

Monthly Musings



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NOT-SO-SMART MOVE:

Sears Lost the American Shopper

"Do something, even if it's wrong!" I've heard that management directive in the past, usually from ineffective managers.

By all accounts, that's the approach Sears took when it embarked on a journey that transformed the store formerly known as "Where America Shops" into another faded brand in the crowded retail landscape.

"Do something, even if it's wrong!"

It's been stated that Sears reached its pinnacle from 1972 to 1974. The company has successfully reinvented itself more than once over the years, and as anyone who follows retail can tell you, Sears has been trying to reshape its image for a while. This time, however, it guessed wrong.

Check out [this 1976 commercial](#), when Sears was on top of the retail world. This aptly demonstrates what I call QSV: Quality, Service and Value.

... the store formerly known as "Where America Shops" into another faded brand...

Even though Walmart and Kmart were strong competitors, Sears was a power brand. Employees were proud of their employer and saw a promising career with a secure future because the company had a track record marked by smart and visionary leadership.

However, this [11-page Wall Street Journal digital feature](#) shares some of the company's miscues, which include that Sears:

1. **Lost its focus and expanded** from socks into selling stocks, homes, credit cards and insurance. The company created the Sears Financial Network, which included acquiring Allstate Insurance, Coldwell Banker and Dean Witter Investments. Sears also launched the Discover Card. I recall hearing a speech in the early 1980s that said Sears had allowed **ONE BILLION DOLLARS** to pass through its hands with Allstate without retaining a penny of profits. That's a disaster!

Even though Walmart was a strong competitor, Sears was a power brand.

2. **Dropped its catalog without having an adequate plan** for replacing that lost revenue. This occurred in 1993, prior to the internet's impact on shopping. Sears kept printing catalogs for Craftsman Tools, but not for the retail brand as a whole.

3. **Lost its negotiating edge with suppliers.** Walmart negotiated more aggressively, and it was able to offer lower pricing as a result.

4. **Abandoned its reputation for hard goods**, which played a vital role in building the Sears brand. A new CEO in 1995 oversaw the launch of "The Softer Side of Sears" campaign that moved the brand away from its powerful Craftsman Tools and Kenmore appliances. Disastrous sales declines followed in each category.

5. **Was stranded in expensive leases.** At a time when Walmart, Target and other retailers were moving to strip centers and power centers, over 90% of Sears stores were still located in malls.

6. **Walked away from customer service by offering Do-it-Yourself Shopping.** Sears abandoned one of its biggest strengths – a legacy for relentless customer service. Customers were basically left to fend for themselves.

The lessons we learn from Sears' decline are simple:

1. Define who you are at the core of your brand
2. Determine where the industry landscape is moving and be prepared to make adjustments in a timely manner
3. Claim and sell your strengths
4. Remember that, even in this internet world, customers still expect and appreciate a certain degree of courteous and professional knowledge and service



SMART STRATEGY:

Apple Moves into Services

My September 25 edition of Monthly Musings reported that Apple would move more into the wearables sector, emphasizing the company's watches, AirPods, etc.

Apple made even more noise yesterday with



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an announcement that seems to be informed by the company's realization that the iPhone may not be the cash cow of the future.

Fresh after announcing new iPads and desktops last week, Apple announced the following:

- **Apple Card**, a new credit card in partnership with Goldman Sachs Group that represents the next financial step beyond Apple Pay.
- **Apple News Plus**, a subscription news service that includes newspapers like the Wall Street Journal and Los Angeles Times, as well as 300 magazines like People, Popular Science and The New Yorker. The service runs \$9.99 a month, and **advertisers will NOT be able to track you as you read.**
- **Apple Arcade**, an app that brings over 100 games to your Apple platforms.
- **TV Channels**, an app that features HBO, Showtime, Starz and others.
- **Apple TV Plus**, a package featuring original Apple programming – with big name celebs - that can be added to the Channels service. Apple has been in the production game for some time now, so this is very much in keeping with their strategy of late.

As you read in the first story about Sears, iconic companies need to embrace change – make that SMART change – to survive. Apple appears to be doing just that!

SMART

ANTICIPATION:

Church as we know it is over

I attend Fielder Church in Arlington, which used to call itself Fielder Baptist Church. When I lived in Waco, I attended First Baptist Church of Woodway, which later became First, Woodway.

All around our nation, churches seem to be changing to more generic names so they can appeal to a wider audience. Many are dropping the denominational words Baptist, Methodist, Presbyterian, etc., from their monikers.

[Fox News recently reported](#) that church, as we've known it for the past few generations, is changing. Churches have previously been location-centric, meaning that we would drive to the church for Saturday or Sunday services, mid-week Bible Study and Wednesday night dinner.

Churches invested in facilities and expanded their staffs. Today, those staffs include a different kind of outreach, with much of the focus on multi-channel strategies that allow the church to engage with attendees online and through social media platforms.

Think back 20 years and you'll probably remember Sunday services being carried on the local radio or TV station, sometimes live but often pre-recorded. Now, churches can stream live on their website and archive years of services on platforms like YouTube.

Yes, YouTube has become the new TV station of choice for many



industries. And the feel of many church services is much like a Christian rock concert.

Churches are learning from retailers. A 2017 study in Harvard Business Review reported that customers who used multiple channels to connect with a retailer were more loyal to the brand, 23% more likely to make repeat trips to the retail store and more likely to refer the brand to family and friends.

Let's face it – today's church attendees are now, in a sense, "customers." Today's church customer can attend church this Sunday and then engage online to watch previous sermons and content. They might even be able to catch a weekly church podcast from several members of the pastoral staff.

Many of today's churches now have an app so members and guests can interact with the church on the run. The app allows churches to communicate more effectively, create some excitement, extend sermon and teaching resources, and increase giving opportunities.

One recent report states that 39% of young Christians claim to give once a month to a church online. Since millennials are unlikely to carry cash or checks, they prefer the simplicity of paying through apps like Square Cash and Venmo.

As you can see, churches are changing with the times. With more digital changes yet to come, it will be interesting to see what our houses of faith look like a decade from now!

THE

Tiebreaker

Taco Bell Hot Sauces Saves Man's Life

Marketers love when their product earns local, national or international news – [particularly when it might even save a life](#), as the Star-Telegram reported on March 2.

Taco Bell received this unexpected gift when Jeremy Taylor's Toyota 4Runner got stuck in the snow on a remote U.S. Forest Service road in Oregon. Nobody else was traveling in the area, so Jeremy spent the next five days in something akin to starvation mode. He snacked on Taco Bell hot sauce for sustenance and occasionally ran the engine of his SUV to keep warm.

With two feet of snow on the ground, he and his dog were unable to get out and walk to a road.

Thankfully, a snowmobiler discovered Jeremy on his fifth day and immediately called 911. This situation presented a great promotional opportunity for both Taco Bell and Toyota. For the latter company, the 4Runner's engine dutifully started every time even though temperatures were frigid – no small feat.

Taco Bell reps responded smartly by writing, "We know our sauce packets are amazing, but this takes it to a whole new level. We've been in touch with Jeremy to send him some well-deserved tacos and a care package."

