

crave it, drink it, slurp it, chew it, talk with it, or cash it, there's always a place nearby that has it just the way you like it. Oh thank heaven." (A halo was incorporated into the company logo.)

Inside the mailer, along with typical food items, was a list of Last Minute Stocking Stuffers. Yes, stocking stuffers from 7-Eleven. They included Halo 2 video games, Nokia Speakout Wireless phones, limited edition Jessica Simpson Christmas CDs, 7-Eleven Convenience Cards, pre-paid wireless phones, prepaid long distance calling cards, prepaid online music downloads and lottery tickets.

How smart was the company to take an everyday, high testosterone, male-oriented, fast food concept and begin to evolve it into a holistic convenience concept, without walking away from its core brand message? From "...crave, drink, slurp.." to "talk with it, cash it... just the way you like it... heaven." That's some transformation.

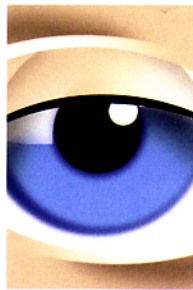
It makes us feel good because three years ago we developed such recommendations as part of some strategy work we did with the National Association of Convenience Stores. The industry project was entitled, "Redefining Convenience for the 21st Century." 7-Eleven is doing just that.

Blink at Sam's Clubs

The week after Christmas, during a quick restock at a local Sam's Club, a shopper was surprised to see the new business book of the moment, *Blink*, by Malcolm Gladwell, author of the highly successful, *Tipping Point*. She didn't realize the book had been released yet. So imagine her delight to see it discounted so quickly at Sam's. She dropped it into her shopping cart and went to check out.

However, the book wouldn't scan. After several tries the associate called her supervisor to check the code. Nothing worked until the supervisor arrived to say, "That shouldn't be on sale yet. You can't buy it." "But there are lots of copies on the shelves," said the frustrated shopper. "They shouldn't be there yet," said the less than regretful supervisor.

The point of this story? It was pretty impressive that Sam's would have the book before it was available for general release (or at the same time) and before it had even been reviewed. Even more impressive was that it was taken out of the shopper's hands, and returned to inventory until the official release date.



Smart Marketing from Sunglass Hut

Recently, a loyal *Edge* subscriber had a birthday. Amongst the cards he received was one from Sunglass Hut. Inside was a \$20 gift card. The message read, "Celebrate your birthday in style! As our gift, here's a free \$20 Customer Rewards Card to use as you please. Birthday wishes from Sunglass Hut."

Now that's a very cool use of database marketing. Guess what that birthday boy did...? ■

Courting The Privileged

Luxury – The Key Lies in the Experience

by Kenneth Hirst (www.hirstpacific.com)

Luxury consumers are prepared to pay top dollar for quality and performance. They understand the value of a brand and will remain loyal to it. The luxury consumer seeks a psychic, emotional reward from the retail experience and from their purchase. People benefit from luxury in two ways: either as a reward for being recognized by one's peers, wanting people to see your appearance as an indication of yourself, or from the satisfaction of possessing the best garment/product as a reflection of yourself.



The luxury consumer is always a trendsetter and reacts quickly to emerging trends, which spurs higher levels of spending. And, as the emotional high wears away faster than the cloth, it must be regularly replaced. In the luxury category there is an innate desire to buy, which is greater than the external forces of the mass market.

The mass media has created a multitude of stars that enable marketers to take luxury to the masses by using personalities to entice consumers into spending. For instance, the fragrances "Still" by Jennifer Lopez and "Celine" by Celine Dion, represent classic examples of identity association where an emotional reward is derived from a relationship with the star, even if that relationship is simply owning a bottle of perfume. The consumer uses the star's identity as a reflection of self.

Exclusivity is the key to marketing luxury apparel but at present celebrity endorsement appears to be the major factor attracting new consumers to the luxury market. The face, persona and history of a celebrity defines the extravagant, luxurious lifestyle brands people want to be associated with.

Celebrity endorsements are successful but I think we walk a fine line between endorsement and selling out. At the moment I fear we are drifting into the realms of the latter and soon we may experience a backlash from both consumers and stars, questioning outright commercialism over integrity. A luxury brand must be consistent; it must believe in and portray its point of difference. A mass brand must be able to adapt to consumer needs. Luxury dictates, Mass responds.

Why Retail Mergers Are Not the Solution

by Milton Pedraza

The merger craze of mega-sized retailers is a short-term defensive measure rather than a long-term strategy. In the absence of a clear and focused strategy, we may see a great deal of bankruptcy and spin-off activity in the future. There may be some economies of scale and cost-cutting to be achieved, but this is putting lipstick on a pig. It doesn't deal with the most important component—the Customer. Retailing executives are still thinking in Industrial Revolution mode, hoping that bigger is really better. But two dogs don't make a pony, and very little can be achieved from these types of mergers long term.

What these executives should be focusing on is "Economies of Scope"—otherwise known as achieving a larger share of the customer wallet. This can only be achieved with a focused, relevant positioning in the customer's mind, along with relevant products and services accompanied by a very positive customer experience, irrespective of the channel that the customer selects to interact with the retailer.

Neiman Marcus is the best example of that strategy in execution. It is not only the fact that Neiman's is so focused on a tight target segment, but the fact that they deliver a superb customer experience that makes them a success. Retailers across all segments would be wise to understand and adopt the brilliance of Neiman Marcus' executive team. ■

Milton Pedraza is CEO of The Luxury Institute, a consulting and business intelligence firm that focuses on leading trends and best practices for enhancing the customer experience of wealthy consumers.