



# Maximise word-of-mouth advertising

By Michael Sherlock,  
co-author of *Jumpshift!*

Every day the press reports that retail chains are doing it extremely tough and increasing numbers are failing in this unprecedented environment.

Outgoing Woolworths CEO, Michael Luscombe was quoted recently as saying that retail faces its most challenging year for decades and that he doesn't see any good news ahead. Mr Luscombe added that those retailers who want to survive had to be on their best game.

Fortunately, bakeries sell mainly fresh product that is not entirely suited to delayed purchasing. However, we still need to be aware of the trends and developments that are taking place in the rapidly changing landscape, as we can't avoid change.

The contributing factors are usually described as waning consumer confidence, consequent savings rather than spending behaviours and online competitors. In the past, consumers were often reluctant to use online retailing sites, but not anymore. Concerns about the security of their credit cards, the value of the Australian dollar and uncertainty of size, look and feel of the products have all disappeared.

These drawbacks have been overcome because consumers are regularly using their credit card via the internet for purchases on sites such as ebay, Groupon and Catch of the Day. The rising Australian dollar has made purchases more attractive and GST is not applied for lower cost purchases. The latest trend is that consumers are going into department stores and fashion retailers, getting the look and feel of products and then using their iPhones or iPad apps instantly to find the same product at a substantially lower price on the Internet.

The best customers are the ones bakeries already have. Retailers have recruited the customers who understand the brand and service offering. So while it's very important to recruit new customers, often not enough is done to fully 'mine' the ones they already have and to increase their frequency. Customer relationship management is all about satisfied customers who return time after time to tell their friends and family about great quality, service and price. This is called word-of-mouth advertising, an endorsement, the cheapest and best form of advertising.

In today's social media world, this word-of-mouth advertising process has been amplified. The internet has levelled the

media playing field and every customer is now a potential media commentator – food reviewer, secret shopper, etc. Now, if a customer receives good or bad service, they have the means of instantly communicating their opinion of their experience good or bad to a wide audience. They create the content on record of a bakery retailer for all their friends and followers to see.

So this means it is more important than ever to have exceptional customer service – in order to sell bakers and their teams need to educate, understand the future needs, build a relationship with their customers and help solve their problems. It is also important to plan social media strategies as part of your strategic business plan.

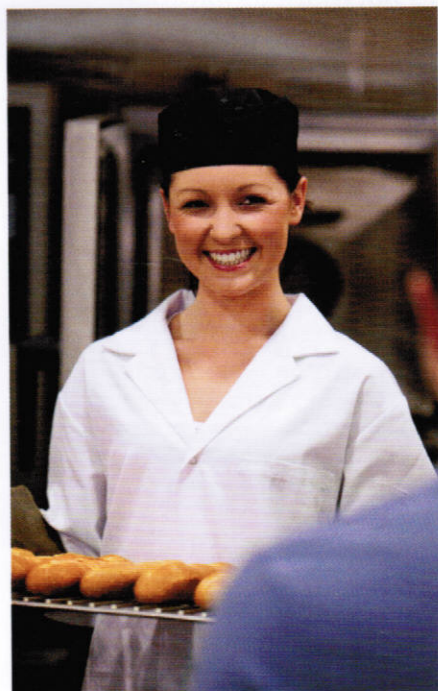
Treat Facebook and Twitter like a cocktail party. You don't go to a cocktail party to make a sale, but people usually ask what you do. They may ask for your card and follow up outside the party. You have now connected.

Consumers usually buy with three elements in mind – quality, service and price. With the greater uptake of online purchasing, shop-based retailers find it hard to compete on quality and price, which leaves service as their key differentiator in the fight against online competitors.

To compete on service, bakers have to provide an exceptional service environment. If consumers are treated like robots, they might as well shop online. Retailers need to go back to the basics of the theatre of retail; that is, providing the experience of human connectivity with the person selling you the product. It is rare these days to experience smile, eye contact and a genuine appreciation for your patronage.

In my experience in retail, the training of frontline team members is the best investment any bakery owner can make. Many retailers shy away from training because of the expense, but they need to look at the real cost that ignorance plays in diminishing their business. So if the old adage that the best customers are the ones you already have is true, then retailers need to look after them so they spread the word of your exceptional service.

Next time you're in a retail service environment, check out how long it takes for



a smile and eye contact to occur, and how much more relaxed you are as a customer if these are genuinely provided. On so many occasions the people who are serving are so busy with every other aspect of their job that they avoid making eye contact and giving a warm smile to the customer (who is almost a nuisance and an interruption to their routine). As soon as eye contact is made with a customer, however, the commitment to purchase has been strengthened.

So, bakers, be on your best game, treat all your customers like royalty, engage them, remember their names and buying preferences. Connect. Customers will prefer this environment to the uncertainty and delay of online. They will weigh up the options and decide to shop human to human.

Michael Sherlock, former CEO of Brumby's Bakery's and co-author of the recently published *Jumpshift!*, has suggestions for bakers on delivering exceptional customer service in these tough economic times. ■