



Warren Head

# Success comes from being different

There's a reason why consumers choose to shop at a particular store and it's not necessarily the cheapest or the nearest. Martin Butler addressed his audience of retailers at the New Zealand Retailers Association (NZRA) National Conference on the art of being chosen.

Strolling through the exhibitors at the New Zealand Retailers Association's national conference it was evident that they provided an array of new ideas. Cubicles of ideas for those prepared to stop and listen.

A few hours later, I heard Martin Butler describe retail as "a three-dimensional box in which you need to embed a culture" to be successful. Top retailers are all the same, he said, in the persuasive way he unfolds an idea – "they want to be different." They are, he contended, differentiated by 'real ideas rather than the mindless copying of competitors.'

The importance of bright ideas came up a lot during his hour-long presentation. The future may even be a blend of the old and the new. A teenager told him a gadget they'd come across was 'so cool because it prints as you type' with no intermediary action required. Viva la typewriter!

Martin Butler grew up with retail in his nostrils. He was born upstairs from a shop. An outstanding career in advertising and marketing with top international agencies (including Grey and Saatchi & Saatchi) led into the launch of his

own agency. He has now sold the business but continues to work with retailers and he was a guest speaker in Auckland at the NZRA's National Conference.

Butler interviewed nearly 100 of the world's most successful retail bosses; his book, *The art of being chosen* (Management Books, 2010) is based around the question: What is it that makes customers choose this store?

## Six secrets

He says that he found not one initiative, by any of his targets, duplicated by another. What he did find were six main clusters of answers which he pulls together as 'the six secrets to successful

retailing.' He unravelled his themes for the retailers who attended the 2011 National Conference and we will only précis them here.

Jack Smith (see June 2011, issue 696) of *The Sports Authority* says he wishes he'd read Martin Butler's book when he started out – "I think our success would have been greater and faster." Smith was an adherent of the belief that his stores should offer everyday low pricing (EDLP), as was Sam Walton of Wal-Mart. The customers of each business knew what it stood for – a reason to be remembered.

Butler spoke of 'emotional differentiation' as the only way to

stand out from the rest. Virgin has an acknowledged ability to win hearts and minds, and so does Harley Davidson. Butler didn't mention Air New Zealand, but I suggest it, too, has an emotional attachment with its customers.

He says that all the retailers he met and interviewed brilliantly engage their audiences at an emotional level – but not before ensuring that their staff also 'get it'. Customers cannot be expected to 'get it' if the workforce doesn't.

## Butler's secret one is – 'being chosen'

His book opens with a commentary on what was actually his final interview. It was with

Martin Butler in action at the 2011 NZRA National Conference.



Steve Mavuso, the franchisee of the Pick 'n Pay located in Cape Town's notorious Khayelitsha township, and he spoke about it.

I've seen the township and it is not a pretty place – a shantytown of mostly corrugated iron sheds with a retail hub – and it is crammed with one million poor South Africans. It is off the N2 highway between the airport and South Africa's most beautiful big city and most visitors to the Cape Province keep their foot down when driving past.

Street traders vie for business from stalls and it seems no place for a supermarket. Yet, surprisingly, there are major brand stores and a booming Pick 'n Pay. Butler asked what people chose to buy there and not from the cheaper street traders. He's told that price is

"People need a reason to choose you, and you can't just cut prices and expect to get loyalty – as someone else will cut them too. To win an audience you need to inspire them – there has to be an emotional edge."

#### **Secret three is people**

Employing the right people is not something all companies do. Service is the only sustainable edge, says Butler. The presentation sparkles with aphorisms, such as "There is never a shortage of great people, just a shortage of great companies to work for."

Woolworths Australia has a creed: 'do the right thing'. The company attracts and retains staff with a culture that CEO Michael Luscombe described as 'self-selecting.'

*"We're not in the coffee business, serving people; we're in the people business, serving coffee."  
Howard Schultz, Starbucks.*

critical but people appreciate the quality that Pick 'n Pay demands and guarantees. Money is scarce, but people want to eat cooked food that they trust, they want the things they see other people enjoying and they appreciate Pick 'n Pay's sponsorship of sport – in short, they respect the brand.

#### **Secret two is trust**

"You won't be chosen if you can't be trusted," Butler wrote. "Customers know the brand represents fairness. Steve's customers choose Pick 'n Pay because they trust and respect it. There's nothing that cannot be bought anywhere else," Butler tells the Auckland audience. "So, your business is not in department stores or in plumbing but in the business of being chosen. If you can get your business to shift its executive mindset to that understanding, you're on the path to success.

Disney once famously said:

*"We cast, never recruit."*

Mike Gould, CEO of Bloomingdales: *"We never train our people, we educate them."*

Howard Schultz, founder of Starbucks with 200,000 staff in 17,000 shops: *"We're not in the coffee business, serving people; we're in the people business, serving coffee."*

#### **Secret four is visionary thinking**

Butler says he doesn't have much time for mission statements, but for day-to-day thinking on how to adapt and galvanise an organisation to move with, and ahead of, the times. One boss said he aimed to be half a step ahead of his customers, not a full step and risk losing them. Success is all about mindset.

#### **Secret five is having ideas**

When the US store Saks moved its shoe department to the 8th

floor it was so successful that it now has its own zip code and its own postage stamp.

#### **Secret six is being different**

Making Martin Butler's list is Hugh Perrett, the founder of Pak 'n Save, a supermarket business delivering low prices without margin erosion. Butler says the new value equation in retail is expressed by the outcome: 'What I get for what I pay'. It added up to a satisfying exposure to the successful practices of some of the world's great retailers. Bunnings, The Warehouse and Pak 'n Save rub shoulders with JC Penney, Saks and Marks & Spencer.

#### **Top-up**

For timely inspiration as Christchurch turns into the wind to meet its greatest challenge – how to rebuild its retail heart – we'll close with mention of Martin's interview with David

Simons, former CEO of Somerfield Supermarkets in the UK.

Much of the competition had moved to large, out-of-town destination shopping when Simons put his money on re-inventing the 'local' convenience store. These stores offered consumers quality 'top-up' shopping either in-town and in local neighbourhoods. Simon found a market by targeting the 'gap' in the market. ■

□ By **Warren Head**, a retail commentator and I.R. consultant based at Head Consultants Ltd., Christchurch, and a regular columnist for NZRetail.

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