

SNEWS

Biz 101: Strategies for a faster, stronger economic recovery

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Posted: 12/11/2009 In Category(s): News & Features :: Fitness Headlines, Sales Tools & Advice :: Business 101, News & Features :: Outdoor Headlines

We may be headed toward an economic recovery, but recent headlines offer little encouragement that it's going to be easy. Like an athlete who's been injured, we've experienced a lot of pain this past year. But if we take the right approach to our recovery, we'll be playing strong again quickly, and there won't be any long-term damage. In fact, the R.I.C.E. method for injury treatment provides some appropriate prescriptions for navigating the economic turnaround.

R.I.C.E. stands for Rest, Ice, Compression and Elevation. These four first-aid measures are commonly used to relieve pain, limit swelling and protect an athlete's injured body part -- all of which helps speed healing. These measures point to specific actions outdoor and fitness brands can take now to speed their own recovery.

But now it's time to give these recession-inspired messages a rest. Let the economists fill the airwaves with endless chatter about whether or not the recession is over. Companies should just stop talking about it. Instead of offering reassurance in case of misfortune or using a recession-busting promotional theme, brands should communicate hope and reflect optimism. Consumers no longer want to hear we "feel their pain" or be reminded of risks they may face. They want a break from worrying about the future. Let's remind them how great life can be.

Gifts and special offers are easy ways to mollify anxious consumers. It is important, however, to recognize that caution is needed when such promotions are used to provide relief. These tactics are not long-term solutions -- just like ice packs, their effectiveness melts away if you use them for too long. Think of the continuous sale that your local dry cleaner is always running. It doesn't increase traffic or spike sales -- it only gives customers a feeling of entitlement and makes it difficult to discontinue the promotion.

More impactful and sustainable ways to relieve stress can include improving customer service or adjusting service standards and policies. Extending shopping hours and streamlining return processes are just a couple of changes that might relieve customers' stress. Adding value-added services like product assembly, training or customization take stress relief to an even higher level.

Many companies panicked during the recession and started implementing all sorts of different tactics to try to elicit responses from consumers. Some strayed from their core offerings and/or their core customer segments to capture sales from every available source. But such fragmentation makes for inefficient operations and leaves the business vulnerable to competitive attacks.

Companies can speed their recovery by doing fewer things and re-focusing on their core business. Shed low-volume SKUs, streamline promotional strategies, and shut down underperforming locations or accounts. With the organization's attention and resources focused in a few key areas, we improve the quality of execution and ultimately the customer experience.

Psychologist Abraham Maslow's concept of the Hierarchy of Needs presents a framework for companies that want to elevate their value propositions. Maslow's iconic pyramid starts at the base with the human needs for survival like food and shelter. Occupying the next level of the pyramid is the need for success (e.g., social connection and esteem), and ultimately at the top is the need for self-actualization.

For companies' value propositions, the pyramid begins with meeting consumers' needs on a rational, functional level. Such value propositions are based simply on products working as expected -- a down coat keeps you warm, for example, or a shoe features stability technology to support runners' feet.

The next tier up involves serving customers with value propositions that address their emotional needs. Products and services can be developed and promoted to deliver emotional benefits -- from status to security, from comfort to confidence, from feeling inspired to feeling smart.

At the highest level, companies share values and beliefs with their customers. Value propositions are less about a specific feature or specific benefit, and more about resonance and fulfillment. The Patagonia brand enjoys a strong competitive advantage because the company brings its values such as transparency and environmental stewardship to life in everything it does -- and like-minded consumers so value their relationships with the company, they are loyal to the brand and are willing to pay more for it.

Elevating value proposition is the most effective way to fuel the recovery, and to propel us to become even stronger than before.

Downturns, like pain, are inevitable. How we respond to it separates the winners from the losers in sports and in business.

--Denise Yohn

Denise Lee Yohn has been inspiring and teaching companies how to operationalize their brands to grow their business for over 20 years. Brands like Nautica, New Balance and Road Runner Sports have called on Yohn, an established speaker, author and consulting partner. Read more by Yohn at www.deniseleeyohn.com/resources.
