



Service is dead: Differential is the strategic imperative

By Brendan Dorrian

THIS ARTICLE HAS BEEN COMPOSED AND EDITED ON THE MOVE, LITERALLY, AS I TRANSIT THROUGH A BUSY INTERNATIONAL ITINERARY DURING THE FORTHCOMING THREE WEEKS. I START, ON THE SHEETS OF PAPER HANDED TO ME BY A MEMBER OF THE POOLSIDE WAITING STAFF AND CONTINUE AS I JOURNEY. THE TITLE IS WHAT I'D LIKE YOU, THE READER, TO REMEMBER: THAT, AS A STRATEGIC PROPOSITION, SERVICE IS DEAD, REPLACED BY DIFFERENTIAL IN ITS MANY FORMS.



I am sitting at the edge of the outdoor pool at the Ritz Carlton hotel in Dove Mountain, Tucson, Arizona. My reason for visiting Tucson is to attend the Global Retail Conference, produced by the faculty and students of the Terry J Lundgren Centre for Retailing. From here I travel to other commitments around North America; then to London where I'll address the UK Gift Card and Voucher Association (UKGCVA) conference and finally to Berlin for the World Retail Congress.

Here I'll be addressing some of second year students on the subject of 'Differential' as well as participating as a delegate.

Demands on retail executives' time are numerous and within an increasingly crowded conference calendar, determined choices have to be made; which conferences to attend and importantly, which to let slide. For me, the Global Retail Conference is a 'must have', for a number of reasons which I'll go into later. Speaking with delegates both here and earlier at the National Retail Federation, NRF, Big Show during January, I surmised that there are four criteria executives use in determining whether they'll attend a conference.

1. How good is the content? Who are the speakers and what subjects

are being covered? 2. How relevant is the content to their role and, crucially, to their brand strategy? That is, might they enhance their professional capability, or accelerate delivery of their brand strategy, as a result of attending the conference? 3. Is there differential within the overall conference programme? Will an executive gain something that is simply not available elsewhere? 4. Will the executive gain personally, not just professionally, from the conference? Does the programme and the content offer the individual an opportunity for personal as well as professional enhancement? To be sure, ancillary issues such as price, duration and location are also factors to consider. However; if organisers get the first four criteria correct, then the latter three become manageable. And so I headed west and then south to Tucson, Arizona, for a two-day conference that would cost me four days in travel time and is anything like last year, it will be worth every minute.

The Global Retail Conference combines and delivers world-class content, youth, vigour, a forward looking viewpoint and differential; all combined within a collegiate environment worthy of its hosts. The Terry J Lundgren Centre for Retailing has some major retail businesses as sponsors, however; from the word 'Go!' it's the very personal contribution by Melinda Burke, director; Kim Brooke, assistant director; Soyeon Shim, professor and

director, supported by the student body, which sets this conference aside from all others. Most retail conferences worldwide are strictly commercial enterprises and carry with them the concomitant commercial demands: this is not true of the Global Retail Conference. Like the NRF Big Show, now racing towards its one hundredth anniversary, this is a conference 'by retailers, for retailers'. Our hosts are the retailers of tomorrow, the students, while our speakers are the retailers of today, of now; retailers who are leading innovation from within their brand. Carole Tome of Home Depot; Matthew Rubel of Collective Brands; or Stephen Quinn of Wal-Mart to name but three of a packed two-day agenda. I urge you to get your diary out and pencil on April 6, 2011.

Back to the pool side and the guest on my left, busy reading the latest novel on his Kindle, while the guest on my left is busy getting used to her all-new iPad. To me it feels like the late 80's or early 90's all over again, when technological change forced early adopters to carry a Filofax (yes, the company does still exist), a Psion, a really heavy Motorola mobile telephone and for the very enthusiastic, a Sony digital voice recorder. All of these now of course wrapped within single hand-held device, whether from Google, Apple, RIM Blackberry or Nokia to name only four of many. For Google, it could be argued that mobile devices offer differential within the brand, a new

revenue channel other than simply search. A search for 'retail' on Google will deliver 220 million results in .36 seconds; so tell me, at that speed, does speed really matter? So, do fast-pace changes within the IT industry actually make a difference to the in-store customer shopping experience? I say yes for supply-chain and product availability, yes for channels to market and consumers ability to 'shop-your-way' and a definite yes for pre-pay gift cards, which have created a whole new channel independent of high street and online, although they can very cleverly combine the two. For the consumer, though, at the very moment of the typical sale, nothing has changed. A typical sale will rise or fall on the ability of the four-hour part-time member of staff to be a great brand ambassador and deliver the brand promise.

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FUTURE GROUP OF INDIA, METERSBOWNE OF CHINA AND TARGET CORPORATION OF THE US – ALL DISPLAY THEIR VISION IN THEIR CORPORATE OFFICE, EACH AND EVERY ONE BEING A SIGNIFICANT STATEMENT OF INTENT.

OUR PROMISE

Your drink should be perfect, every time.
If not, let us know and we'll make it right.





I'm aboard a Delta Airlines jet from Tucson bound for Atlanta and then on to Montreal. Surfing while I'm flying, due to a corporate

visionary somewhere within Delta Airlines who had the wherewithal to recognise the value of super-fast broadband at 38,000 ft; and at \$10 for a three-hour flight, it's a bargain. Flying south to north in the US means losing an entire day and so this is a great way to claw back some time, especially against GMT, which is already +8 hours. I'm busy drafting a presentation to be delivered in a couple of weeks at the UKGCVA conference in London, titled 'Retail Around the World, Learning from International Trends'. Actually, the title is somewhat ambiguous because I would affirm that there are many fabulous examples of trends, which happen to be found internationally, though few are international and transcend traditional geographic boundaries. Therein lies the opportunity: for retailers to look beyond their traditional horizons, of



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time, culture or distance, to seek out those innovations, those diamonds of differential others are so successfully delivering.

I'm transiting the Atlanta airport, for the first time, and I've stopped at Starbucks for a decent coffee – note to airport operators, always have a decent coffee shop open at least an hour before the first flight leaves – and like every other Starbucks in the world, I find the sign which reads 'Our promise. Your drink should be perfect every time. If not, let us know

and we'll make it right'. I found the same sign in a Starbucks off Nanjing Road East in Shanghai a few months ago, although this one appeared to be covered in graffiti and so I asked my interpreter, Lucy Luo, to enquire why this was allowed to occur; why the corporate promise made all over the world could be defaced this way? The manager came over immediately. She explained that she expected all of her staff to 'Live our corporate promise and even try to make it better through their personal effort' and so as and when new members of staff passed their probationary period, they would be asked to sign the in-store graphic displaying the company promise, to affirm their intention to deliver it, personally. Wow! What a story, what differential. Such an impressive demonstration of commitment, not just by the manager but by the entire team. And it gives voice to what we've said for many years, that if you are going to write a retail corporate strategy, then you have to have a four-hour part time member of staff in the room: Without them, nothing gets delivered; if they can't understand it, they cannot deliver it. Faster than any research, they'll also tell you what's possible, more importantly, what's probable. The fabulous Pinkberry appear to go one better, and they 'call it their 'Goodness Guarantee'. Pinkberry is the eponymous frozen yoghurt format described by American Express as a cultural phenomenon. I agree. With still only around 100 stores in the US, the brand recall and awareness among consumers is breathtaking. Pinkberry has created differential with the lexicon they incorporate into the consumer experience, the theatre within their stores. They speak of 'chilly bliss' of 'swirling yoghurt your way' and of 'masterpieces'. In fact, their satisfaction guarantee simply says, 'If your masterpiece does not inspire chilly bliss, let us swirl you a new one'. In summary, if the consumer gets it wrong, Pinkberry puts it right. Yet more differential within a format that is already differentiating to the hilt.



Would you allow a member of your team to bring their dog to work at your corporate office?

I'm aboard an Air Canada

jet out of Montreal bound for New York and I feel like a rock star. If only because the jet is all business configuration and I've just been told by a member of the cabin crew that 'This is the jet we hire out to bands like U2 and Bon Jovi'. Whether or not it's true, what great comfort for a very short flight. Every great retailer has a clearly defined vision. Future Group of India, MetersBonwe of China and Target Corporation of the US all display their vision in their corporate office, each and every one being a significant statement of intent. 'Future Group shall deliver everything, everywhere, every time for every Indian consumer in the most profitable manner'; Metersbonwe – 'Herein lies beauty and uniqueness

upholding the greatness of country, upholding the greatness of Chinese nation'; Target Corporation – 'To be the best company ever for our guests, team members, shareholders and community'. What these retailers have in common is that their corporate offices are an extension of their store portfolio: what they're not is offices that are corporate, what they are, is offices that are as immediately identifiable as branded stores. The time of the 'Head Office' is long gone; the age of the Stores' Office is upon us. Look to Li Ning, also of China, whose Stores' office is akin to an Olympic Stadium; or URBN, responsible for Urban Outfitters, Anthropologie and Free People whose offices at 'The Yard' – a disused naval dockyard in Philadelphia – are as close to brand as I have had the privilege to witness. A myriad of brand magic too manifold to describe in words alone, however; imagine a staff restaurant open to staffers and customers alike; or a policy that allows staffers to bring their dog to work. Can you imagine either within your office? URBN have. So what do you have: A corporate office or an office that's corporate?



It's official: The World Retail Congress 2010 is cancelled, at least until October this year. This will come as a body blow both to Emap

investors and to Ian McGarrigle, who had the vision, during 2006, to host the first World Retail Congress in Barcelona in 2007. Let's consider the positives and do the math. Assume a thousand delegates, taking five days from their schedule to travel and attend the conference. To my mind that five thousand day's worth of management time recycled back into retailing, in a year when every day will count. In global retailing, during 2010, there are no small mistakes.



This article is finished and I'll finish where I started, at the poolside in Tucson, watching my neighbouring guest play with their iPad. *London Times* is reporting today that sales of the new device have passed the one million mark in just 28 days; selling twice as fast as the iPhone, which took 78 days to reach one-million units. Sales of the device should have been even higher, for as Steve Jobs is quoted, 'Demand is outstripping supply'; moreover, it's still not on sale in the UK.

Differential, I tell you, Differential. Thank you. ☒



ABOUT THE AUTHOR
Brendan Dorrian is CEO, Global Retail Network.