



CLIENT: DRY CLEANER FRANCHISOR

PROJECT: Advertising Assessment

Determine how best to spend advertising dollars

RECOMMENDATION:

Based on data provided in the CLIENT 1998-2004 sales report; VBS recommends CLIENT Dry Cleaner's advertising dollars be spent differently and targeted within each store's "trading area".

VBS recommends a new "trading area" based advertising strategy that uses multi-media to promote CLIENT brand and drive sales by focusing advertising dollars within a 3 to 5 mile radius of each store...specifically targeting zip codes instead of counties or larger geographies...advertising mix will adjust based on population density, while spending is weighted based on store density in a given geography.

This recommendation will establish awareness of CLIENT brand as the trading area's "one price dry cleaners" to choose; stimulating sales in each store's trading radius.

The shift in strategy focuses advertising dollars in "zip codes" to promote the CLIENT brand, pricing, production quality, same day/pick-up/delivery services to generate sales for each store; instead of a regional (113 miles) "air war" advertising strategy.

An emphasis on measuring sales and marketing results must be adopted.

Implementation of advertising strategies is a centralized function (headquarters) to assure corporate identity standards and to ensure advertising campaigns are cost efficiently implemented and maintained in each trading area.

Basis for the Recommendation

Problem:

Since 2002, CLIENT annual store sales has declined persistently in all stores except one.

The only factor differentiating this store from others is a local advertising program that has run in conjunction with the corporate radio campaign, since 2002.

In each successive year, the local advertising program became more sophisticated.

The store owner spent \$25,037 on local, trading area advertising since 2002; averaging about \$10,000 a year for the past 2 years.

When compared to other CLIENT Dry Cleaning store sales; the store's sales outperformed all stores in the CLIENT network.

The store used local newspapers, directories, signage, flyers, direct mail coupons and television to enhance the impact of the corporate radio campaign.

The next best performing store also enhanced the corporate radio campaign with local, trading area advertising; averaging \$5,000 a year for the past 2 years.

Opened in 2004, the newest store will spend nearly \$10,000 on local advertising in 2005.

All other stores appear to exclusively rely on corporate radio advertising as a single promotional source and have struggled to maintain consistent annual growth.

Geography - Demography

Winning “trading area” territory (mind (wallet) share) is key to a successful CLIENT advertising strategy for the current store configuration and in the future...as CLIENT grows; the advertising strategy must be scaled consistent with a growing franchise network. The population density of each trading area must be measured and penetrated.

The corporate radio campaign is trying to support 12 stores over 113 miles!

But...each of the 12 stores is only serving a 5 mile trading radius which represents 60 sq. miles of potential customers; leaving well over 53 sq. miles of CLIENT radio advertising talking to consumers outside of CLIENT store trading areas.

Developing an efficient “zip code driven/store density” media plan is important.

Some markets should use local radio in the media mix, and others should not.

Advertising strategies and expense should be driven by target market density.

To efficiently reach a larger population; CLIENT advertising, for example; prioritizes, TV, radio, local events, events, events (school, religious; music, etc.); local newspaper, directories, vehicles, billboards, signage; flyers and mailings...

For smaller populations; trading areas are “advertising silos” that need to be customized, maintained and managed. Silo advertising in smaller markets, for example; prioritizes website, local events, events, events (school, religious; music, etc.)!!; local newspaper, directories, vehicles, billboards, signage; flyers and mailings...TV and radio are applied when conditions warrants.

Solution:

2006

Each CLIENT Dry Cleaner competes against nearly 30 smaller, independents in their trading area.

CLIENT must approach marketing and advertising like fighting a war.

Winning the most “territory” wins a war.

CLIENT needs to wage and win “trading area” wars.

The “territory” CLIENT must win...is...”**share of mind (wallet) ” from the huge volume of dry cleaning and laundry consumers **in each trading area.****

CLIENT advertising should take “the fight for trading area consumers” to CLIENT competitors.

CLIENT competitors fight differently in each trading area. Budgets are smaller and need to be spent wisely. Competitors use guerilla tactics; affiliating with local schools, sports associations and churches; sponsoring local events, advertising in local directories, newspapers; distributing flyers locally and marketing letter and postcard mailings at customers and prospects.

It makes sense to employ guerilla tactics against competitors who are fighting a guerilla war.

Local promotional opportunities within each trading area should be carefully analyzed.

A zip code driven/store density advertising mix is more cost efficient and customizes media selection for each trading area.

Solution:

2006 CLIENT Trading Area Advertising Mix
"All business is local!"

Web Site – 31,406 consumers visited the CLIENT website.

- Devise a program to convert "visits" to sales.

Local Events –

- Segment Events market (sports,religious,entertainment), schedule, advertise/sponsor
- Distribute flyers

Local Stadiums –

- High Schools, Universities

Local Newspaper/Magazines –

- Media schedule
- FSIs (flyers)

Local Movie Theaters –

Local Chamber of Commerce Events –

- Welcome Wagon; Promotional Opportunities

Local Directories –

- Print and Web

Vehicles –

- "poke them in the eye" advertising

Billboards –

- Direct traffic to CLIENT stores

Signage –

- Outside the store (bus, bench, trucks, cars)
- Inside the store

Mailings –

- Customer base
- Prospects

Radio –

- 8 – 10 stores in 25 square mile area

TV –

- 8 – 10 stores in 25 square mile area Note: TV provides audio and visual, which is important to selling the brand (logo), pricing, operation, same day service, etc. VBS recommends shifting ad dollars to TV.

Internet –

- Ad on homepages most used in each zip code.
- Links

Publicity –

- Place news releases and articles about CLIENT Dry Cleaner in target market media.

If you can't measure...you can't manage it!

All advertising must be tracked and measured.