

A CYGNUS PUBLICATION

YARD & GARDEN

- Dealer
Success
Guide ■ volume II

A supplement to Yard & Garden magazine

- Merchandising
and marketing

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Robert Warde, editor

Most of us like to touch things. This fact would get us in trouble at times when we were kids. Today, retailers are learning that by having customers touch their outdoor power equipment wares, those customers form deeper connections with the stuff and find it harder to resist buying it.

According to an online survey of 2,574 consumers, ages 13-65, in the top 25 US markets released by Jack Morton Worldwide, so-called "experiential marketing" makes them more likely to buy and more likely to share their product experiences by word of mouth. Consider:



- 75% of consumers say that participating in a live marketing experience would make them more receptive to the product/brand's advertising.

- 75% of consumers said they would be extremely or very likely to tell others after participating in a live marketing event, extending impact through word of mouth.

- 8 out of 10 consumers who had actually participated in experiential marketing in the past said that they had told others about their experience.

Are you finding that more and more of your customers are women? That shouldn't be surprising. If you're finding this to be the case, then consider that, according to the same survey:

- 60% of women say experiential marketing would be more likely to lead to actual purchase of a product/brand, vs. TV advertising (26%) and Internet advertising (14%).

- 84% of women say they'd bring family or friends to a live marketing experience, and 75% say they'd tell others about the experience-giving marketers a terrific opportunity to expand their reach and impact.

Now, outdoor power equipment dealers have had demo days and other types of experiential marketing events for years. While some have cancelled them for one reason or another, the findings clearly demonstrate that it may be time to bring them back.

Sit back and take some time with this edition of the Dealer Success Guide. It's filled with advice and best practices by industry consultants and dealers like you. Find out how you can put the power to sell in the hands of your customers – and their friends. **YG**

Making an impression

Advertising through the media is a good thing, but special events can really stamp your name on the community.

By Gregg Wartgow

Ask most dealers what their most effective form of advertising is and you'll often hear "word-of-mouth." Of course, in the quest to generate positive word-of-mouth, there's no substitute for happy customers; make one customer happy and he'll often tell eight of his friends about you. Indeed, that's a great way to make new customers.

Another effective way to get people talking about you is a memorable ad campaign. Maybe it's a catchy radio jingle or a funny TV commercial. Or, maybe it's some sort of event that people look forward to, like an open house. You might hold contests and giveaways, or provide entertainment of some kind to help create a day of fun for the whole family. Whatever the case may be, the goal is to leave a lasting, favorable impression on your current and prospective customers.



Below are some tales of dealers who are using some interesting forms of special events to leave favorable impressions on their communities.

Tent Sales

"If you're ever down in the dumps and sales aren't going very good, just head on up to the corner." That's Rusty Creel's advice for dealers, since it's worked so well for one of his — Proline Outdoor Equipment in Tallahassee, Florida. Creel, of Creel Equipment Co., is the Snapper sales agent for Alabama, north Florida and parts of south Georgia.

Creel says Proline president Mill Penny had an idea

to do a tent sale back in the early 1990s when his dealership was just getting started. What is a tent sale? First, you pick a good piece of real estate; maybe a popular intersection by a shopping center. Then, you move a bunch of your equipment out to that location, put up a tent, and have a weekend sale. It takes a lot of work. But it can really pay off. Just ask Creel.

"One weekend, we decided to give it a try," Creel recalls. "We sold around \$40,000 worth of equipment. So we tried it again. Sure enough, we did even better than the first time. The next time, we'd said we were going to really do some research and pick a great piece of real estate. And the funny thing is, we usually get the real estate for free."

In order to get the real estate for free, Creel says the first step is to get in touch with the biggest store in the shopping center. They'll typically grant you permission because your sale will help draw people into their parking lot, so they'll see an increase in business, too. And once you get them to go along with it, it's pretty hard for the shopping center management company to tell you "no."

Penny points out that while most of the time there is no charge to use the land, some places will charge a fee of \$500 to \$600. When that happens Proline will often contact another area business, such as a boat manufacturer, to see if they, too, want to put up a display. Then, the two businesses share the cost.

Other costs may include any permits you might need to obtain from the city, such as an off-site sales license or a sign permit. And you'll need to hire a security guard to watch the equipment overnight. "We can usually get a starving college student to do this for a fair wage," Penny says.

There's one more cost to keep in mind — your time and effort. Penny tells, "These sales are extremely labor-intensive. And the weekend sale itself is only the half of it. When we return to the store on Monday, we spend the next few days getting all the paperwork done. If it was easy, everyone would be doing it."

Tips on making it work

After holding roughly 15 weekend tent sales over

the past several years, Penny and Creel pretty much have it down to a science. Sometimes, it's not all that scientific. Penny relates, "These things can be tremendously successful, but they can also be a total flop. It often has a lot to do with the weather, and a little luck."

It may have even more to do with a lot of hard work and careful planning. Creel says he can only remember two sales that bombed. The majority were huge successes, with the best one bringing in nearly \$100,000. Creel and Penny point out some keys to making it work.

- **Good location.** Look for a spot where people with high incomes live. Pick an intersection where the traffic lights stop, so people can stare at your display. And you need some green grass. Creel says, "When the people see your shiny mowers on the green grass, it makes a connection in their minds and they get excited."

- **Strike while the iron's hot.** Creel says it's important to do deliveries right away that day. He explains, "People see the Snapper truck parked at our display. They think Snapper has come down specifically for this sale, so there must be some unbelievable deals going on. Actually, the prices aren't much different than they would be back at the store. But these people don't know that, as many of them are customers who would've never come to our store. They get caught up in the excitement, and want to buy before they 'miss out on something.' You need to strike while the iron's hot. Don't give them a chance to change their minds."

- **Focus on big-ticket items.** Penny says they will take a few pieces of handheld equipment out, but they focus on mowers. "You have three to four days to sell the equipment, and it's not really cost-effective to tie up sales reps with smaller items."

- **Targeted advertising.** Creel says they'll typically run 1/4-page ads in the local paper on the first three days of the sale: Thursday, Friday and Saturday. He says running a fourth ad on Sunday would be a waste because everyone knows about the sale by then.

Aside from the newspaper, the stores in the shopping center can be a big help when it comes to promoting your event. "They'll usually stuff flyers in the grocery bags for a week or so prior to the event," Creel says.

- **Get help from suppliers.** Penny says his two main suppliers, have helped tremendously over the years. Having reps at the tent sale is important. It allows you to keep your main store running while the sale is going on.

- **Invite a finance company to join you.** Creel says a representative from the local finance company Proline works with, Wells Fargo, sets up a table inside the tent.

"They know we're going to do a pretty high volume that weekend," Creel says. "So they might do a special promotion, such as no interest for six months. They even supply the personnel to help write up the financing."

Dixon-Rupley Square Dancers

Just about one year ago, Keith McCombs, a retired building contractor, stopped by Rupley Farm Equipment in Columbia City, Indiana. He had what he thought was



a great idea, and he needed Kenny and Barbara Rupley's help to make it happen. After talking it over with Kenny, he had the go-ahead. Shortly thereafter, the Dixon-Rupley Square Dancers were born.

Barbara Rupley tells, "Mr. McCombs was recently retired, and was looking for something fun to do. He had seen entertainment groups perform square dances on farm tractors, and wanted to put his own group together that would do the same thing — only on lawn mowers. After talking it over with some of his friends, he learned Dixon would be a good choice. So he looked us up and came in to see us. My husband Kenny loved the idea, and we started to plan our first square dance."

That first square dance was held at Rupley's April 2001 open house. The attendees loved it, and word spread fast. Barbara says that in no time at all, various festival organizers in the area started calling about the Dixon-Rupley Square Dancers they'd been hearing about. The Rupleys immediately saw the tremendous opportunity this presented. Barbara says they ended up performing 10 times last year, at venues ranging from parades to local festivals to county fairs. Popularity has yet to drop off, as the Dixon-Rupley Square Dancers already have 10 commitments lined up for this year.

The primary benefit, of course, is the exposure

Rupley Farm Equipment gets. This has translated directly into profits, as the Rupleys, Barbara says, have gained several new customers as a result of the square dancing group. Of course, as the old saying goes, you have to spend money to make money. And when it comes to the Dixon-Rupley Square Dancers, there are some costs involved.

“Our employees have to wash, shine, fuel and load the 10 Dixon mowers that we supply,” Barbara explains. “And it takes gas to drive the truck to the event. When the event is done, we have to bring the mowers back, clean them up and put them back on the floor. We also pay for the shirts that the dancers wear.

“But the benefits far outweigh those costs. The exposure helps us sell more Dixons, not to mention the other equipment we carry. People see our big delivery truck parked at the events. They see we handle lots of other equipment. We also get some media coverage, increasing our exposure even more. For example, the Fort Wayne area newspapers both did articles on the Dixon-Rupley Square Dancers last year.”

Obstacle Courses

An event that is increasing in popularity is the mower obstacle course. It provides your customers with the opportunity to have a little fun, show off their skills, and maybe even win some prizes. This can go a long way in building loyalty among your customers; particularly those on the commercial side. It does something else, too. It gives you a chance to show off your product, which can sometimes lead to gaining new customers.

TooT Hendry, district manager for Ariens Co., has been organizing mower obstacle courses in conjunction with some of his dealers for the past few years. He calls them “mower rodeos,” and they’ve proven to be a great tool.

Hendry explains, “Normally, the dealer will put on the mower rodeo at his spring open house. We focus on the landscape contractors. We send out a mailing to let them know when it’s going to take place, and what the prizes will be. We might award \$500 to the winner, or \$1,000 towards their next mower purchase; a string trimmer for second place; and some trimmer line for third place.”

If you offer a decent enough prize, Hendry points out, some landscape companies may send several employees, just to increase their chances of winning the prize. That’s just great. The more the merrier — and the more operators you can put on your machine the better.

“Most dealers have some sort of list of landscapers who’ve done business with them,” Hendry explains. “Some of those landscapers are buying, say, trimmers from a dealer, but are buying mowers from another dealer. But that landscaper still gets invited to the open house, and he still can enter the mower rodeo. This is great for the dealer because it puts a prospective customer, who’s currently operating a different brand, on the mower this dealer sells. The dealer has a chance to make a new customer.”

Cutting the Clover


For the past couple of years, Lynn Pesson Jr., president of Southland Engine in Lafayette, Louisiana, has been putting on a mower obstacle course competition of his own. Held at his spring open house in mid-March, he calls it “Cutting the Clover.” Pesson says they came up with the name “Cutting the Clover” because the open

“If you’re ever down in the dumps and sales aren’t going very good, just head on up to the corner.”

Rusty Creel

house is held right around St. Patrick’s Day, and a lot of clover grows in the Lafayette area that time of year.

“The driver of the mower wins a prize, and the landscape company he/she represents also gets a prize,” Pesson explains. “Last year the individual won a battery booster, and the company won a brand-new trimmer. This really encourages attendance at the open house, along with participation in the competition. Some of our customers are saying to their employees, ‘Hey, it’s time to get your team together because I want to win that free trimmer.’ So the landscape companies are really pushing it, and it’s getting more and more popular as a result.”

Last year, Pesson says there were 15 teams that competed. This year, it’s up to 30. “We’re going to keep promoting it,” Pesson says. “We’re seeing more participation, not to mention more relaxed attitudes among our customers. That’s what we want; we want them to let their hair down and have some fun. It’s something they can look forward to every spring.” 

Competing to win

Exceeding in-store experience expectations

By Steve Parmentier, merchandising specialist for Stihl Inc.

The customer has found your dealership, decided it looks like a professional operation, made their way into your parking lot, located the main entrance and is about to set foot into your store. The environment within your store will now determine if the customer is a one-time visitor or becomes a customer for life.

This is the moment when you have the opportunity to meet, exceed or fall short of your customers' expectations. It is a stimulating environment – that initial presentation of visual information – that determines whether the customers stay to shop or move on to a familiar big box store. Creating a friendly, comfortable and professional retail environment is what will set you apart from the mass merchants. You have only a few seconds to make a good impression that can last a very long time.

Before we get into the nuts and bolts of the in-store

experience, let's take a look at the customers and their expectations. Typically OPE customers segment into three broad and diverse groups – homeowners, mid-range users and professionals. Each has their own set of in-store expectations. Since consumer behavior patterns are as diverse as our population it's impossible to anticipate every customer's in-store expectations. We can, however, make some general assumptions about the three categories of customers.

Who are my customers?

- Homeowners – want convenience, plus help and reassurance in making the purchase decision; they want the right equipment at a good value.
- Mid-range users – want a knowledgeable staff, durable equipment, timely service; price is usually not the primary factor in the purchase decision-making process.

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- Professionals – want high quality products and accessories and quick service.

If you understand their goals and expectations and anticipate solutions to their needs, you can design a store environment to help them accomplish their goals with a minimum of effort and stress. In doing this, you can exceed their expectations, giving them a positive experience and develop a repeat customer.

What comprises the experience?

Let's look at some of the nuts and bolts of the in-store experience. Certain in-store expectations transcend the customer segmentation and apply to everyone. Other expectations are more segment-specific. There are some general expectations that apply to almost everyone.

- A store should be well-lit, inside and out. This point cannot be overemphasized.
- The store must be clean, and everything should be in operating order.
- The store should be easy to navigate with directional signage and clear, intuitive shopping patterns. Be sure your floor plan allows for easy flow through the store and to the checkout counter.
- Use promotional, navigational and aisle signage to help customers find what they're looking for when store personnel are occupied with other customers. Use in-store signage — promotional, navigational, and aisle signage to help customers to navigate, and to find what they're looking for when all store personnel are occupied with other customers.
- Everyone wants personalized service. No one wants to be treated like a 'number.'
- Knowledge at the point of decision is critical and can be an area of strength for the true servicing retailer. Use product tags. Customers want information prior to the purchase — features, benefits, specifications, accessories, and the price of the product — so product tags and clear pricing are key.
- Merchandise products and accessories in adjacencies so that customers can 'package' their purchase with accessories.
- Use a professional merchandising system that allows you to display more products and accessories in a clean, organized way. Customers expect to see a variety of choices. Make sure the spaces in the display are filled!

Without a doubt, creating and maintaining a professional retail environment can attract customers. Once they're inside, it's up to you to anticipate, meet and exceed their expectations. From offering personalized, hands-on service to fostering a memorable customer

experience, independent retailers can capitalize on the advantages they offer over the "box" stores and stay ahead of the competition. **YG**

Showroom makeovers: Retailers need reality check

With competition growing every day, what's a dealer to do to protect his or her slice of the action? Get real about the condition of the showroom, says an expert who's witnessed retailing's good, bad and ugly.

"You have to 'fess up' to yourself about your store," counsels Steve Brown, a Detroit-area showroom observer who's evaluated 10,000 U.S. stores in 10 years for his clients and company, automotive market researchers S.H. Brown.

"Retailers in every business need a back-to-basics, guerrilla marketing approach to in-store selling because no misfire goes unnoticed. Consumers today are busy, savvy and readily seduced by the allure of (the competition)."

For sustained business health, Brown advises brick-and-mortar retailers to make reality checks from the consumer's viewpoint. "It's surprising how often many of these elements are overlooked," Brown warns.

Retailers, ask if your store is:

Functional. Take a discriminating look at the store's physical set-up. Do you make it easy to browse, or is the showroom overcrowded, understocked or a hassle for shoppers? An advantage for retail outlets is that customers can interact with the product.

Efficient. Make it easy for customers to get to the cash register, displays, service area and especially the rest room — and you'll want to keep it clean.

Safe. Are entrances well-lit and walkways clear? Are there visual sightlines to exits? Can everyone easily and safely leave the building if there's a fire? Nothing you sell will be worth a physical risk to your customers. Never lead them to suspect there is one, even subconsciously.

Sexy. Does your store have the eye candy that makes it sizzle? Does it say to your customer, "things are happening here?" Are your products presented in a compelling way, and are displays the best they can be? Is there some positive emotion in the showroom?

"No one has time to aimlessly wander toward a purchase decision," Brown notes. "So now more than ever, retailers need to kick it up a notch and be as compelling, efficient and functional as possible." Sales success could depend on it. **YG**

The secret to merchandising and marketing

Make your products worth more to your customers.

By Jim Yount

For years, we've taught in our workshops, "The business owner's greatest challenge is to "Make Doing Business With Your Company Worth More." One of America's major corporations has a television advertisement that says "We don't make the product, we make it better."

Combining these two statements we get "We don't make the product, we make it worth more."

How is it possible to make the product worth more, if we don't make the product?

Answer: By the way you merchandise and market your business.

Business owners and consumers are bombarded with audio-video bites, to the point of information

"Business owners and consumers are bombarded with audio-video bites, to the point of information overload."

overload. It has been my experience with information overload that I must shake off the emotions of new buzzwords and fads and remind myself certain things matter and still work in my business. And I hope you're no different.

Take a moment and look at the equipment in your store. There is everything from simple walk behind lawn mowers, trimmers and chain saws that require hand held operation, to the more complex zero turning radius commercial mowers used by professionals. Each equipment application has its own unique engines designed especially for the task and manufactured to meet EPA regulations.

There was a process, written or imbedded in your mind, when you selected your mix. It is the process we focus on to illustrate our points – "how to make the

product worth more." The process includes how you merchandise product and take it to the market.

Ask and answer this question as we progress, "Is it worth more because we _____?" (you fill in the blank as you read the rest of the story)

And remember, certain things always matter and work in business. They do not have a shelf life, or become outdated.

Take note of these points and explore your philosophy.

Point Number One

It's likely the manufacturer of most products are at least 500 miles or more from your store. Regardless of the distance, you add value when you order the product and have it shipped to your store.

Is it worth more because you brought the product to the local market? Yes.

Point number Two

Since you do not display or sell the product in a box or crate, the equipment is removed from the shipping container and completely assembled.

Does this make the product worth more? Yes.

Point Number Three

When equipment has been assembled, it is brought to the sales floor and arranged in a manner that is appealing to customers. Greater width and depth in model selection creates a better selling environment.

Since two models will not perform well in all jobs, is it worth more to offer additional models? Yes.

Point Number Four

You're the expert. Products are displayed by brand groups and then by task. Example: Major brand is displayed with its best-selling walk lawn mowers setting side by side, making it easy to describe the features and benefits and sell up.

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Is it worth more because you have the knowledge and experience to interview the customer and determine their need and make recommendations? Yes.

Point Number Five

Display your equipment in a manner the customer can get their emotions involved in the sales. Place the trimmer in their hands. Invite them to take a seat on the rider/tractor. Take time to discuss pertinent issues: safety features, ease of operation, comfort, brake pedal, turning radius and warranty policy.

Is it worth more because you take the time to explain the details? Yes.

"Is it worth more because you can insure the equipment is operating at peak performance throughout its serviceable life? Yes."

Point Number Six

Build a relationship with your customers. Greet each customer with "good morning/afternoon." Shake hands and address them by their name. Acknowledge the kids. Ask how you may assist them. Offer a free coke or coffee. Always thank them for shopping at your store. Introduce yourself as the owner to new visitors.

Is it worth more because customers can speak with the storeowner? Yes.

Point Number Seven

We service every thing we sell. Our technicians are factory trained and experienced. Is it worth more because you can insure the equipment is operating at peak performance throughout its serviceable life? Yes.

Let's step outside and take a look at your store. How would you rate customer appeal? What are the things that influence consumers and where they spend money? Have you asked a customer why they chose to do business with you instead of your competitor?

You might be surprised at their answer. Here are some of the things that can make a difference.

- Attractive store front.
- Convenient location.
- Signs that make it easy to identify your store.
- Brands with pulling power.
- Parking space during rush hour.
- Security considerations.
- Number of years in business.

There has never been a better time than the present for speciality retailers to take control of their future, and focus on doing the things mass merchandisers cannot do, simply because of their size.

- Become the recognized expert in your industry.
- Become the recognized expert in your community.
- Train your employees in product knowledge, application.
- Place an exceptional value on core employees.
- Always have an attractive facility.
- Get to know your customers, their family and friends.
- Show appreciation for their business.

A customer for life

I'd like to tell you a short story that happened last week. Faye and I became dissatisfied with our veterinarian of many years. We decided to make a change. We had met Mark about four years ago through a relationship with his two sons. Mark owns Cass County Veterinary Clinic in Atlanta, Texas. We called and made an appointment for Katie, our dachshund. When we arrived we noticed the clean facility. Inside the place was spotless. The floors were shining and pet products were well-displayed. The employees were friendly, polite and knowledgeable.

Mark took a lot of time to tell us what was causing Katie's skin problem. He ran some tests filled three prescriptions and we were on our way. Faye called the next day with a question. He returned her call. Two days later we received a card in the mail that had been signed by all the employees. It read: "Welcome to our veterinary practice! You have paid us the nicest compliment possible. We appreciate your trust. Signed: Cass County Veterinary Clinic.

We are customers for life. Thanks, Mark. 

Walking the line

Carrying too many lines can destroy your dealership's profitability.

By Gregg Wartgow

Take a look around your showroom. For each brand you see, ask yourself, "Why do I carry this line?" Then take a look at your P&L statements. Again ask yourself, "Why do I carry this line?" The two answers could very well be worlds apart.

Consultant Rick Barrera says, "Many dealers I've worked with carry a line because they like the nuts and bolts. However, just because a machine has a slick transmission does not mean it's going to be a profitable line for you."

That's not to say the nuts and bolts are unimportant. Obviously, you want to align yourself with manufacturers of innovative, functionally sound product. But you also have to evaluate a line's effect on your bottom line. "As a dealer, you have to realize that you're in business to turn inventory and make some money," Barrera says. Sometimes, carrying too many lines can muddy the waters.

Inventory turns and investment returns

In the retail business, "inventory turns" is the name of the game. Barrera says the essential rule in retailing is that your gross margin times your inventory turns in a year should equal 120%. You want to get as close to this 120% return on investment (ROI) mark as possible for each of your lines. For more on this, see "Terms vs. turns" on this page.

There are several factors that can inhibit you from nearing 120% ROI on a line: economic downturn, drought, new competition and bad buying on your part, to name a few. However, Barrera says the primary inhibitor is the fact that a dealer simply has too many lines.

When you carry several lines, more and more of your time and money is spent managing those lines. As a result, less and less of your time and money is spent marketing/selling those lines. Furthermore, it's easier to lose sight of some of your brands when you have to keep your eye on so many. This can result in obsolete inventory, escalating interest expense, cash flow constraint, credit constraint, poor vendor relations ... the list goes on.

Barrera says, "You can talk about critical management concepts such as cash flow, credit lines, inventory turns, etc. It all boils down to one thing: If a dealer can narrow down his lines, the rest of his business will gain momentum."

The focused approach

If you get into other product categories such as skid steers, go-karts or snowmobiles, you will likely need to carry more lines. But generally speaking, Barrera says the most profitable dealers he's worked with have narrowed in on one to three lines.

When you're this focused, you're not meeting with vendors all the time. You have a lot more time to work on marketing and managing your business. And you become a more important customer to your suppliers, even if you're a "smaller" dealer doing \$400,000 a year. Why? If you do that volume with only a couple companies, you're a huge customer for them. That's a good position to be in.

"Your sales reps can spend more time learning the few lines you carry since they don't have to learn 10 others, as well."

They'll care more about you, and will work with you more to make sure your business is healthy and growing.

Focusing your lines also helps focus your staff. "Your sales reps can spend more time learning the few lines you carry since they don't have to learn 10 others, as well," Barrera points out. "Think about all the model changes that take place every year. Multiply that by the six or more lines many dealers carry. It's hard for the average sales rep to keep up with it all."

And think about your technicians. Dealer Cari Timmer, vice president of Westenbroek Mower in Holland, Michigan, relates, "We prefer to limit our lines to three or four. With this limited number of lines, our mechanics are able to become extremely knowledgeable about the products they are working on since we only service what we sell. Service schools are another big issue. If we carried 10 lines, our techs would be away from the shop at update

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schools two months out of the year. We couldn't afford that."

There's another potential employee pitfall when you carry numerous brands. According to Barrera, the typical sales rep tends to favor a certain brand in the showroom. Maybe he knows that given piece of equipment a little bit better, or he has one of his own. "Whatever the case," Barrera explains, "your other brands are invisible to him. As a result, that inventory doesn't turn and your profitability diminishes."

Carrying too many lines can also create confusion for the customer. Many retailers, including power equipment dealers, think that carrying more brands will draw more customers to their stores. The fact is, your service and expertise is what should draw those customers. By having a focused product offering, you're actually doing your customers a favor.

Barrera tells, "The consumer can become so overwhelmed by the numerous choices that he becomes uneasy about making a purchase; he just can't decide what's best. When your showroom is a confusing mess, it doesn't help your cause. On the other hand, when the consumer comes in and sees red on one side and orange on the other, for example, he feels more comfortable. Furthermore, your sales staff is tightly focused on the few brands you represent. They know the product better, and in turn, are able to serve the customer better."


Finding your focus

If you're thinking about focusing your business a bit more, how do you know what to focus on? You need to examine the profitability of each line you carry. And this goes way beyond what you sold it for vs. what you paid for it.

"I like to talk to dealers about their 'realizable' or true margin on a line," Barrera says. "You have to take shipping costs into account. Did you have to pay for brochures or other POP materials? Did you have to buy a few feet of display for a line? Let's say you took on Brand X trimmers this year and bought \$50,000 worth of inventory at a 22% margin. But you also had to buy \$3,000 worth of display racks. Your true margin isn't 22% — it's 16%."

To determine the true cost of carrying a line, several other factors also come into play. These factors cannot be ignored, as they directly affect a line's profitability. (See charts on next page.)

When Barrera works with dealers, there are several tests he likes to perform on their "numbers" (see chart on page 13). The results can be startling. "We're finding that many dealers have lines with margins below their fixed

costs," Barrera relates. "The really sad thing is that another line which may be profitable ends up subsidizing a line that's performing poorly. And the more lines the dealer has, the more likely it is that all of them are performing poorly. That's when the dealer is in real trouble." 

Terms vs. turns


A retailing rule of thumb is to return 120% on your inventory investment in a year. So ... the more inventory turns you get, the lower your margin can be. Conversely, if your inventory doesn't turn that frequently, you need to sell at a higher margin in order to reach that 120% return on investment (ROI) mark.

Consider the following example for your dealership. If you're getting a 20% "true" margin on a line and want to maximize ROI for that line, how many times should you be turning its inventory in a year? To figure this out, simply take 120 and divide it by your true margin for that line. Using the example of a 20% true margin, you should turn the inventory six times a year ($120/20 = 6$).

The question is: Are six turns even possible in a seasonal business like yours?

Ray VanVoorhis, former sales manager for Carswell Distributing in Winston-Salem, North Carolina, says, "The optimum is six or more turns a year. The alternative, if you're not an extremely sophisticated dealer, is flooring with terms. This is a very seasonal business. Manufacturers have factory people they need to keep working 12 months a year. So the manufacturer gives the dealer terms, so it can ship product when it wants to. I don't think long terms is the long-term answer for this industry. But for now, it seems to be the only answer. In the meantime, manufacturers are working hard to figure out ways to manufacture and ship product in-season."

Rick Barrera has consulted with dealers across the country. He says it's taken some time, but more and more dealers are turning their inventory on a more frequent basis. Some manufacturers have devised a system of four quarterly orders, with re-order points when/if dealers need them. For example, many dealers are turning fast-moving equipment twice in-season, helping them reach their annual turn rate of six — and sometimes even more.

"Whether you're turning your inventory eight times a year, six, four or whatever, you need a sound plan for getting as close to that 120% ROI mark as you can get," Barrera points out. "It has been my experience that in most cases, the dealer who can't come close to 120% has too many lines." 

Requirements of carrying a line

- \$ Sales visits
- \$ Phone calls
- \$ Ordering time
- \$ Follow-up calls
- \$ Receiving, checking and stocking of parts and wholes goods
- \$ Returns and exchanges
- \$ Negotiation, purchasing, installation and maintenance of displays
- \$ Paperwork processing
- \$ Analysis, negotiation and payment of bills
- \$ Cleaning, merchandising and movement of goods
- \$ Advertising design and placement
- \$ Co-op collection
- \$ Marketing program management
- \$ Floor and/or storefront space for equipment and parts, brochures, signage, etc.
- \$ Training: sales, technical, parts, accounting, financing, etc.
- \$ Road time: trade shows, dealer meetings, update schools, etc.
- \$ Demo units that must be sold at a reduced margin
- \$ Outdated, obsolete inventory that must be sold at a reduced margin

Carrying costs

Do you know what it costs you to carry a line? Take a look at the below list of carrying costs, and apply them to each of the lines you carry.

- Interest cost
- Insurance cost
- Property or inventory taxes
- Storage or floor space cost
- Handling costs: the time it takes you (and what that costs you) to receive the equipment, unload it, store it, clean it up, stock it in your showroom, etc.
- Deterioration, obsolescence, theft

Barrera says carrying costs typically average around 20% or 22%. If you're paying floorplan interest, it's much higher. But if you have a good bank loan it may be a little lower.

Opportunity and distraction costs

Opportunity cost is what you could have spent your money on had you not spent it on an unprofitable line.

For instance, you could've ordered more fast-turning Model Bs when you ran out, but you were too busy managing your other 10 lines to notice that you ran out. The result is lost sales.

Another example is that you were unable to take a discount on an order because you didn't have the cash to make a payment on time. Why didn't you have the cash? Because some of your other lines are dragging down your dealership's profitability.

A distraction cost, measured in time, is what you could've done with the time you spent managing a line. Maybe you could have spent more time training staff, or working on a marketing or business plan. As a business owner, you have to figure out where your time is best spent. Rest assured, it's not best spent managing an unprofitable line.

Finding your focus

Trying to figure out which lines you should focus on? Rick Barrera says the following tests can help you make the right decisions. It's a good idea to perform these tests on each of your lines at least quarterly. They can get a little tricky, so be sure to involve your accountant.

Test 1: Turnover by line

Cost of goods sold (by line) divided by average inventory for that line for the same time period.

Test 2: Gross ROI by line

Turnover times a line's "true" margin

Test 3: True profitability of a line

Line profit dollars minus (carrying cost % times average inventory) divided by sales of the line

EXAMPLE 1:

$$\$50,000 - (25\% \times \$50,000) = \$37,500$$

$$\$37,500 \div \$200,000 = 19\% \text{ variable contribution per vendor line sales dollar}$$

Now compare this to your fixed costs divided by total sales dollars

$$\$100,000 \div \$600,000 = 17\% \text{ fixed costs per total sales dollar}$$

*This line is profitable since its variable contribution exceeds the dealership's fixed costs per total sales

The quicksand effect

Why do some dealers take on too many lines?

By Gregg Wartgow

The average dealer doing upwards of \$1 million a year carries between six and 10 lines. Chances are, when this dealer's business was founded, it was a one- or two-line dealership. Then, over the years, the dealership picked up a line or two here and there. For some dealerships, primarily those doing a substantial volume with a great deal of commercial business, adding lines has proved to be a sound strategic decision. After all, if each of the dealer's lines are profitable, how can you question the decision to take them on?

But for many dealers, things don't turn out this rosy. As more lines are added, it becomes harder to manage and turn inventory. And it becomes harder for your dealership to remain profitable.

Mike Joynt, president of distributor Mississippi Valley Stihl in Peoria, Illinois, relates that almost every dealer he has lost to bankruptcy or cash shortage can be traced to an "excessive" number of lines. "The most profitable dealers we service carry just a few lines," Joynt points out. "These dealers 'sell' the service they offer as opposed to 'just taking cash' for the products they carry.

"Without exception, our top dealers carry a consumer line, one or two commercial lines and one handheld line," Joynt continues. "These rare dealers have the highest profits, the most controlled sales, the best technicians and the most satisfied customers. If someone wanted to create a franchise for outdoor power equipment retailers, a limited number of lines would be Rule No. 1."

The fear factor

Why do some dealers end up with more lines than they really need? Consultant Rick Barrera thinks it's largely driven by fear. "A dealer is afraid he might not have the brand a customer asks for," Barrera says. "What the dealer doesn't understand is that 70% of buying decisions are made in the retail store."

Dealer Dave Bayse, co-owner of Valley Tools Inc. in Boise, Idaho, carries nine primary lines: five mowers and four handhelds. He focuses on a couple of those lines, but feels strongly that it's important to offer customers a choice. "If you give the consumer a variety of options to choose from, I think they'll be more likely to shop in your store," Bayse relates.

Dealer Cari Timmer, vice president of Westenbroek Mower in Holland, Michigan, agrees that choices are

important. At the same time, she offers a slightly different opinion. She says, "I think it's important for consumers to have options when they shop. However, I do not think it's critical that every one of those options needs to be under my roof. I'm confident that the three or four brands we carry are as good as you'll find in the marketplace today. And I'm just as confident that we can provide the best service you'll ever find. When we convince the customer of this, we're there. Our in-store close rate is 90%."

It's important to note why customers shop with you. Is it because you carry a certain brand(s) or is it because of the outstanding expertise and service you provide?

"The most profitable dealers we service carry just a few lines."

Mike Joynt

"Generally speaking, the consumer doesn't have an overwhelmingly strong brand preference," Barrera says. "The guy who's been using a certain mower for several years might. The landscaper tends to be more brand loyal. But most consumers rely heavily on the retailer to make their purchase decision, especially for technical products such as outdoor power equipment."

Exactly "how" brand loyal landscapers are is debatable. Ray VanVoorhis, sales manager for Carswell Distributing in Winston-Salem, North Carolina, says, "Based on what landscapers tell me when I'm surveying the market, they stay with a certain dealer because that dealer has always taken good care of them — not necessarily because of the brand that dealer sells. I've talked with multi-million-dollar landscapers who've never even looked at a second dealer. That amazes me."

Fear of missing a price point

"Reaction to market changes" also contributes to a dealer taking on several lines. For example, if a manufacturer that's represented by another dealer in town drops its price in your market area, you need something to counter with.

VanVoorhis says, "The dealer's best option is to go

to his distributor and/or manufacturer and say, 'Hey, my market has changed and I need a response to this.' Hopefully, the supplier will work with the dealer. But if it doesn't, the dealer is hung. If the dealer wants to do the same sales volume he's been doing, he has to come up with something competitive to offer his market.

"There are certain price points that are almost commodities now, and the dealer can tell you what they are. If a manufacturer can't hit those price points, the dealer feels forced into taking on another line that can. This might happen year after year. The next thing you know, the dealer is carrying 10 lines. I know of several cases like this."

This price point phenomenon is all too real. Bayse relates, "In addition to giving consumers a choice, I'm also a firm believer in price points. If you have a Brand X trimmer at \$199, and it's the only trimmer you have, hopefully the consumer will buy it from you. But the consumer might also go down the street and buy a Brand Y trimmer for \$169. I like to give the consumer that choice — in my showroom."

VanVoorhis says the dealer's best option is to find a vendor that will give him the price points he needs, when he needs them, along with the sales training, flooring, etc. that he must have to succeed.

Fear of losing market share

What happens when a dealer closes his doors? In many instances, another dealer in town takes on the closing dealer's main brand so he can pick up the closing dealer's customer base. That's the easiest way to gain market share.

Similarly, if a dealer's market share seems to be stuck, he sometimes thinks that adding another brand will help get him over the hurdle. But dealers have to realize something about market share.

"I'm sure there are a few exceptions, but I'm convinced that a dealer never has more than 20% of the people he could potentially sell to walk through his doors," VanVoorhis says. "From that standpoint, it's the responsibility of the distributor and manufacturer to market to the 80% that has never walked through the dealer's door. As a dealer, if your vendor is doing a good job of marketing to this 80% of the market, you would never have to take on another line to increase your market share."



It's important for the consumer to have choices. But not all the choices need to be available under your roof.

Run out of credit with a supplier

A third contributing factor is the fact that some dealers get credit-constrained, which often leads to taking on more lines. This appears to be a quick fix, but it's not.

Barrera explains, "Some dealers end up credit-constrained because they don't move their inventory. For example, a dealer might buy \$100,000 worth of inventory from a company with 12-month terms. Six months later the dealer has sold through some of it, and wants to re-order a few mid-mount zero-turns that have been selling well. But he can't, because he hasn't sold anything else and his credit is all used up. So the dealer takes on another line so he can stock more mid-mount zero-turns. Now the dealer has two main mower lines. This goes on and on.

"What's left in his dealership?" Barrera goes on to ask. "Inventory that's not turning. The dealer gets deeper and deeper in credit constraint with inventory that's not selling. Most dealers I've worked with don't do a good job of managing this inventory. If you walk into many dealerships you'll see the 'orphans' in the corner; two of this and two of that. This kills inventory turns and ties up credit lines.

"And the interest charges are outrageous. I've worked with dealers who are paying more in interest each month than they are on their home mortgages. The dealer needs to view inventory that's been sitting for more than 90 days as obsolete, and he needs to move it."

If he doesn't, the business will continue sinking deeper and deeper into the quicksand — until the dealer is in over his head with no chance of escape. By limiting the lines you carry, you can increase your chances of staying on solid ground. **YG**

Marketing events are a strong influence on consumers

Experiential marketing hits the mark with coveted demographics: youth, women and Hispanics.

Live-event marketing experiences where consumers interact with products, brands or “brand ambassadors” face-to-face are more effective ways to influence coveted consumer audiences, versus TV advertising, Internet advertising and other marketing tactics, according to results of an extensive survey released by Jack Morton Worldwide.

Comprising an online survey of 2,574 consumers, ages 13-65, in the top 25 US markets, the results confirm that this increasingly important marketing medium resonates strongly across demographic and product categories, with especially high influence among key groups such as women, young people and Hispanics.

“Marketing methods need to be innovative and inventive to keep current with the new realities of the landscape our clients compete in,” says Josh McCall, CEO of Jack Morton Worldwide. “Experiential marketing offers an alternative to advertisers who need new ways to reach their targets. Our research shows that experiential marketing is completely effective at influencing brand perception and purchasing decisions, and yet is still underutilized in reaching consumers.”

Overall, more than two-thirds of all consumers say experiential marketing would be extremely or very influential on their overall opinion of brands and products. Seventy percent say that participating in a live event marketing experience would increase their purchase consideration, and 57% say it would result in quicker purchase. However, 73% of all respondents had never before participated in a live-event marketing experience, indicating an opportunity for marketers to differentiate.

Can help reach targeted consumers

While the influence of experiential marketing is strong across all groups, it is strongest among often-targeted youth and female consumers:

- Nearly 80% of teens say experiential marketing would increase purchase consideration, while 65% say it would lead to quicker purchase.
- 72% of 18- to 23-year old consumers say experiential

marketing would make them more receptive to the brand/product advertising; 59% say it would lead to quicker purchase.

- 60% of women say experiential marketing would be more likely to lead to actual purchase of a product/brand, vs. TV advertising (26%) and Internet advertising (14%).

- 84% of women say they’d bring family or friends to a live marketing experience and 75% say they’d tell others about the experience-giving marketers a terrific opportunity to expand their reach and impact.

“Experiential marketing offers an alternative to advertisers who need new ways to reach their targets. ... experiential marketing is completely effective at influencing brand perception and purchasing decisions, and is still underutilized in reaching consumers.”

- 74% of Hispanic women and 66% of Hispanic men would be more likely to consider purchasing a product after participating in an experiential marketing event.

- 81% of Hispanic females indicated participating in a live marketing event would make them more receptive to future advertising.

However, Hispanics are also the ethnic group most underexposed to event marketing; 78% of all Hispanics surveyed had never before participated in a live marketing event.

The effectiveness of experiential marketing was also tested against 14 product/service categories. In 11 out of 14, consumers said their preferred means of learning about new products/services was by experiencing

it for themselves or by hearing about it from someone they know, as opposed to TV, radio, print, mail or the Internet.


Live marketing experiences were also shown to be a valuable way to increase marketing ROI:

- 75% of consumers say that participating in a live marketing experience would make them more receptive to the product/brand's advertising.

Spending on experiential marketing has grown to an estimated \$166 billion in 2004, a 9% increase over 2003.

- 75% of consumers said they would be extremely or very likely to tell others after participating in a live marketing event, extending impact through word-of-mouth.

- 8 out of 10 consumers who had actually participated in experiential marketing in the past said that they had told others about their experience.

According to McCall, the research supports the value that experiential marketing brings to many companies. Spending on experiential marketing has grown to an estimated \$166 billion in 2004, a 9% increase over 2003, according to an industry trade publication. 


Branding the consumer

Brand-focused retail training shown to have significant influence over product and brand recommendation

A study conducted by MarketStar shows that manufacturer-sponsored product training activities significantly impact retail sales associates' brand recommendations and product sales.

MarketStar recently surveyed 934 retail storefronts to assess the effectiveness of manufacturers' in-store training efforts. Of those surveyed, 86% of the store associates and managers said they are more likely to recommend a manufacturer's products based on in-store marketing efforts such as product training. In contrast, just 4% indicated that they are no more likely to recommend a manufacturer's products.

When the retailers were asked which in-store marketing activity had the most impact on sell-through, 49% indicated that product training is the most important activity that a manufacturer can provide. In addition, almost 67% of retail sales associates indicated that training significantly increases their own ability to sell the manufacturer's products.

"These findings show that the recommendation of retail sales associates for products that require at least a moderate level of consideration and comparison is a critical factor in the brand purchase decision," said Ryan Brock, VP of Strategy & Consulting for MarketStar. "It also shows the continued need for manufacturers to build their brands through in-store marketing efforts such as product training." 

Organizing your showroom

Tips on seasonal merchandising, directing traffic and avoiding clutter.

By Gregg Wartgow

Your showroom is possibly the most important component of your dealership. Parts and service undoubtedly play pivotal roles in the store's overall success. For example, they're what set you apart from the mass merchants. But the showroom is the area that may play the biggest role in shaping the consumer's perception of your business.

A dirty, cluttered showroom with no real rhyme or reason to its layout leaves an unfavorable impression on the customer. On the other hand, a clean, organized showroom can leave the customer feeling good about his shopping experience.

Keeping things fresh

Moving equipment around helps keep your showroom looking fresh and interesting. It can also help boost sales. Products that might experience increased sales at a certain time of year can be displayed more prominently at that time of year.

John Buchanan, owner of Buchanan's Power Equipment Center in Lebanon, Ohio, says he changes his showroom's layout four or five times a year — as far as the major displays. In the fall, you'll find more blowers on display, not to mention fun karts and aerators. In the winter, you'll find more snow throwers. Then, in the spring and summer, it's naturally mowers.

Buchanan also displays more attachments, in an effort to show the versatility of tractors. He says there are always some tractors on display in his showroom, regardless of the season. However, the season does determine which attachments are showcased along with the tractors. For example, snow blades are on display during the fall and winter months.

Vic Sohar, owner of Sohar's All Seasons Mower Service in Macedonia, Ohio, pays close attention to how his non-power equipment products are displayed, and mixes things up on a weekly basis by changing displays and putting different items on sale. For example, in the spring, trimmer line is often put on special. In the winter, he puts two-cycle oil on sale; for snow blowers. A neon sale sign goes above the display to draw the customer's attention. Sohar says it's a simple way to grab some additional sales.

In addition to the way it's displayed, it's also important to keep merchandise looking as nice as possible. At Sohar's All Seasons Mower Service, merchandise is cleaned daily. The showroom floor is swept every day, and it's mopped once a week.

"Our employees have to feel good about what they're selling, so they don't resist pitching in to help keep the equipment and showroom looking great."

"We don't have a specific person assigned to do these tasks," Sohar says. "It's a total team effort. We all realize how important it is. It's a priority. Our employees have to feel good about what they're selling, so they don't resist pitching in to help keep the equipment and showroom looking great."

Directing traffic

Displaying certain products more prominently during their "in" season is a popular merchandising tactic. When organizing your showroom layout, it's also possible to dictate customer traffic flow. Then, those items you are wanting to push are "right in the customer's face."

Case in point, Sohar displays the in-season products toward the end of the store where the customer enters, so the customer sees those products first. For example, in the fall, chain saws are displayed closer to the store entrance, and string trimmers are toward the back of the showroom. In the spring, those two products typically switch places.

As soon as customers walk in the door at Buchanan's Power Equipment Center, they have to turn right. So products Buchanan really wants to feature are displayed right there. Then, mats and rows of equipment (with product on either side of the aisle) direct customers to the center of the showroom; where the customer is



then surrounded by bright, shiny equipment.

The strategic location of the parts counter is another good way to direct traffic flow. Many customers who walk through your doors are headed right for the parts counter. By placing the parts counter in a certain part of the store, and displaying equipment based on the route the customer will take to get to the parts counter, you can ensure that customers walk by the products you want them to see.

At Buchanan's Power Equipment Center, the parts counter is located toward the back of the showroom. So, customers have to walk all the way through the showroom in order to reach the well-lit parts counter; passing by display after display en route.

At Sohar's All Seasons Mower Service, the parts counter is located directly in the middle of the showroom. Sohar says, "Our showroom is longer than it is wide. It's about 70 or 80 feet long. The parts counter is located about 30 feet from the entrance; which is about the middle of the showroom. So customers still have to walk past all the in-season equipment we're displaying

up front in order to get to the parts/service area. Also, we put up displays of other popular products, such as two-cycle mix, right next to the parts counter. That's a nice way to grab some additional sales."

Buchanan employs a similar tactic. He says, "We use mobile storage units with rollers for merchandise like fuel cans and oil. We park it right next to the parts counter, so customers can't miss it. Often, a customer buying parts will turn around and buy a quart or two of oil. In fact, many times, customers will purchase oil by the case. So we stack up cases on the display as well, and price oil individually and by the case."

Avoiding clutter

One goal of having a well-thought-out, organized showroom is to optimize sales through effective merchandising. You also want to provide a pleasant shopping experience for the customer. That means giving him a comfortable place to shop. And that means avoiding clutter.

This is sometimes a real challenge, particularly for

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dealers who are not blessed with large showrooms. Sohar says, "At times, we get a bit cluttered. Fortunately, we have an outside display; so larger equipment can go outside."

Buchanan says he displays tractors in line, and makes sure there's enough room between any pair for him to walk between. Then, the customer should have ample room to comfortably maneuver around the showroom.

A second showroom — the warehouse

Going hand-in-hand with the merchandise displayed on your showroom is the excess inventory stored in your warehouse. In fact, the two are so closely related

"Customers want to know two things: how much and how fast. By organizing and maintaining an orderly showroom and warehouse, things will be much easier for your employees. And that benefit will translate directly to your customers, leaving a favorable impression of your dealership with them."

that some dealers are using their warehouses as a second showroom.

Sohar says, "We've transformed a section of our warehouse, which is connected to our store, into a showroom for commercial equipment. We have over 100 pieces of equipment assembled back there. That's appealing to the customer because it makes you look huge. And it's freed up a lot of space in our main showroom."

A section of Buchanan's warehouse, located 50 feet from his main building, also acts as a second showroom, mainly for larger products such as compact tractors that

are too large to display in the main showroom.

There's another benefit to utilizing his warehouse as a showroom for larger equipment. He says, "When customers come back there and see all our inventory, it leaves quite an impression. They feel secure with us and think, 'They can serve me well because they have all the products here.'"


Along with utilizing a section of his warehouse as a second showroom, Sohar has also designated a special prep area. He says, "We assemble the new equipment that comes in during the off-season right after Christmas. We have a special prep area designated in the warehouse for this. I pay for it in the winter. But come spring, we're ready to go."

But what about using the warehouse for its intended purpose — storing excess inventory? That all depends on how much space you have, how many brands you carry and several other factors. Buchanan has one universal piece of advice: separate products by category.

He explains, "We keep all walk mowers and snow blowers against one wall. Lawn tractors are against another wall. Commercial equipment is along another wall. We keep small aisles between the crates to maximize space, and typically stack them no more than three high. That way, you can still walk through and read the serial numbers on each crate."

As for handheld equipment, Sohar hangs one-inch pipe in a section of his warehouse. All trimmers are set-up once they arrive, and are hung on the pipe. The trimmers are separated by manufacturer.

How you go about organizing your warehouse and showroom will vary from dealership to dealership, depending on each dealership's situation (square footage available, brands and types of products you carry, etc.). The point is, developing a system for organization will yield long-term, positive benefits for both your employees and your customers.

As Sohar says, "Customers want to know two things: how much and how fast." By organizing and maintaining an orderly showroom and warehouse, things will be much easier for your employees. And that benefit will translate directly to your customers, leaving a favorable impression of your dealership with them. 

The sales power of experience

Experiential marketing takes the idea of hands-on further, to a place where the customer encounters some of the results of using the product.

By Jim Riley

When I first heard the phrase "experiential marketing" I assumed it was the new way to describe "hands-on marketing." Almost. Experiential marketing takes the idea of hands-on further, to a place where the customer experiences some of the results of using the product. It allows the consumer or prospect to interact with the product in such a way that the experience helps sell them or deepen the relationship.

On the national scene, marketers & manufacturers have the resources to create very real and interesting

The experience helps sell them or deepen the relationship.

experiential marketing opportunities. You'll often see them at big gatherings like ESPN's Great Outdoor Games (a couple of years ago I caught my first Walleye with the help of a large screen video monitor and motion chair at one of the boat manufacturer's displays).

How can you do it?

But that sort of high-end experiential marketing is not feasible for the local outdoor power equipment retailer. So what is? I have three ideas for you to consider. Keep in mind that anything you do in marketing should be designed to grow sales, to deepen relationships and, when possible, to further sell the difference between you and the mass merchants.

1) What about getting product right in the hands of homeowner users – and having it put there by an informed, professional member of your staff? I'm suggesting that a staffer be assigned to take equipment around on weekday evenings and Saturdays, let homeowners try it and then leave them with a flyer from your store. How about instead of discounts you offer a value-added service (ie: provide one routine maintenance at no extra charge)?

2) Create a spring event wherein local landscapers

give tips and maybe do pencil sketches for landscape improvements. Invite people in "to see and try all that is new in outdoor power equipment" — including the "all new.....". Have a big selection of equipment serviced and ready to sell, and try to pull off the event with no discounts. (Try to use existing manufacturer promotions and/or financing offers — but hang on to your margin!)

3) Oftentimes when a storm or natural disaster hits, thousands of people buy and use chain saws — maybe for the first time. Consider holding a storm clean-up or emergency preparedness event. Show customers the proper basic operations. Demonstrate how to put bar and chain oil in the saw, show them how to start the equipment, and let them do some cutting. Have in a professional to demonstrate proper bucking techniques.

You'll want to check with your lawyer and/or insurance folks to clear liability as part of the planning for any experiential marketing. But thinking out of the box, creating events and activities wherein your customers can interact with the product and experience your store – can go a long ways to converting sales into life-long customer relationships!

Good selling! 



About The Author

Jim Riley of Red Letter Communications Inc. worked with Stihl Inc., as well as several Stihl distributors for more than 10 years. He specializes in translating national advertising campaigns into tools that distributors and dealers can utilize in

their local advertising and marketing. Riley is also a member of the "Stihl Retail Readiness" team.

How much freer can you get?

Achieve a competitive advantage without lowering your fees.

By Bill Gager

In today's marketplace, developing and maintaining an objective advantage over the competition can seem next to impossible. Why? Because from a customer's perspective, similar product and service offerings are basically the same. For example, consider life insurance policies. To the consumer, all \$250,000; twenty-year term life insurance policies offer identical coverage. So how do they decide between Company A's policy, Company B's policy, and Company C's policy? Well, if they view product A, product B, and product C as all having the same value, then the only thing they look at to differentiate the three is the price.

Unless you have a distinct advantage customers care about, you must create a competitive advantage by creating a value perception that goes beyond your product or service — a value-added proposition. Demonstrating your value-added competitive advantage during the sales process is difficult, because traditionally the emphasis of competitive advantage has been service and the only way for a prospect to experience your service is to actually become a customer. And to get a prospect to become a customer, you have to be able to positively differentiate your company's service from the competition during the sales process. Therefore, to maximize your sales, revenue and profit potential, you need to create a value-added proposition and perception. In other words, your entire offering, including the way you sell, has to be set up in a way that presents you as being positively different from the competition.

Maximize your opportunities

To position your products/services as positively different, you need to leverage your sales approach to maximize your point of contact opportunities with prospects and customers. Point of contact opportunities are any time a representative of your organization comes in contact with a prospect or customer. The way that representative interacts with the prospect or customer is going to form his or her strongest opinion of the organization.

Essentially, it all comes down to what your representatives do and how they do it. Focusing on the products your organization has to offer or the "needs" of the customer is not enough. Your staff needs to focus on the critical issues facing your customers and the value your

organization can provide in solving those issues. You need your customers to know that you offer more than any other organization, and that your products and services are therefore worth the higher price. To help your organization make the most of every point of contact, consider the following.

1. Make the customer feel you understand their critical issues. At every point of contact, you must make the prospect or customer feel listened to and understood. But because all organizations strive for that, the usual techniques have lost their impact. For example, almost every organization uses active listening techniques, such as summarizing the customer's question or concern. As

When your customers and prospects feel like you truly understand their issues and challenges, they will see more value in your organization's services.

a result, when you talk to a customer service or sales representative, you can usually hear them using the techniques on you. But when everyone is doing it, the competitive advantage disappears.

Your staff needs to go beyond the usual active listening techniques to effectively rise above the competition. Rather than parroting back answers, you can uncover your customer's critical issues, help them think about these issues differently and perceive you as having a solution. When your customers and prospects feel like you truly understand their issues and challenges, they will see more value in your organization's services.

2. Demonstrate the added value. Every time customers or prospects come into contact with one of your representatives, you want them to believe they received some value from the experience. So help your prospects and customers gain some new insight or identify an underlying problem. Do whatever you can to establish yourself as a thought leader by demonstrating a deeper understanding of your prospects' and customers' critical

issues and bringing new ideas and information that specifically pertain to those issues.

For example, every time you meet with a customer or prospect, uncover and provide a solution for an issue they are struggling with or bring some bit of information that the other party will see as helpful. Strive to go beyond the normal day to day and demonstrate your value added by helping the prospect or customer gain new insights into the issues that challenge them.

3. Be consistent in your customer contact. When you don't establish consistent, positive contact with your customers and prospects, you lose opportunities to create and maintain your competitive advantage. For example, many sales professionals say and do everything right to sign a new customer, such as following-up regularly, explaining the details and answering all the questions. But once the prospect opens an account, the sales representative doesn't maintain contact and virtually drops off the planet. This inconsistency is a common occurrence, both on the prospecting and customer service sides of sales. If you maintain consistent, value-added contact that in itself creates a competitive advantage, because you're doing something that no one else does.

Try a different approach

In the prospecting phase, the value-added might come from a different spin on your approach. For example, instead of calling a prospect and saying, "I'd like to talk with you about the services our organization can offer," you can say, "I'd like to talk with you about the solutions we provide to the issues businesses like yours face." Then be as specific as possible with the issues they are likely facing and maintain regular contact to continually demonstrate your position as a value-added provider. In the customer service phase, a way to add value is to meet with customers on a regular basis to check in and explore new challenges you may be able to help with or send customers an article you saw on trends in their industry, or by recommending a book they may find useful. By using a consistent value-added approach, you establish yourself as being positively different.

4. Identify their unseen problems. Beyond dealing with the obvious needs, if you can help customers or

prospects identify potential and existing problems they didn't even realize they had, then you can put yourself light-years ahead of the competition.

Most organizations approach their prospects and customers with a fly-by assessment of their current needs, and they miss the underlying problems that the prospect doesn't know how to solve. Realize that only about one in 10 prospects at any given time has an active need for your services. The key to maximizing your results is to leverage the other 90%!

When you don't establish consistent positive contact with your customers and prospects, you lose opportunities to create and maintain your competitive advantage.

The key to identifying your customers' and prospects' unforeseen issues is to do more development work. Take your point-of-contact opportunities to the next level and look for symptoms your prospects and customers experience, but can't find the cause. If you can engage your prospects and customers at that level, you jump ahead of the competition. The key is to ask the right questions to gain deeper insights into the hidden issues and get the customer to realize how those issues impact on their business and life.

5. Provide all your resources to the customer. Once you've done all the development work and you've brought someone in as a customer, you must continue to offer them added value. Many times organizations focus solely on the prospecting phase, and lose opportunities to grow their current customers as a result. But after the initial sale is made, the more you can present the full resources of your organization to the customer as a solution to their critical issues, the more valuable you are to the customer. Introduce them to your full line of solutions and make additional information readily available to the customer. Don't focus on your products and services; rather focus on how they solve your customer's

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critical issues. Do this and they will continue to see the added value in your dealership.


Added value in the future

To maintain a pricing advantage and to avoid lowering your price, you must create a value-added perception by leveraging your points of contact.

Remember, you have to do what your competition isn't. People will only see you as valuably different, and be willing to pay more for you, if they believe they get something of value that they can't get anywhere else.

Make your customers and prospects feel understood by going beyond active listening techniques and asking questions that help them see their critical issues differently. Demonstrate your competitive advantage by communicating the value added to your services by connecting them as solutions to the customer's issues. Establish consistent contact with your prospects, and then maintain this contact when they become customers. Go beyond your prospects' and customers' obvious needs and develop solutions to the problems that they haven't identified yet. Then once you've brought in a new customer, present the full resources of your organization so they continue to see the value you can offer them. These steps are important in selling to prospects and even more important when you're expanding an existing customer relationship.

When you use these techniques to demonstrate your added value, you won't have to play the price game to maintain your competitive advantage.

Customers and prospects will be willing to pay more for your products and services because they'll know you're more valuable than everyone else in the market. 

About The Author

Bill Gager is a consultant, speaker and coach who has worked with some of the nation's top Organizations to leverage the power of their potential to maximize their results from every customer point of contact opportunity and customer relationship. For more information please call 1.877.800.7284 or visit www.gagerinternational.com.

The mystery of value, service

Since 1989 in WSL Strategic Retail's How America Shops® consumer studies, we have asked shoppers why they choose the stores they do. Their answers fall into five categories: price, convenience, selection, habit and service. It's always surprising to see that service consistently ranks fifth. How could that be when consumers constantly regale us with horror stories about poor service, whether it is in a store, from an airline or from a car dealer. Why do they rank service so low?


When you think about it, it's not a mystery. It's not that Americans don't want or like good service, it's that they don't expect to get it regardless of where they shop or how much they spend. And that's the opportunity – your opportunity.

The findings from How America Shops® 2000 make it very clear. While service still ranks fifth, the percentage of women 18 to 70 who said, "I choose to shop at "X" retailer because of the service" more than doubled, from 11% in the 1998 study to 26% in 2000.

What does this mean? It means that as consumers have merchandise at good prices, service is becoming the differentiator, the reason an increasing number of consumers choose one shopping venue from another, be it a store, a catalogue or a Web site.

Service can be as simple as ensuring you call a customer by name. (It's so easy as credit and debit cards and checks are the primary means of payment.) Consumers expect so little that something as small as that will make them stop in their tracks, believe me. But it's also about being well-informed about products, responding to questions respectfully, helping customers find their way around the store (no pointing, "Oh, it over there.")

However, it's also important to remember that service does not replace other retail fundamentals. (Ask Nordstrom what happens when service becomes the sole mantra – to the exclusion of timely selection and brands, a compelling shopping environment, and good value.)

But integrate good service into the mix and you'll see customer loyalty grow and grow. 

Pursuit of perfection

Lynn Pesson Jr. understands that profitable growth requires an all-out commitment to employees, customers and business reinvestment.

By Gregg Wartgow

Lynn Pesson Jr. has been a familiar face in Yard & Garden. The dealership he is president of, Southland Engine Co. in Lafayette, Louisiana, was profiled in Yard & Garden's March 2002 issue. The headline of that article read, "A commitment to excellence." Pesson understands that commitment, as do his parents, Lynn Sr. and Janice, the owners of Southland Engine. In fact, the entire Southland Engine team understands the commitment. If it didn't, Pesson says, the dealership wouldn't be in the healthy position it is today.

Sales have grown 53% over the past five years. At the same time, several capital investments have been made to streamline processes, providing a considerable bump in productivity and profitability. In that March 2002 article, Pesson said that, as a business owner, you have to look back at what you've done every five years or so, make additional improvements and keep moving forward. Actually, Pesson and the Southland crew seem to have made this more of an annual occurrence. "We upgrade our business management software every year," Pesson says.

Investing in the business

One of the upgrades this year was the addition of a bar coding system. "Every part is bar coded, which cre-

ates efficiencies in several ways," says Pesson. "One, it reduces the chance of the wrong part being sold. Two, front counter people can process tickets a lot faster, since all they have to do is scan the bar code instead of manually entering the line and part number.

"(The bar codes) save time for our staff, and most important, save time for the customer who wants to be in and out as quickly as possible. This is translated to value for the customer, and it goes to our bottom line."

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Also earlier this year, a 19,500-square-foot warehouse was erected, complete with a loading dock. "This cut our loading downtime by two-thirds," Pesson points out. He said it used to take 90 minutes for two people to unload a truck of equipment. With the efficiencies of the new dock, now one person can do the same job in 20 minutes.

A couple years ago, Southland Engine transformed its shop into a "paperless" system, reducing the downtime per shop ticket by an estimated 20 minutes. The same Access computer database Pesson had developed to transmit service tickets around the shop is now used to check in and out units in the shop. "This wireless network Access program has helped increase our shop

"We simply give the most service to our customers ... more units on the floor to choose from, more parking, faster repair turnaround, cleaner shop, pick-up and delivery service, ability to get parts, adequate space to keep units that are in for service indoors ... you name it."

efficiency from 68% to 81%," Pesson says.

In business since 1960, the Southland Engine history is highlighted by several other momentous occasions. The dealership, searching for a way to secure growth in a changing marketplace, set its sights on the commercial market in 1985. Also at the time, the company developed a plan to increase wholegoods margins: partner with factory-direct suppliers (when possible), eradicate interest expenses and eliminate freight charges. In 1991 Southland Engine became computerized in order to enhance efficiency and keep pace with its newfound growth.

A new 16,000-square-foot facility was built in 2000, dramatically increasing showroom space and providing greater accessibility for landscapers' trailers. Since the move to the new building, annual wholegoods sales have


doubled, according to Pesson.

The new facility is a large part of the "value formula" that Southland provides its customers, which accounts for the growth in sales. "We simply give the most service to our customers," says Pesson. "It can be more units on the floor to choose from, more parking, faster repair turnaround, cleaner shop, pick-up and delivery service, ability to get parts, adequate space to keep units that are in for service indoors ... you name it. Our customers love our service package."

Making their mark

Gravelly's Mike Fussell says the Southland team treats customers like royalty. This reputation is well-known. This, coupled with the fact that Southland Engine is located on one of the busiest highways leading into Lafayette, makes it easy to understand why the dealership is typically inundated with customers throughout the long Louisiana growing season. Still, Southland Engine is an aggressive marketing force.

A 400-page aftermarket parts catalog, designed and produced in-house by the Southland staff, was introduced in 2003. They've created a radio jingle that can be heard at www.southlandengine.com. Speaking of the Web site, management of it has been brought in-house. Since it has, the site has greatly improved. Of course, it includes information on all of the dealership's equipment lines. Customers can also check on the status of their repairs. "We're currently in the process of setting up an online shopping cart for parts," Pesson says. "Then customers can order parts any time online." Southland Engine does a good amount of governmental business. "Our Web site is useful for state agencies who want to look at the products we offer, as well as our state contract pricing," Pesson adds.

Contact information and Web links for Southland Engine commercial customers are also listed at the site. It's a great way for Pesson and company to say "thank you" to valued customers, and display their desire to partner with them and help them run their businesses. One of the driving forces behind Southland's pursuit of perfection is a commitment to its customers. That's been a recurring theme for the dealership since it was founded. While Pesson and his team continue to search for new ways to streamline processes and boost productivity, this tenet will remain at the heart of Southland Engine's business philosophy. 

Bigger is better

Since opening a new facility, sales have nearly doubled at Goss Tractor — and that's just the way they want it.

By Gregg Wartgow

What do you do when your business has been growing comfortably for the past several years, but you're starting to feel a bit cramped and have no way of squeezing anything else out of your current location? To top it off, you're in a market that's undergoing a population boom, so the opportunity to really grow your business is sitting right there in front of you.

Stanley Goss and Troy Southern, co-owners of Goss Tractor in Jasper, Georgia, faced this very scenario about a year ago. To them, the answer was quite obvious. They needed to take their business to the next level and move

They needed to take their business to the next level and move into a bigger building. The solution was to build their own facility from the ground up.

into a bigger building. The solution was to build their own facility from the ground up.

Southern tells, "Our sales had been growing at about 15% a year in our previous facility. We were really cramped. Stanley and I had bought that facility in 1983, and since then we'd added on a couple of times. What we'd done just wasn't adequate anymore, and there was nothing else we could do to improve it. If we wanted to continue doing business there, we would have to build a new shop, more sales offices, a bigger parts department, you name it. In other words, we would have had to pretty much build an entirely new store. So we figured we might as well do it in a better location."

Using other businesses as a benchmark

Building a brand new facility at a new location is quite an undertaking. So it wasn't as if Goss and Southern just dove right into it. They spent several months examining the situation; watching what other area businesses had done, seeking the advice of other



dealers, and carefully talking things over with their accountant.

"A tractor dealership up in Blue Ridge moved from a downtown location to a four-lane highway, and his sales grew quite a bit," Southern tells. "Right here in Jasper, a car dealership did the same thing, and his sales grew 200%. We knew that if we could move to a more highly visible location, we could grow our business, too."

Population is booming in Jasper, located roughly 60 miles north of Atlanta, as many people have been moving out away from the city into the country. So there has been a lot of untapped potential in the way of power equipment sales. A more visible store would open up this growing market to Goss Tractor.

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After doing some research, Goss and Southern found the perfect location: a 20-acre plot alongside the main four-lane highway in Jasper. There, they built their 35,000-square-foot dream dealership. That's quite an improvement from the previous facility, which was 10,000 square feet. Southern says the new service shop is nearly six times the size of the old one. "I don't foresee having to add on any time soon," Southern says with a chuckle. "We're pretty much set ... with room to grow."

Currently, Goss Tractor is operating on roughly nine of the 20 acres it purchased. As for the land it's not using, Southern explains, "We have a total of five lots we're trying to sell, which will help offset the cost of constructing the new building. The property is a very sellable commodity due to its location on the main highway. So we're pretty optimistic." Goss Tractor's previous facility is also still up for sale.

Advice from all directions

Aside from their own careful analysis, Goss and Southern credit their employees, their accountant and other area dealers for providing a ton of useful advice, helping them make critical decisions regarding the new location and facility.

"We sat down and talked with our CPA about the financial feasibility of building a new store," Southern says. "He helped us recognize that we were already

paying fairly high taxes at our original location. Thus, it made perfect sense to re-invest in our business and build a bigger, nicer facility in which we could grow."

To maximize efficiencies, each manager was allowed to design his own department. "Who better understands how the parts department should be laid out than the parts manager?"

Regarding the layout of the new facility, Goss and Southern picked the brains of other area dealers who'd recently moved into new stores. But most of the credit must go to the employees of Goss Tractor. To maximize efficiencies, each manager was allowed to design his own department. "Who better understands how the parts department should be laid out than the parts manager?" Southern asks.

Serving a growing customer base better

Actually, credit must go to each and every employee of Goss Tractor, Southern points out, as the move to the new facility has truly been a team effort. The team concept is especially important these days, as the dealership's customer base continues to grow.

Since moving into the new facility in March 2002, sales have really taken off. For instance, compared to last year, sales in April were up 140%. Overall, sales this year are projected to come in at around \$12 million, which is quite a leap from the \$7 million total in 2001.

Of course, the substantial growth has been accompanied by some headaches. To help soothe those head-



aches, Goss Tractor has added a couple of employees. Southern's sister now helps out in the parts department, along with processing warranty paperwork. A second full-time parts person has been added, along with another employee in assembly. Every single one of the 20 Goss Tractor employees is needed in order to keep the growing business operating smoothly — and profitably — these days.

Goss Tractor's five salespeople have been particularly busy this year, as the new, more visible location has brought in a flurry of new customers. In fact, a good percentage of Goss Tractor's customer base is comprised of first-time tractor buyers.

Down on the farm

But the bulk of business comes from poultry farms. There are several within Goss Tractor's eight-county, 60-mile-radius market, and are purchasing everything from mowers to compact tractors to skid steers. Goss and Southern consider the poultry farmers to be "commercial" customers, since they're using equipment to run their businesses. So they — along with landscapers, municipalities and golf courses — are naturally given priority in the shop.

In the Jasper area, the farming industry has changed over the past few years. Southern explains, "A lot of farms have sold off into 5- to 10-acre tracks. Now, where we used to have one farm with a couple good-sized tractors, we have several smaller farms. So we're selling eight or nine smaller tractors to several property owners."

Goss Tractor caters to another type of farm customer — the horse farmer. Since these customers are typically hobbyists, Goss and Southern consider them to be on the residential side of the coin. Nevertheless, they still have big equipment needs. Same goes for the upscale homeowners who are moving north to the Jasper area from Atlanta. Big lots means a need for big equipment. So zero-turn mowers have caught on well, as have compact tractors with rotary mowers. Southern says Goss Tractor will end up selling around 45 zero-turn riders this year; double what was sold last year.

Yes, Goss Tractor is really growing these days. But it's been a controlled growth. And despite the size to


Controlling a huge inventory

Troy Southern says the trick to being a profitable dealer is controlling inventory. "Our goal is to rollover product every six months," he says. With the new location and increased customer traffic, the hardest part for Goss Tractor has been keeping enough product in stock — enough of the right products, that is.

"What's worked for us is that we limit stocking up on a certain product to a single brand," Southern explains. "If you carry several brands of the same product, you can't buy in as much volume and get as nice a discount. Also, we typically buy based on our sales forecast, which is largely based on what we did last year. But you just never know. I network with other dealers to help move excess inventory. Just because it's not selling in my market doesn't mean another dealer somewhere else couldn't sell it. The dealer locator at Kubota's web site, for example, has come in real handy for me in the past."

which the company has grown, they haven't lost sight of what got them there. Doing business with Goss Tractor is as inviting as it's ever been.

Case in point: When construction of the new facility was completed, a décor had to be chosen. Since they wanted a homey feel to it, Goss and Southern settled on a popular country-style appeal with a cedar wood finish, giving the interior a rustic look. The goal was to make customers feel at ease, not intimidated by a big dealership. So far, it has had quite an impact.

Southern says, "Even though we've gotten to be a pretty big company, our philosophy that got us started still holds true today: We are a family here." 

Originally printed in Yard & Garden's September/October 2003 issue.

Looks can kill

If you aren't supporting your customer's ability to shop and purchase, then cutting corners to save money won't be necessary anymore – you will be out of business.

By Melody Treece Vargas

A long time ago when merchants were plying their wares in remote areas to people with few options, it didn't matter how they were displayed. It didn't matter how the store looked. It didn't matter if the owner was polite. Just having goods available pretty much guaranteed a sale.

Today, however, competition is fierce. Your potential customer is most likely a savvy shopper with a keen eye for price, service and convenience. She expects a lot from a merchant. If you fail to meet her expectations, today's customer will shut her wallet and take her business elsewhere.

As a retailer, you already know that it costs more to get new customers than to keep the ones you have. You probably also know that the longer you can keep a customer, the more valuable that customer becomes. The amazing thing is that even though many other retailers know these things, they continue business practices that are sure to lose customers!

Why do retailers who work hard trying to get traffic in their stores make it impossible for their customers to shop? And more importantly, are you one of those retailers?

If you said, "no" think about this. Paco Underhill's new book, *Why We Buy*, reveals just how wrong retailers can be about their stores. Underhill discusses a very knowledgeable senior executive in a multi-billion dollar chain who believed that nearly everyone who walked into one of his stores made a purchase. After all, he reasoned, that's why they came. It may have been why they came, but that doesn't mean they will buy. The actual percent of customers who purchased was only 48.

Take a look around your store as if you were a customer. Are the aisles blocked with cartons that stock clerks haven't gotten around to yet? How is the lighting? Is your store too hot or too cold? Does the music intrude instead of enhance the shopping experience?

When you set plan-o-grams are you blocking custom-

er's access to nearby products? On one visit last week a store had a whopping eight aisles impassible and it was the height of the weekend.



A clean, well organized and well-stocked store is one of the best weapons in the war against the competition.

How is your customer service? A retailer can call shoppers "guests," but if they aren't treated that way it can really backfire. If your customer feels like a guest, but that guest is the unwanted in-law who won't stay away, you have a problem.

Retailers with employees who smile and are actively engaged with their customers send the right message. Even if customers never need help, they feel sure that if they do want it, help will be available.

It seems like common-sense retailing, clean and easy-to-shop stores with courteous and knowledgeable employees. Yet in the urge to increase profits, many stores are cutting costs. Sometimes to their detriment. If you aren't supporting your customer's ability to shop and purchase, then cutting corners to save money won't be necessary anymore – you will be out of business. **YG**

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Karen & Bryan George, Owners, Santa Fe Power Equipment

“The key to our success? Two heads, one brand.”

Karen and Bryan run the business that his father started forty years ago based on his principles: integrity, trust and lasting relationships. Business was good, but the big-box stores were coming. Then in 2003 the couple put their heads together

and decided to go 'STIHL-exclusive.' The result? "We had our first million-dollar gross and now we're growing by leaps and bounds," says Karen. Today they are a top dealer and Bryan gives STIHL much of the credit: "It's made our business more

efficient, from sales to service to parts. Offering a number one selling brand doesn't hurt, either." Adds Karen, "We should've done this years ago."

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