

Refocusing The Business Strategy and Learning System Drives Retailer's Customer Loyalty And Profits

How Listening To The Profitable Customers Helped The Chairman Lead His Company And Grow His Profits!

The Situation:

- Regional retailer acquired four local chains
- Implemented “low-price” strategy driven by customer surveys
- Experienced a steady decline in
 - Employee Satisfaction
 - Customer Loyalty
 - Same Store Sales & Profits
- Store managers beginning to “go their own way”

The Challenge:

- Redefine the business strategy so that it drives profitable growth
- Create a consistent, compelling brand
- Gain store manager commitment to the new strategy and brand
- Rapidly build same store sales

The Solution:

- Re-analysis of customer data found that the most profitable customers were:
 - Working mothers shopping for a family of 4 – 5
 - Completely satisfied
 - Spending 95% of their money in the store
 - Made 24% of their purchases in a 32 hour window
 - Valued service with competitive pricing
- Shift strategy from low-price to branded service strategy
- Define the new brand and service experience based on what are the most profitable customer segment
- Train employees in behaviors that delight profitable customers
- Modify store staffing to increase service during 32 hour window
- Reward store leadership for coaching/reinforcing front-line
- Reengineer key processes to improve store operations

The Results:

- 5% increase in profitable customers
- 5% improvement in price perception – despite raising prices
- 4 – 5% increase in customer ratings of all service behaviors
- 9% increase in same-store sales
- 25% increase in operating margins
- 10% increase in employee satisfaction