the COO of the bank. It continues with the way you answer the phone, the way you hand the clothes to the customers, the way you help them to the car, the way you speak to them as a friend, the way you tell them how much you appreciate their business. The way you compliment their new haircut, or new blouse, or the way you ask about their children. A birthday card or get well card is an amazing nice thing to do.

About ten years ago, one of my customers, Mr. K, experienced a very sad tragedy. His oldest son was in a diving accident at summer camp and was paralyzed from the neck down. The boy almost died from the injury. For a few months my customer spent 24/7 at the hospital praying for his son's survival. The boy eventually was released from the hospital, but the house had to be made wheelchair accessible, which took a lot of time and money. Mr. K's jewelry business was shut down and eventually had to be closed. For almost a year I would not accept any money from this customer. I cleaned his family's clothes, but all my counter help knew that each time they came to pay they were told there was no charge. A very proud man, he was very thankful, and as soon as he was working again he began to pay. About 5 years later, I got a call on the phone from Mr. K. He said, "Ed, it's funny how things turn around. I've become the administrator for a boy's school and I'm now in a position to help you. I want you to be the exclusive dry cleaner for the entire staff and student body." It continues to be a terrific account and it led to me servicing some other schools in the area also. ♦

The Power of Nice. Consider it. You'll be amazed at its simple, yet powerful, force.

*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*

<sup>1</sup> Thaler, Linda. The Power of Nice: How to Conquer the Business World With Kindness. Doubleday Business, 2006.

## MARKETING THROUGH A RECESSION

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longer-term."

David Sable, chief operating officer of Wunderman, a brand-building agency that is part of the global marketing firm, The WPP Group, advises advertisers in a downturn to rally to protect and preserve brand equity that has been nurtured for years, with continued investment in and support of branded products. "The worst thing you can do is cheap-out on products -- put less coffee in the cappuccino -- as many have in the past."

According to Sable, while price is important in a recession, the majority of price-driven consumers still factor in the importance of branding. Companies must maintain "good house-keeping" during a recession, such as product quality and good distribution systems, but he suggests that clear brand association and leadership comes through communication. "If you cut the communication, you have a major problem."

He urges marketers to make sure they understand the "elasticity" of their brand, which would be a gauge of how much - or how little - advertising is necessary to sustain sales. "It's not a science. There's a lot of art there," he acknowledges, "but you must be supporting your product."

He also warns that in today's networked, digital marketplace, consumer buzz about disappointments with a product can metastasize quickly and widely. "You must give people good things to talk about by continuing to have good products and communication." The biggest lesson is that recessions come and go, but "hopefully your brand is for life. It's forever. So you have to be careful how you react because the downturn is not going to be forever."

If companies cut deeply into advertising and communications in a down period, the cost to regain share of voice in the market once the economy turns around may cost four or five times as much as the cuts saved, he adds. "You must really keep a balance in times like this. Don't go dark when customers and consumers need you because they need you as much as you need them."

Matt Williams, a partner at The Martin Agency, says a downturn is a natural time to focus on core strategy. A recession, he says, can be an "opportunity disguised as a problem.... You can position the brand as an ally to consumers in tough times with product development or sponsorship programs so the consumer can say 'I see by its actions that this brand is on my side.' That will pay dividends not only during the recession but beyond."

### **When Life's (Not So) Good**

According to Wharton marketing professor John Zhang, advertisers in all categories must be in tune with consumers in the current climate. For example, he notes that LG Electronics is backing off its "Life's Good" slogan. "That's not the mood people are in. If you do that, it will generate resentment. You need to fine-tune your message to be sensitive." In challenging times, marketers must also work harder to segment consumers with specific messages. "If, in the past, you used mass media, you probably want to be more targeted now to make sure the message gets to the right people."

Research indicates that combative advertising which targets competitors escalates during an economic downturn. "When the marketplace is

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## **MARKETING THROUGH A RECESSION** *(Continued from page 13)*

shrinking, you tend to become a little more competitive in your tone," says Zhang, who cautions that this approach can backfire. "If you say your competitor is bad and your competitor says you are bad, ultimately the customer thinks both are probably good and bad. They tend to be indifferent. Even in a downturn, if you want to create loyal customers, you don't want to be overly competitive. You want to highlight what you do best and be sensitive to the needs of your customers rather than bashing the competition."

An economic slump may be a time to reconfigure the advertising mix between traditional media and digital or other outlets, depending on the product, brand positioning and overall corporate strategy. "You don't have to put a huge amount of money in the marketplace," says Zhang, adding that lower-cost marketing techniques - such as banners, street signs or direct mailing - might merit new attention. When times are flush, it is easy to pay a premium for more expensive established media.

### **The Ever-elusive Gold Standard**

Fader points out that direct marketing and other kinds of interactive communications might be valuable but do not yet deliver easily quantifiable results. "Unfortunately, the industry is still in its early infancy. A lot of people talk about what we are capable of doing in measurability, but no one has established the gold standard yet. Maybe this forthcoming recession will be the chance to catalyze that and make it happen."

The current recession will offer an opportunity for marketers to provide integrated campaigns meshing traditional and digital media. "We have been talking about integration for years, but it's been a much slower process" than expected. "I'm not sure the recession will accelerate that integration, but those who are well-integrated will start to see some of the benefits." ◆

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### **DO SOMETHING!** *(Continued from page 7)*

Here are my final remarks: When I say, "Do something," I mean look at where you need to be first, and then where you want to be. If you are down from last year, ask yourself, "What can I do to get back up there?" Routes will get you there quicker and more profitably than you ever dreamed possible. Conversion at the counter is ever more critical. Those who hold on to this fear, or doubt, are watching their counter sales decrease right before their eyes. I am not sure why people don't believe me. I am not trying to close the stores, but build the business.

Hire someone to go out and get the business for you. Hiring them is the easy part, keeping them is the hard part. They must be fully trained or they will fail. They also must be given the chance to succeed or they will quit. They must be held accountable as well.

Finally, move into the 21st century. Update your website and your marketing materials. The consumer is changing right before your eyes and you may be missing out on what's good about the future of our industry. ◆

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# Shopping By Price

By Don Desrosiers

What are you getting to wash and press a shirt these days? Is it the right price? Or are you charging the price that blends you in with your competitors? Are you charging what you think that the service is worth? Or are you charging a price that you feel “the market will bear?” Are you making money on shirts? Or have you bothered to figure your cost per shirt? Perhaps you have not bothered because you know that no matter what your cost per shirt is – be they a money-maker or a money pit – you charge the price that you must charge in order to avoid pricing yourself out of the market.

Many drycleaners believe that their customers care about price and I suppose to some extent, every consumer is sensitive to price. But different customers use different scales to measure that. The benchmark is different, in fact, vastly different, from customer to customer. Maybe drycleaners think about price more than they should. Surely there must be a time when price-shopping makes perfect sense. Sometime ago, I wrote about the trip to the convenience store to pay twice as much for a pound of sugar, compared to what you would have paid for the very same product at the supermarket. The logic, there, is that the product is not the same. The convenience store sells you two things. The super market is unable to provide you with the convenience that the convenience store can provide, such as driving right up to the door, avoiding the lines at the grocery store check-out and being stuck behind a fat lady with a motorcade of shopping carts while you hold your pound of sugar. The fact it, you did not really pay twice as much for the sugar at the convenience store. There, the product was different. You bought two things that were dear to you at that time: 1) the sugar, and 2) the convenience of not having to deal with the relative complexities of going through the supermarket experience.

So while you consider your prices and while you compare them to your local competitor, don't forget to consider what you are pricing. If you are giving the same thing as the guy down the street and nothing more, then you truly should consider that price is all you have to sell. But I am guessing that you offer more. Maybe even more than you think.

When it's time to re-evaluate your prices this year, ask yourself this question first: What do I offer my customers? How do I rate my location, service, quality, cleanliness, convenience, etc., as compared to those that try to compete with me? Price is what you compete with when it is all that you have to offer.

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

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# What Happens When You Increase Prices

If you have ever wondered how much business you could afford to lose in order to keep an even keel after raising prices, here's a quick overview.

Assuming an anticipated profit of 25% on selling price, a 3% increase in selling price means you can afford a 10% decrease in your sales volume and still make the same profit as before the price was increased.

- 3% price increase means the same profit on 90% of current sales.
- 5% price increase means the same profit on 83.5% of current sales.
- 7.5% price increase means the same profit on 77% of current sales.
- 10% price increase means the same profit on 71.5% of current sales.
- 15% price increase means the same profit on 62.5% of current sales.
- 20% price increase means the same profit on 55.5% of current sales.

It's plain to see, with an increase in prices, there is less need for volume to maintain the same profit level. A 10% price increase means that you could lose 29.5% of your sales volume and still maintain the same profit level.

Is the current economic climate a prudent time to raise your prices?

Yes! Raising prices now, will enable you to offer greater discounts now, and still maintain a reasonable profit margin. Then, as the economy improves, you can reduce the discounts and be well positioned to make higher profits.

