

*Robert Craven*

## How To Avoid Going Bust In The Next 12 Months!

Businesses that have recently suffered the ultimate indignity from keeping their heads well and truly planted in the sand include:

- PC World
- Blockbuster
- Woolworth
- Millets

But even if your name is not on the casualty list then the world looks pretty tough. Here is the transcript of an identical conversation I had this morning, one with a global brand name giant, and then with a London-based small business:

- “We were known to be the best, the very best... we were unique... But now the competition has caught up with us.”
- “In fact, the competition is starting to overtake us...”
- “And retail is no longer where the battle is fought....”
- “Everyone checks us out on the web and on social media before they even think of actually talking to us...”
- “We used to be able to manage the message, what was said about us where and when.... but now the power of the independent intermediary, opinion-gatherer or testimonial rules the roost. “
- “People have always talked... but now they can reach so many people.”
- “And price. You can now buy an almost identical product but at a fraction of our price.”

It is getting tougher out there for most businesses. Customers are smarter and better-informed and less loyal than they had been. They no longer need to, and in fact they don't, believe you.

So what is to be done?

Do not join the queue heading for oblivion by competing on price. As Michael Porter says, “Competing on price is a mug's game unless you can afford to go cheaper than the competition.”

What the outside world is telling us is:

- 1) Don't believe your five-year-old model
- 2) Recognise that the internet is not just a phase that only applies to youth brands
- 3) Brands that deliver on quality can still do very nicely.

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Sticking to the old model is what has driven so many businesses into the ground.

When 54% of people have more online interaction than offline interaction, then it is time to wake up and smell the coffee.

**A quick example:** the auto industry has seen the number of visits to a showroom before a sale crash from five to one... car buyers rate the online experience as the number two influence of the sale putting the retail experience at number one. So, what does this mean? On the one hand your online presence/reputation/footprint is more important than it has ever been. On the other hand, far fewer opportunities to meet the customer face-to-face means you have got to get it absolutely right first time.

Time to change?