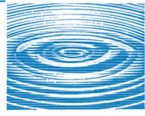




KING·CASEY



King·Casey REPORT

Insights and Trends in Retail Branding, Merchandising and Design



Brand Localization

Ensuring Differentiation and Loyalty by Showing Customers You Care

Brand Localization

Ensuring Differentiation and Loyalty by Showing Customers You Care

A KING-CASEY REPORT

In this interview with King-Casey principal, Howland Blackiston, we explore how some brands are customizing their customer experience to successfully differentiate themselves from the competition and increase sales and customer loyalty.

What are brands doing to attract new customers, build loyalty and differentiate themselves from competition?

One approach we are seeing is to “customize the brand for local markets”. This is sometimes called “localizing”. The trend today is to move from “concept standardization” to “concept localization”.

For both restaurant and retail chains, one can achieve this via a design/architectural approach. Restaurant chains can use a culinary approach (menus that appeal to local tastes). Or by implementing a combination of both.

As an example of culinary localizing, Smashburger is the only national restaurant chain to offer localized burgers inspired by regional favorite flavors (fried pickles and buttermilk ranch dressing in Oklahoma, and guacamole and Habanero cheese topped Smashburgers in Arizona).



(Above) The “Oklahoma” burger at Smashburger in Tulsa. One of the many “localized” burgers in the chain.

Customers are accustomed to seeing multinational chains look identical everywhere. Cookie-cutter. But it’s a breath of fresh air to see a familiar brand that has embraced uniqueness to be mindful of the local culture and tastes. The key is to develop a localizing strategy that does not compromise brand identity – localization should never undermine the equity associated with instant brand recognition. This is not about “blending in” or becoming less distinctive. Nor is this about abandoning the brand’s core positioning. It’s about differentiating your brand by demonstrating that you understand what’s important to your customer. It’s about showing that you care.

Is it really practical to customize and tailor every store or restaurant in a chain?

I like the fact you referred to “practicality”. For any approach needs to be practical, i.e., cost effective, and with a good ROI. This is not about winning design awards. This is about achieving the right balance of “localization”, because too much “localization” can drive up costs and complexity. It would be prohibitively costly and complex if every single store in every single market were completely different from each other.

One solution is to think in clusters – analyze data to identify “clusters”, or markets with similar demographics, tastes, cultures, etc. Wal-Mart uses a similar approach to store design by creating templates that can be combined in ways that meet local needs and demographics (as an example, stores near factories and office parks include a design feature that showcases meals-to-go for workers).

Which clients have you “localized”, and was it a success?

We have done this many times. For example, we worked with a chain of supermarkets in New England (Adams). For this project, localizing became a critical element of the brand’s strategy. Adams Supermarkets were having a difficult time competing with the major supermarket chains in the region. Via the consumer research we conducted, King-Casey found that customers who shopped at Adam’s valued the fact that they were not a huge, impersonal supermarket. They were regarded as a friendly, local market where the staff knew your name. This finding resulted in a new brand positioning, and a new name and identity that played up this “local” perception and preference. “Adams Supermarket” was re-branded as “Adams Home Town Market”. King-Casey’s new interior design included murals of local images (both historic and modern) that were unique to each community in which the store was located. This was a very cost effective way to visually underscore the “hometown market” positioning.

Did it pay off? You bet. Traffic and sales increased immediately and impressively (double digit sales increases).

King-Casey also worked with Firehouse Subs, whose décor package includes specialized murals, artwork and photographs of local fire houses and fire fighters. Each restaurant celebrates the town’s local heroes.



(Above) Murals of regional landmarks in each of the different Adam's markets reinforces the brand's "home town market" positioning and differentiates Adams from the competing large supermarket chains.

Does localization cost more than standardization?

To understand how to localize, one has to understand what's important or relevant to a local culture. This involves research and analysis. This is an additional step and investment that would not be required when cranking out cookie-cutter restaurants. In addition, there are the costs involved in developing relevant (but cost-effective) new designs and or menu offerings tailored to local market tastes. But these are one-time costs that can have a good ROI.

What are the pros of a localized store/restaurant?

This approach appeals to local tastes, culture, needs; differentiates the brand from competitive concepts; stimulates trial (new customers); builds loyalty (retains customers); clearly communicates to customers that you care and understand their likes, preferences and needs.

What are the cons of a localized store/restaurant?

You need to be careful that when localizing a concept you don't get so carried away with unique design that you confuse the customer by diluting or even obliterating familiar and critical elements of brand recognition in favor of "borrowed interest". It's a delicate balance that must be maintained.

What role does technology play in brand localization?

Technology is helping brands by giving them specific insight to their customers' behavior – what their customers want the most of, what they are buying in certain regions, etc. This allows for customization of the customer experience based on their behavior. The success of localization is due in part to the technology that is available now and why it is becoming increasingly popular. Stores like Walgreens and Walmart are utilizing technology like this to track their products and customize product assortment depending on the store location to increase sales and build customer loyalty.



(Above) A mural at a Firehouse Subs in Cincinnati that honors two local fire departments. Each store celebrates and recognizes the fire fighters of the community in which they are located.



(Above and left) This Starbucks in New Orleans reflects an apothecary look reminiscent of old time New Orleans retail, and has been localized to reflect the area's jazz heritage.

Mass Customization



(Above) A Nike ID studio inside a Nike store in Taiwan where customers can customize a pair of shoes.

Another way to differentiate a brand is via “mass customization”. That is, providing personalized or customized products and services on a large scale basis to meet consumers diverse and changing needs. The build your own yogurt concepts are an example. Burger King’s “Have it Your Way” was an early attempt at this.

“Mass customization” is the customer-sensitive side of a brand. It’s the idea that you can actually provide exactly what the customer wants, down to the individual level. It’s been pioneered by a lot of companies. Levi Strauss was one of the earliest starting a dozen or more years ago. Levi’s would take orders in the store and make up to 2,400 variations of jeans. The clerk put measurements and preferences into the computer, which goes straight to the factory, which makes the jeans custom-fit.

So they can make and sell custom jeans for about 50% more than off-the-rack jeans. The custom-made jeans fit exactly, which means no inventory, no waste, no discounts and no leftovers at the end of the year. Customers get exactly what they want, when they want it. This idea of mass customization paved the way for companies such as Nike whose customized shoe platform, Nike ID, is one of the most successful mass customization services available today.

It’s happening with bicycles. It’s happening at General Motors and Toyota and other car companies. They are able to custom-make cars for a customer’s individual preferences. Of course, for years it’s been a goal of The Ritz-Carlton to customize the guest experience. Companies can literally provide you with what you want and no more than you want, so that you don’t pay for features you don’t want.

About King-Casey

King-Casey is one of the top retail consulting and design firms in the U.S., with regional offices in the Middle East and Latin America. For more than half a century, we have been helping companies build competitive brands by dramatically improving the customer experience. Our highly creative design solutions are firmly grounded in scientific insights derived from research and hard data about consumer behavior. Our strategies and designs are crafted to realize measurable and meaningful results for your brand. We provide a complete range of services including assessment, research, branding, visual merchandising, store design, and rollout. We will help you develop creative, innovative solutions that result in increased customer loyalty, higher sales and greater return on investment.

www.king-casey.com

COZI® (Customer Operating Zone Improvement)

is King-Casey’s unique strategic principle for brand building which focuses on understanding your customer’s behavior to develop brand specific solutions that make the customer experience easier and overall more pleasant. The most successful brands have recognized that their stores are not just big branded boxes. Each is actually a collection of many individual “customer operating zones”. Customers behave differently in each zone. Their needs and expectations are different. By identifying these zones and understanding how customers behave in each zone, you can craft zone-specific communications and merchandising strategies that are sharply responsive to how customers use these zones.



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